

SUPPLEMENT TO THE INDIVIDUAL
ANNUAL FINANCIAL STATEMENTS FOR 2020

Unless otherwise stated, all amounts are in BGN thousand.

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The explanatory notes attached constitute an integral part of the accompanying consolidated financial statements

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1. Legal status and general information about the company

Allterco JSCo, Sofia, is entered in the Commercial Register of the Registry Agency with UIC as per Bulstat (Unified Identification Code as per the Bulgarian Statistical Register): 201047670. The company is with seat and address of management in Sofia 1407, 103, Cherni Vrah Blvd. The Company is registered with a registered capital of BGN 5,488,000 (five million four hundred and eighty-eight thousand), distributed in 5,488,000 ordinary registered voting shares with nominal value of BGN 1.00 each. The registered share capital of Allterco JSCo is fully paid in. At the end of 2015, the capital was increased to BGN 13,500 thousand through cash and non-cash contributions. At the end of 2016, the capital was increased to BGN 15,000 thousand after the successful initial public offering on the Bulgarian Stock Exchange. In 2020, the capital was increased to BGN 17,999,999 as a result of a procedure for Initial Public Offering of a new issue of shares. The public offering of shares from the capital increase of Allterco JSCo was carried out in the period September 28, 2020 – October 30, 2020 on the basis of a Prospectus, together with the supplements to it, confirmed by the Financial Supervision Commission with Decision № 148- F of February 18, 2020, Decision № 405-E of June 11, 2020, Decision № 601-E of August 13, 2020 and Decision № 791-E of October 29, 2020.

The scope of business of Allterco JSCo includes the acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation and sale of patents, assignment of licenses for use of patents to companies in which the Company participates; financing of companies in which the Company participates. The company is managed and represented by Svetlin Todorov and Dimitar Dimitrov.

2. Basis for preparation of the financial statements and accounting principles.**2.1. General financing reporting framework**

The company maintains its current accounting and prepares its financial statements in accordance with the requirements of the Bulgarian commercial and accounting legislation.

These financial statements have been prepared in accordance with the requirements of the International Accounting Standards, published by the International Accounting Standards Board and adopted by the European Union. As of December 31, 2020, IASs include the International Accounting Standards (IASs), the International Financial Reporting Standards (IFRSs), the Interpretations of the Standing Interpretation Committee and the Interpretations of the IFRS Interpretation Committee. The IAS are reissued annually and are valid only for the year for which they were issued, including all amendments as well as the new standards and explanations. However, many of them are not applicable to the company's business because of the specific issues that are addressed in them.

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2.2. Initial application of new and amended IFRSs in force for the current accounting period

The management of the Company has complied with all standards and interpretations that are applicable to its activities and have been officially accepted for application by the EU as of the date of preparation of these individual financial statements.

Amendments in the IFRS references to the Conceptual Framework

The IASB issued the revised Conceptual Framework for Financial Reporting on March 29, 2018, which is effective for annual periods beginning on or after January 1, 2020. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standards setting, and a guide for compilers of financial statements in developing consistent accounting policies and assisting others in their efforts to understand and interpret standards. The main changes introduced in the revised conceptual framework for financial reporting relate to valuation, including the factors to be taken into account in selecting a valuation basis, and to presentation and disclosure, including income and expenses to be classified in another comprehensive revenue. The conceptual framework also provides updated definitions of assets and liabilities and criteria for their recognition in the financial statements.

IFRS 3 Business Combinations (Amendments): Definition of Business

The amendments are effective for annual periods beginning on or after January 1, 2020. The amendments clarify the minimum business requirements and narrow the definition of business. The amendments also remove the assessment of whether market participants can replace missing elements, add guidelines to assist companies in assessing whether an acquired process is significant and introduce an optional test that allows for a simplified assessment of whether a set of activities and assets is a business or not.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of “material”

The amendments are effective for annual periods beginning on or after January 1, 2020. The amendments clarify the definition of “material” and how it should be applied, aligning the definition used in the conceptual framework and standards. The amendments also specify that materiality will depend on the nature or importance of the information.

“Base interest rate reform” (Amendments to IFRS 9, IAS 39 and IFRS 7)

The amendments are effective for annual periods beginning on or after January 1, 2020 and should be applied retrospectively. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7. *The explanatory notes attached constitute an integral part of the accompanying consolidated financial statements*

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7, thus completing the first phase of its work to address the effects of interbank offered rate (IBOR) reform on financial reporting. The second phase will focus on issues that may affect financial reporting when an existing base interest rate is replaced by a risk-free interest rate (RFR).

The published amendments refer to issues affecting financial reporting in the period before the replacement of an existing base interest rate with an alternative interest rate and address the implications for specific hedge reporting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement that require perspective analysis. The amendments provided temporary relief applicable to all hedging relationships that are directly affected by the base interest rate reform, allowing hedge accounting to continue during the period of uncertainty before replacing an existing base rate with an alternative, almost risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures, about Additional Disclosures concerning the uncertainty arising from the base interest rate reform.

Rental discounts in the context of Covid-19 (Amendments to IFRS 16)

Issued: May 28, 2020

Effective for annual reporting periods beginning on or after June 1, 2020

The amendment provides lessees with an exemption depending on whether rental discounts in the context of Covid-19 constitute a change in the lease.

2.3. Accounting principles

The individual financial statements of the Company have been prepared in accordance with the going concern principle. The latter assumes that the Company will continue to exist in the foreseeable future.

The Management has no plans or intentions to sell the business or discontinue the operations, which could significantly change the book value or classification of the assets and liabilities recognized in the financial statements.

The valuation of assets and liabilities and the measurement of income and expenses are carried out in compliance with the principle of historical cost. This principle has been modified in certain cases by revaluing certain assets and / or liabilities to their fair value at December 31 of the current or previous year, as set out below.

2.4. Subsidiaries. Consolidation.

A subsidiary is a company that is controlled by the parent company. Control is the power to govern the financial and operating policies of a subsidiary so as to obtain benefits from its activities. As of

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December 31, 2020, and as of December 31, 2019, the company has three subsidiaries registered in Bulgaria and 4 subsidiaries abroad. In these individual financial statements, investments in subsidiaries are stated at acquisition price and these statements do not constitute consolidated financial statements within the meaning of *IFRS 10 Consolidated Financial Statements*.

In order to gain a complete picture of the financial position, results of operations, and changes in the financial position of the group as a whole, users of these individual financial statements need to read it together with the consolidated financial statements of the company for the financial year ending on December 31, 2020. The company prepares consolidated financial statements, which according to regulatory requirements are presented after the individual financial statements are approved.

2.5. Comparative data

According to the Bulgarian accounting legislation, the financial year ends on December 31 and the companies are obliged to submit annual financial statements as of the same date, together with comparative data as of that date for the previous year.

2.6. Use of estimates and judgements

The application of IAS stipulates that management of the Company should use some accounting assumptions and estimates in the process of preparing financial statements in order to the value of some assets, liabilities, revenues and costs. This is done on the basis on best judgment by management based on historic experience and analysis of all relevant factors as of the date of preparing the financial statements. Actual values may differ from the management estimates presented in the financial statements.

Information about the uncertainty of the used estimates that embed high risk of corrections in the subsequent year is included in Appendix 9 related to the assessment and management of credit risk.

The estimates and major assumptions are reviewed each reporting period. The subsequent change of estimates is recognized in the period when the review was made, when the review refers only to that particular period or it refers to the current and future periods.

2.7. Functional currency and recognition of exchange rate differences

2.7.1. Functional and reporting currency

Functional currency is the currency of the main economic environment in which a company operates and in which most of its revenues and costs are incurred. The functional currency reflects the main deals, events and term significant for the company.

The Company reports the transactions in the accounting and prepares its financial statements in the national currency of the Republic of Bulgaria - the Bulgarian lev, adopted by the Company as a functional currency.

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The present individual financial statements are prepared in thousand BGN, unless something different is stated. Income per share is presented in BGN.

2.7.2. Transactions and balances

A foreign currency transaction is reported on initial recognition in the functional currency by applying to the foreign currency amount the spot rate (the exchange rate at the time of the transaction or operation is applied) between the functional and foreign currency at the date of the transaction.

At each reporting date:

- (a) foreign currency positions should be recalculated using the closing rate;
- (b) non-monetary items that are accounted at historical cost in a foreign currency should be recalculated using the exchange rate at the date of the transaction, if an exchange rate other than that of the transaction is applied (average monthly, daily or other); and
- (c) non-monetary items that are accounted at fair value in a foreign currency should be recalculated using the exchange rates at the date that the fair value was determined.

Net differences in changes of foreign currency exchange rates related to cash, trade receivables and liabilities denominated in foreign currencies are included in the statements of comprehensive income (profit or loss for the year) when they arise, presenting them net to financial income / expenses.

2.8. Property, plant and equipment

Property, plant and equipment (non-current tangible assets) are presented in the financial statements at acquisition price (cost) less the accumulated depreciation and impairment losses.

Initial evaluation

Upon their initial acquisition, the properties, plant and equipment are valued at acquisition price (cost), which includes the purchase price, incl. customs duties and any direct costs necessary to bring the asset to working condition. The direct costs are: costs for site preparation, costs for initial delivery and processing, installation costs, costs for fees of persons related to the project, non-refundable taxes, etc.

The Company has set a value threshold of BGN 700, below which the acquired assets, regardless of the fact that they have the characteristics of a non-current asset, are treated as a current expense at the time of their acquisition.

Upon acquisition of property, plant and equipment under the terms of deferred payment, the purchase price is equivalent to the present value of the liability, discounted on the basis of the interest rate on the loan resources attracted by the company with similar maturity and purpose. The difference between the cash price equivalent and the total payment is recognized as interest over the period of the loan, unless

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it is capitalized in accordance with IAS 23 Expenses related to Borrowings.

Evaluation after recognition

After their initial recognition, property, plant and equipment and intangible assets are stated at acquisition price less the accrued depreciation and any impairment losses.

When property, plant and equipment contain significant components with different useful lives, these components are reported as separate assets.

Subsequent costs, including incurred to replace a component of the asset, are capitalized in the value of the asset only if they meet the criteria for recognition of property, plant and equipment. The carrying amount of the replaced components is derecognised from the value of the asset in accordance with the requirements of IAS 16 Property, Plant and Equipment. All other subsequent expenditure is recognized in the year in which it is incurred.

When the use of a property changes from a property used by the owner to an investment property, then the property is reclassified as an investment property.

Depreciation methods

The Company uses the straight-line method of depreciation of non-current tangible assets. Depreciation of assets begins when they are available for use. The useful life by groups of assets is determined in accordance with: physical wear and tear, specifics of the equipment, future intentions for use and presumed obsolescence.

At the end of each reporting period the management of the company makes a review of the useful life and the method of depreciation the of property, plant and equipment. If there is a difference between expectations and previous estimates, changes are made in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*.

The useful life by asset classes is as follows:

Vehicles	4 years (25%)
Computer equipment	2 years (50%)
Office equipment	5 - 6.67 years (15% -20%)
Other non-current tangible assets	6.67 years (15%)

Depreciation starts from the beginning of the month following the month in which the asset is available for use and is terminated at the earlier of the date of its classification as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, or the date of its write-off.

Depreciation of land, assets under construction and fully depreciated assets is not accrued.

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Derecognition of non-current tangible assets

The book value of an item of property, plant and equipment is derecognised: when it is sold, when no other economic benefits are expected from its use, or when it is disposed of for lack thereof.

Profits or losses arising on the derecognition of an item of property, plant and equipment are included in the statement of comprehensive income when the asset is derecognised (unless IAS 17 requires otherwise in a sale and leaseback). Profits and losses on disposals of non-current assets are determined by deducting the book value of the asset and the selling expenses from the proceeds from the sale (disposal). They are stated net, to "Other operating income" in the statement of comprehensive income. The portion of the revaluation reserve relating to the derecognised asset is transferred directly to retained earnings.

The receivable on disposal of an asset of property, plant and equipment is initially recognized at fair value.

2.9. Intangible assets

Intangible assets are presented in the financial statements at acquisition price (cost) less accumulated depreciation and impairment losses. They include improvements to leased assets.

The company applies a straight-line method of depreciation of intangible assets with a useful life of 5 years.

The book value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the book value may not exceed its recoverable amount. The impairment is then included as an expense in the statement of comprehensive income.

Initial assessment

Externally generated intangible assets on acquisition are measured at acquisition price (cost), which includes purchase price, import duties, non-refundable taxes and costs of preparing the asset for its intended use. The direct costs are: costs for preparation of the site (the place where the asset will be used), costs for initial delivery, installation costs, costs for fees of persons related to the project, non-refundable taxes, etc.

Intangible assets are recognized if they meet the definition of intangible assets set out in IAS 38 Intangible Assets, namely:

- Meets the definition of an intangible asset;
- Upon its acquisition it can be reliably assessed;
- Economic benefits are expected from the use of the asset, as evidenced by the availability or plan to obtain sufficient resources to enable the enterprise to obtain the expected economic benefits; the ability to effectively perform its functional role in accordance with the intention of the enterprise regarding its use or there is a clearly defined and specified technical feasibility.

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Subsequent costs

Expenses related to the maintenance of initially established standard efficiency, incurred after the commissioning of intangible non-current assets, are recognized as current at the time of their implementation. The book value of the intangible asset is adjusted to the extent of the expenses leading to the increase of the expected future economic benefits associated with the use of an intangible asset over the initially determined standard efficiency.

2.10. Investments in subsidiaries

In accordance with the requirements of IFRS 10 Consolidated Financial Statements, the company reports investments in subsidiaries if it only has all of the following:

- Powers (control) in the company in which the investment is made;
- Rights to the variable income from its participation in the company in which the investment is made;
- Opportunity to use its powers in the company in which the investment is made, to influence the amount of return to the investor.

In compliance with the above requirements, the Company has determined that it directly or indirectly owns over fifty-one percent of the capital of the following companies in the form of shares or stakes and / or exercising control in them:

- Tera communication AD (PLC), Bulgaria (to July 29, 2019)
- Teravoice EAD (Solely owned PLC), Bulgaria (to July 29, 2019)
- Teracomm RO SRL, Romania (to July 29, 2019)
- Tera Communications DOOEL, N. Macedonia (to July 29, 2019)
- Allterco RTE Ltd. Singapore
- Allterco Robotix EOOD (Solely-owned LLC), Bulgaria
- Allterco SDN Ltd, Malaysia
- Allterco Trading OOD (Ltd.), Bulgaria
- Allterco Ltd. Thailand
- Allterpay EOOD (Solely-owned LLC), Bulgaria (to June 30, 2019)
- Allterco Properties EOOD (Solely-owned LLC)

As indicated in items 3.03. and 3.11, the following investments in subsidiaries are reclassified to Non-current assets, classified as held for sale and assets, included in disposal groups classified as held for sale

As of December 31, 2019 and 2020:

- Allterco Pte, Singapore
- Allterco Sdn, Malaysia
- Allterco co. Ltd., Thailand

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Long-term investments in subsidiaries are presented in the individual financial statements at acquisition price (cost) of the investment, determined according to the fair value of the consideration paid. Investments in subsidiaries are not traded on stock exchanges. This does not make it possible to provide market price quotations on an active market that sufficiently reliably express the fair value of shares and stakes.

At each reporting date, management assesses whether there are any indicators of impairment of investments. Significant reduction of the volume or cessation of the activity of the Company in which investment is made, reporting losses for a longer period of time, as well as reporting negative net assets or assets below the registered share capital are used as indicators for impairment of investments in subsidiaries;

The amount of impairment may reach 100% of the book value of the investment.

When the conditions for impairment are established and its amount is determined, it is reflected in the statement of comprehensive income (in profit or loss for the year). The amount of the impairment takes into account the difference between the acquisition price of the investment and the amount of the present value of the expected future cash flows, discounted to the end of the reporting period.

Investments in subsidiaries are derecognised when the legal grounds for doing so arise.

Investments are derecognised when the rights deriving from them are transferred to other persons when the legal basis for this arises and the control of their economic benefits is lost. The profit / loss on sale is presented in the Statement of comprehensive income in the items "Financial income" or "Financial expenses".

When buying and selling investments in subsidiaries, the "date of conclusion" of the transaction is applied.

Following the completion of a sale of 5 subsidiaries in 2019, the management of Allterco JSCo has reviewed the investments in subsidiaries and has decided to depreciate the investment in the subsidiary Allterco PTE Ltd. Singapore. In 2020 the value of the impairment is 480 thousand BGN (in 2019: 3 894 thousand BGN).

2.11. Other long - term capital investments

Other long-term financial investments are non-derivative financial assets in the form of shares and stakes of other companies (minority interest) held with a long-term perspective.

Initial evaluation

Initially, equity investments are recognized at acquisition price, which is the fair value of the consideration paid, including direct expenses of the investment acquisition (the financial asset). All

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purchases and sales of equity investments are recognized on the “trade date” of the transaction, ie. the date on which the company commits to purchase or sell the asset.

Subsequent evaluation

The capital investments held by the company are subsequently measured at fair value. The effects of the subsequent measurement to fair value are presented in the statement of comprehensive income (in other components of comprehensive income) and respectively in the reserve related to financial assets at fair value, through the other comprehensive income. These effects are transferred to retained earnings on the disposal (sale) of the respective investment.

2.12. Non-current assets held for sale

Non-current assets are classified as held for sale if their book value will be recovered through sale rather than through continuing use in the Company's operations. This condition is considered to exist only when the sale is highly secure and the relevant non-current assets are available for immediate sale in their present condition.

Non-current assets classified as held for sale are measured at the lower value between the fair value and the book value less the costs to sell.

2.13. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one enterprise and a financial liability or equity instrument in another enterprise. Financial assets and liabilities are recognized in the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument that gave rise to the asset or liability. Financial assets are derecognised from the statement of financial position after the contractual rights to receive cash flows have expired or the assets have been transferred and their transfer meets the derecognition requirements in accordance with IFRS 9 *Financial Instruments*.

Financial liabilities are written off from the statement of financial position when and only when they are repaid - ie. the obligation specified in the contract has been canceled, annulled or its term has expired.

The activity of the company does not presuppose the existence of various financial instruments. The main financial instruments included in the statement of financial position of the company are presented below.

2.13.1 Trade and other receivables

Trade receivables are amounts owed by customers for goods and services sold in the ordinary course of business. They are usually due for short-term settlement and are therefore classified as current. Trade receivables are initially recognized in the amount of unconditional remuneration due, unless they

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contain significant financing components.

The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore measures them at depreciated cost using the effective interest method. Discounting is not performed when its effect is insignificant.

As of the date of preparation of the financial statements, the company assesses whether there is objective evidence of impairment of trade receivables that are individually significant. An impairment loss is recognized whenever there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable.

The amount of impairment is the difference between the book value and the recoverable amount. The latter represents the present value of the expected cash flows, discounted with the effective interest rate. The amount of impairment of trade receivables during the current period is reported as income and expense. When a receivable is expected to be collected within one year, it is reported as a current asset. In other cases, receivables are reported as non-current assets.

Future cash flows designated for a group of financial assets that are collectively measured for impairment are determined based on historical information about financial assets with credit risk characteristics similar to those of the financial assets group. Assets that are individually impaired are not included in an impairment group.

The Company uses a simplified approach in accounting the impairment of trade and other receivables and recognizes an impairment loss as expected credit losses for the entire term. They represent the expected shortfall in contractual cash flows, given the possibility of default at any time during the term of the financial instrument.

Significant financial difficulties of the debtor, probability of bankruptcy and liquidation, financial restructuring or inability to repay the debt (more than 30 days) are considered as an indicator that the trade receivable should be impaired.

In estimating expected credit losses on trade receivables, the company uses a provision matrix as well as its experience in trade losses on trade receivables and loan receivables to estimate the expected credit losses for the entire term of the financial assets.

The significant part of the contracts with clients, as well as on provided loans and additional cash installments are with commercial companies, which are related parties, as a result of which the Management assesses the possibility of occurrence of credit losses as minimal.

2.13.2 Cash and cash equivalents

Cash and cash equivalents in BGN are valued at their nominal value, and cash in foreign currency

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- at the closing exchange rate of the BNB at the end of each reporting period.

Cash for the purposes of compiling the statement of cash flows are monetary funds in cash and in bank accounts.

2.13.3 Loan liabilities

Interest-bearing loans are initially recognized at fair value formed from the received cash receipts less the costs to sell. After initial recognition, interest-bearing loans are measured at depreciated value, with any difference between the original value and the maturity value being recognized in profit or loss for the period of use of the loan based on the effective interest rate method. Received interest loans, at the occurrence of which no expenses related to the transaction have been incurred, are not amortized. The received bank overdrafts are treated in the same way, where the recipient has the right to repeatedly utilize or repay the loan within the pre-agreed limit.

The financial expenses, including direct borrowing costs, are included in profit or loss using the effective interest rate method, except for transaction costs on bank overdrafts, which are recognized in profit or loss on a straight-line basis over the period, for which the overdraft is agreed.

Interest-bearing loans are classified as current when they are to be settled within twelve months of the end of the reporting period.

2.13.4 Payables to suppliers, other current payables and advances received

Trade and other payables arise as a result of goods or services received. Short-term payables are not depreciated.

Trade payables are recognized initially at fair value and subsequently at amortized cost using the effective interest rate method.

2.14. Deferred tax assets

Deferred tax assets are disclosed in the Statement of Financial Position separately from the current trade receivables.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable they to be recovered and enough taxable profits to be generated in the future or taxable temporary differences to appear from which these deductible differences to be deducted.

Deferred tax assets are assessed on the basis of the tax rate that is expected to apply for the period during which the assets will be sold and the liabilities will be settled (repaid), based on the tax laws in force as of December 31, 2020.

The change in the amount of the deferred tax assets and liabilities is presented according to IAS 12 Income Taxes.

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2.15. Lease

On the date of entry into force of the contract, the Company assesses whether the contract represents or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

The company as a lessee

The Company applies a unified approach to the recognition and assessment of all leases, except for short-term leases (ie leases with a lease term of up to 12 months) and leases of low-value assets. The Company recognizes lease liabilities for the payment of lease installments and assets with the right of use, representing the right to use the assets.

Assets with the right of use

The Company recognizes assets with a right of use from the date of the lease (ie the date on which the main asset is available for use). Assets with the right of use are assessed at the acquisition price less the accumulated depreciation and impairment losses and adjusted for any revaluation of lease obligations.

The acquisition price of the assets with the right of use includes the sum of the recognized lease obligations, the initial direct costs incurred and the lease payments made on or before the start date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, reduced by any incentives received under the lease. The assets with the right of use are depreciated on a straight-line basis over the lease term.

If at the end of the lease term the ownership of the leased asset is transferred to the Company, or the acquisition price reflects the exercise of a purchase option, the depreciation is calculated using the expected useful life of the asset.

Lease liabilities

From the starting date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments that will be made during the lease term. Lease payments include fixed installments (including fixed payments on the merits) less any eligible lease incentives, variable lease payments that depend on an index or interest rate, and amounts that are expected to be paid under guarantees for residual value. Lease payments also include the price of exercise of a purchase option about which it is reasonably certain that it will be exercised by Company, as well as penalties for termination of the lease if the lease term reflects the Company's exercise of an option of termination.

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Variable lease payments that do not depend on an index or interest rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the intrinsic interest rate on loans at the start date of the lease, as the interest rate set in the lease cannot be reliably determined. After the starting date, the amount of the lease liabilities increases with the interest and decreases with the lease payments made. In addition, the book value of leased liabilities is revalued if there is a modification, change in the lease term, change in lease payments (for example, changes in future payments as a result of a change in the index or interest rate used to determine those lease payments) or a change in the valuation of the option to purchase the main asset.

Short - term leases and leases of low-value assets

The Company applies the exemption from recognition of short-term leases in respect of its short-term leases of buildings (for example, leases with a lease term of 12 months or less from the starting date and which do not contain a purchase option). The Company also applies the exemption from recognizing leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

2.16. Employees income

The labor and insurance relations with the employees of the Company are based on the provisions of the Labor Code and the provisions of the current social security legislation in the Republic of Bulgaria. Allterco JSCo accrues and realizes amounts for staff income by types, as follows:

Short-term income

Short-term is that income of the employees in the form of remunerations, bonuses and social supplements and benefits, which are due within 12 months from the end of the reporting period in which the employees have worked for them or have fulfilled the necessary conditions for their receipt. They are recognized as a current expense in the Statement of comprehensive income in the reporting period in which the work is performed, and as a current liability in the Statement of financial position (after deducting all amounts already paid and deductions) in an undiscounted amount.

As of the date of preparation of each financial statement the Company makes an estimate of the amount of the expected expenses on the accumulating compensable leave, which is expected to be paid as a result of the unused right to accumulated paid annual leave. The estimate includes the approximate amount in undiscounted amount of the costs for the remunerations themselves, as well as the costs for the obligatory state social security contributions, which the employer owes on these amounts. The estimated expenses of

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accumulating compensable leave are recognized as an expense in the Statement of comprehensive income. The Company recognizes as a current liability in the Statement of financial position the undiscounted amount of the estimated expenses for paid annual leave that is expected to be paid to employees in exchange of their work for previous reporting periods.

Program with fixed social security contributions

The insurance and pension plans applied by the Company in its capacity as an employer are based on the Bulgarian social security legislation and are plans with fixed social security contributions. According to them, the employer pays monthly fixed social security contributions to the Pensions Fund, the General Sickness and Maternity Fund (GSM), the Unemployment Fund, the Accident at Work and Occupational Diseases Fund (AWOD), the Guaranteed Receivables of Employees "(GRE), as well as in universal and occupational pension funds - on the basis of fixed percentages by law, and there is no legal or constructive obligation to pay future social security contributions to the social security funds in cases when they do not have enough money to pay to the respective persons the amounts earned by them for the period of their length of service. The obligations regarding the health insurance are similar.

The amounts of the social security contributions are approved specifically by the Social Security Budget Act and the NHIF Budget Act for the respective year. The insurances are distributed between the employer and the insured person in a ratio, which is defined in art. 6, para. 3 of the Social Security Code (SSC). The social security and health insurance contributions due by the employer are recognized as a current expense in the Statement of comprehensive income in the reporting period of accrual of the respective income to which they are related, and as a current liability in the Statement of financial position in undiscounted amount.

The Company has no established and functioning private voluntary social security fund.

Fixed benefit program

According to the Labor Code, the Company is obliged to pay compensation to persons from the staff upon reaching retirement age, which depend on the length of service. By their characteristics, these schemes are "fixed benefit plans". Expenses for long-term liabilities to employees for retirement benefits are not recognized in the Statement of Comprehensive Income, as there are no employees who will retire in the next 5 years.

2.17. Provisions

Provisions are recognized when the Company has a present (constructive or legal) obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are estimated on the basis of the best estimate of the management at the date of preparation of

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the financial statements for the expenses necessary for the settlement of the respective obligation. The estimate is discounted when the maturity of the liability is long-term. When it is expected that part of the resources that will be used to settle the obligation will be recovered from a third party, the company recognizes a receivable, if there is a high degree of certainty of its receipt, its value can be reliably determined as income (credit) on the same position in the Statement of Comprehensive Income, where the provision itself is presented.

2.18. Registered capital

The fixed capital of the company is presented at its nominal value and corresponds to its updated court registration.

2.19. Reserves

As reserves in the statement of financial position of the company are presented the financial results from previous years, the reserves from premiums, related to the issue of shares, as well as statutory reserves required by the Commercial Law and the Articles of the Company. The shareholders of the company may dispose of capital reserves after a decision of the General Meeting.

2.20. Revenues

Revenue from sales and operating costs are accrued at the time of their arising, regardless of the monetary receipts and payments. The reporting and recognition of income and expenses are applied in compliance with the requirements for casual connection between them.

Revenue is measured at the fair value of the consideration received or receivable, less the amount of any discounts granted.

The Company recognizes revenues when the amount of the revenue can be measured reliably, when it is possible for the company to obtain future economic benefits and when it meets specific criteria for each activity of the company specified here below.

The amounts collected on behalf of third parties, such as sales taxes, as value added tax is, are excluded from revenue.

- ***Recognition of revenues under contracts with clients***

Revenues in the Company are recognized when control with the goods and / or services promised in contracts with clients are transferred to the client. The control is transferred to the client upon satisfaction of the obligations for performance under the contract by transfer of the promised goods and / or provision of the promised services.

In general, the Company has reached the conclusion, that it is the principle in the agreements for revenues, as it is the Company that usually controls the goods or services before transferring them to the

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client.

The Company recognizes revenue when it meets the obligation for performance under the terms of the contract by transferring the promised service to the client. An asset (good or service) is transferred after the customer gains control of that asset.

- ***Evaluation of a contract with a client***

There is a contract with a client only when upon its entry into force it:

- ✓ it has a commercial nature and motive;
- ✓ the parties have approved it (orally, in writing or on the basis of "established and generally accepted business practice") and have undertaken to fulfil it;
- ✓ the rights of each party can be identified in relation to the goods or services to be transferred;
- ✓ payment terms can be identified; and
- ✓ there is a probability that the remuneration to which the company is entitled in the performance of its obligations will be received.

When assessing the collectability, all relevant facts and circumstances of the transaction shall be taken into account, incl. past experience, usual business practices, published rules and statements made by the Company, collaterals and opportunities for satisfaction.

A contract for which one of the above criteria has not yet been met is subject to a new evaluation in each reporting period. Remuneration received under such a contract is recognized as a liability (liability under the contract) in the Statement of financial position until:

- ✓ all criteria for recognition of a contract with a client are met;
- ✓ the company has fulfilled its obligations and has received all or almost all of the remuneration (which is not refundable); and / or
- ✓ when the contract is terminated and the remuneration received is not refundable.

In the initial evaluation of its contracts with customers, the Company makes an additional analysis and assessment of whether two or more contracts should be considered in their combination and should be reported as one and resp. whether the promised goods and / or services in each individual and / or combined contract must be accounted for as one and / or more performance obligations.

Any promise to transfer goods and / or services that are distinguishable (themselves and in the context of the contract) is accounted for as a single performance obligation.

The Company recognizes revenue for each *individual obligation to perform at the level of an individual contract with a client* by analyzing the type, term and conditions for each specific contract.

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- **Measurement of revenues under contracts with clients**

The revenue is measured on the basis of the *transaction price* determined for each contract.

The *transaction price* is the amount of the remuneration to which the Company expects to be entitled, except for the amounts collected on behalf of third parties. In determining the transaction price, the Company takes into account the terms of the contract and its usual commercial practices.

- **Transaction price and payment terms**

The transaction price usually includes a fixed sale price, according to a general or client price list.

- **Variable remuneration**

The Variable remuneration is included in the transaction price only to the extent that it is highly probable that no significant adjustment will be made to the amount of revenue recognized cumulatively.

Revenues from services

The company reports revenues from services, complying with the commitments under the contract. Revenues from services are reported upon final completion of the services (by sites) recognized as performed.

Other income / revenues

Other income and revenues are recognized when the right to receive them is established. These are income from rents, dividends, interest, compensations. Rental income / operating leases / is recognized on a time basis for the term of the contract in accordance with IFRS 16 Leases.

The company's management has carefully examined its trading practices for the reporting period for possible changes at the time of revenue recognition, performing an in-depth analysis of the contracts entered into, except for the simplest ones, to determine the impact that the application of IFRS 15 will have on the financial position and financial result. As a result, the management has determined that the new revenue recognition framework will not lead to change in the accounting policy applied so far. No change in the obligations for performance and the distribution of the price of the contracts and recognition of revenues has been established.

Depending on the nature of the activity and the contracts with the clients, the management has assessed the categories of revenue breakdown and has disclosed them in **Note 4.01**.

Currency differences

Foreign exchange rate differences from changes in foreign exchange rates related to cash, trade receivables and payables denominated in foreign currencies are included in the Statement of comprehensive income when they arise, being presenting as follows:

- Positive currency differences are presented under the item "Other operating income"

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- Negative currency differences are presented under the item "Other operating expenses"

Interest income

Interest income, remuneration for rights and dividends are recognized when:

- the company may have economic benefits associated with the transaction; and
- the amount of revenue can be measured reliably.

Interest income is recognized using the effective interest method.

2.21. Expenses

The expenses in the Company are recognized at the moment of their occurrence and on the basis of the principles of accrual and comparability. Expenses are recognized when there is a decrease in future economic benefits associated with a decrease in an asset or an increase in a liability that can be measured reliably. Recognition of expenses for the current period is performed when their corresponding income is accrued. An expense is recognized immediately in the income statement when the expense does not create a future economic benefit or when and to the extent that the future economic benefit does not meet the requirements or ceases to meet the requirements for recognition of an asset in the balance sheet. Expenses are reported on the principle of current accrual and comparability with the reported revenues. They are measured at the fair value of the remuneration paid or payable.

Expenses for future periods are deferred for recognition as current expenses for the period in which the contracts to which they relate are performed.

Financial expenses consist of interest expenses and other direct expenses on loans.

2.22. Income tax expenses

Income tax expense represents the sum of the current income taxes and the tax effect on temporary tax differences. Current income tax is determined on the basis of the taxable profit for the period, applying the tax rate according to the tax legislation as of the date of the financial statements. Deferred tax assets and / or liabilities are the amounts of recoverable and payable income taxes for future periods in respect of deductible and taxable temporary tax differences.

Temporary tax differences are established by comparing the book value of an asset or liability presented in the Statement of financial position with its tax base when applying the tax rules.

Deferred income taxes are calculated using the balance sheet liability method. Deferred tax liabilities are calculated and recognized for all taxable temporary differences, while deferred tax assets are recognized only if it is probable that they will be recovered and if the company will be able to generate sufficient profit in the future from which they to be deducted.

The effect of recognizing the deferred tax assets and / or liabilities is reflected where the effect of the event that gave rise to them is presented.

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For events that affect the statement of profit or loss and other comprehensive income, the effect of deferred tax assets and liabilities is also recognized in the statement of profit or loss and other comprehensive income.

For events that are initially reported in equity (revaluation reserve) and deferred tax assets and liabilities are recognized at the expense of equity.

In the Statement of financial position, deferred tax assets and / or liabilities are presented as compensation, as they are subject to a single taxation regime.

According to the Bulgarian tax legislation, the company owes corporate tax, which is set at 10% of the tax profit from 2020. The tax rate for the upcoming 2021 is also 10%.

2.23. Income per share

Basic incomes per share are calculated by dividing the net profit or loss for the period to be distributed among the shareholders holding ordinary shares by the weighted average number of ordinary shares held for the period.

The weighted average number of shares represents the number of ordinary shares held at the beginning of the period, adjusted by the number of repurchased ordinary shares and the number of newly issued shares during the period multiplied by the average time factor. This factor expresses the number of days during which the specific shares were held, compared to the total number of days during the period.

The Company has increased its capital to 17 999 999 shares during the reporting period. The decision for the capital increase is announced on 13.11.2020 by the Trade Registrar, which makes the weighted-average number of shares for 2020: 15 361 664 shares.

Incomes on impaired shares are not calculated as no potential impaired shares have been issued.

2.24. Judgments that are crucial in applying the accounting policy of the Company. Key high uncertainty estimates and assumptions.

In the process of applying the accounting policy, the management of the Company makes judgments that have a significant effect on these financial statements. Such judgments are by definition rarely equal to actual results.

As a result, they are subject to constant review and updating and summarize historical experience and other factors, including expectations of future events that management believes are reasonable in the current circumstances.

The estimates and assumptions that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

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2.24.1 Impairment of investments in subsidiaries

The Management analyzes and evaluates the existence of indicators for impairment of its investments in subsidiaries. The main indicators of impairment are: significant reduction of the volume or cessation of the activity of the Company in which the investment is made; reporting losses for a longer period of time, as well as reporting negative net assets or assets below the registered share capital.

Management's tests and judgments for impairment of investments are made through the prism of its plans and intentions regarding the future economic benefits that are expected to be received by the subsidiaries, incl. trade and production experience, securing positions in foreign markets, expectations for future sales, etc.

For this purpose, variants of forecasts are developed, which take into account the various assumptions about risks, uncertainties and probabilities for the future realization of cash flows and income from these investments. Each of the options is carefully analyzed by the management and the results are weighed when calculating the recoverable amount of the respective investment.

2.24.2 Employees income on retirement

The liability for employees income on retirement is determined by actuarial valuation. This assessment requires assumptions to be made about the discount rate, future wage growth, staff turnover and mortality rates. Due to the long-term nature of employees income on retirement, these assumptions are subject to significant uncertainty.

As of the end of reporting period no such assessment is made because most of the employees of the Company are far from retirement age.

2.24.3 Useful life of property, plant and equipment and intangible assets

The financial reporting of property, plant and equipment and intangible assets includes the use of estimates of their expected useful lives and carrying amounts, which are based on judgments by the management of the Company.

2.24.4 Impairment of receivables

The Management estimates the amount and period of expected future cash flows related to receivables based on experience with current circumstances in the following groups: individual accounts, households and other retail customers and court receivables. Due to the inherent uncertainty of this estimate, actual results may differ from those expected. The management of the Company reviews the estimates from previous years and the actual results from the previous year.

2.24.5 Lease

Determining the term of the lease for contracts with options for renewal and termination - the Company as a lessee

The Company defines the lease term as the irrevocable lease term, together with any periods covered

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by the option to extend it, if it is reasonably certain that the option will be exercised, or any periods covered by the option of termination of the lease if it is reasonably certain that the option will not be exercised.

2.25. Determination of fair values

Some of the Company's accounting policies and disclosures require a fair value measurement of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the company uses observable data as far as possible.

Fair values are categorized at different levels in the fair value hierarchy based on the inputs to the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that, directly (ie as prices) or indirectly (ie derived from prices), are available for monitoring for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable input data).

If the inputs used to measure the fair value of an asset or liability can be categorized at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at that level of the fair value hierarchy whose input information is relevant to the overall assessment.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

More information on the assumptions made in measuring fair values is included in the relevant notes.

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NOTES TO THE FINANCIAL STATEMENTS

3. Notes to the Statement of financial position

3.01. Property, plant and equipment

	Vehicles	Computer equipment	Office equipment	Others	Total
January 01, 2019					
Acquisition value	-	5	1	57	63
Depreciation	-	(5)	-	(48)	(53)
Book value	-	-	1	9	10
Acquisitions	6	-	-	-	6
Purchase	6	-	-	-	6
Depreciation for the period	(1)	-	-	(9)	(10)
December 31, 2019					
Acquisition value	6	5	1	57	69
Depreciation	(1)	(5)	-	(57)	(63)
Book value	5	-	1	-	6
January 01, 2020					
Acquisition value	6	5	1	57	69
Depreciation	(1)	(5)	-	(57)	(63)
Book value	5	-	1	-	6
Depreciation for the period	(1)	-	(1)	-	(2)
December 31, 2020					
Acquisition value	6	5	1	57	69
Depreciation	(2)	(5)	(1)	(57)	(65)
Book value	4	-	-	-	4

3.02. Intangible assets

	<u>Intellectual property rights</u>
January 01, 2019	
Acquisitions value	4
Depreciation	(1)
Book value	3
Depreciation for the period	(1)
December 31, 2019	
Acquisition value	4
Depreciation	(2)
Book value	2
January 01, 2020	
Acquisition value	4
Depreciation	(2)
Book value	2
Depreciation for the period	-
December 31, 2020	
Acquisition value	4
Depreciation	(2)
Book value	2

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3.03. Investment in subsidiaries

As of December 31 the investments in subsidiaries are:

	December 31, 2020	December 31, 2019
In the beginning of the period		
Book value	5 199	13 461
Acquisitions	1 759	18
Acquisitions	-	18
Share increase	1 759	-
Decrease (carrying amount)	-	(8 280)
Transferred assets for sale	-	(4 386)
Impairment of assets	-	(3 894)
At the end of the period		
Carrying amount	6 958	5 199

The investments in subsidiaries for 2020 and for 2019 are as follows:

Name of the companies in which the participations are	December 31, 2020		December 31, 2019	
	Percent of participation	Value of participation	Percent of participation	Value of participation
In the beginning of the period		5 199		13 461
In Bulgaria		5 147		5 147
ALLTERCO TRADING OOD (Ltd.)	67%	1	67%	1
ALLTERCO ROBOTICS EOOD (Solely-owned LLC)	100%	1 500	100%	1 500
ALLTERCO PROPERTIES EOOD (Solely-owned LLC)	100%	3 646	100%	3 646
Abroad		52		8 314
ALLTERCO PTE, SINGAPORE		-	100%	7 995
ALLTERCO SDN MALAYSIA		-	100%	260
ALLTERCO CO. LTD THAILAND		-	98%	25
GLOBAL TERACOMM INC, USA	100%	52	67%	34
Acquisitions (reported value)		1 759		18
Acquisitions				18
GLOBAL TERACOMM, USA			33%	18
Increase of the capital		1 759		
ALLTERCO PROPERTIES EOOD (Solely-owned LLC)		1 759		
Decreases (reported value)		-		(8 280)
Reclassification of assets for sale		-		(8 280)
ALLTERCO PTE LTD. SINGAPORE		-	100%	(7 995)
ALLTERCO SDN MALAYSIA		-	100%	(260)
ALLTERCO CO. LTD THAILAND		-	98%	(25)
At the end of the period		6 958		5 199
In Bulgaria		6 906		5 147
ALLTERCO TRADING OOD (Ltd.)	100%	1	100%	1
ALLTERCO ROBOTICS EOOD (Solely-owned LLC)	100%	1 500	100%	1 500
ALLTERCO PROPERTIES EOOD (Solely-owned LLC)	100%	5 405	100%	3 646
Abroad		52		52
GLOBAL TERACOMM INC, CAIII	100%	52	100%	52
INVESTMENTS IN SUBSIDIARIES		6 958		5 199

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3.04. Other long-term capital investments

	December 31, 2020	December 31, 2019
Ordinary registered shares - Link Mobility Group Holding ASA, in the beginning of the period	3 053	3 053
<i>Increase</i>		-
Reserves from subsequent valuation of financial instruments	4 849	-
<i>Decrease</i>		-
Expenses on operations with financial assets and instruments	(1 336)	-
Ordinary registered shares - Link Mobility Group Holding ASA, at the end of the period	6 566	3 053

3.05. Deferred tax assets

Deferred taxes arise as a result of temporary differences and can be presented as follows:

	December 31, 2020	December 31, 2019
Tax effect from accruals for unused leave	1	1
Tax effect form impairment of investments and receivables	438	390
Total:	439	391

3.06. Receivables from related companies

Receivables from related persons are presented as follows:

	December 31, 2020	December 31, 2019
ALLTERCO PTE.LTD, Singapore	38	38
ALLTERCO SDN, Malaysia	24	24
GLOBAL TERACOMM Inc.,USA	19	53
ALLTERCO CO , Thailand	25	25
Allterco Properties EOOD (Solely-owned LLC), deposit	5	5
Allterco Robotics EOOD (Solely-owned LLC), including	500	723
- Dividends	500	700
- Sales	-	16
- Funds provided for additional installments under Art. 134 of the CA and interest estimates	-	7
Allterco Trading OOD (Ltd.), including	1 760	1 767
- Funds provided for additional installments under Art. 134 of the CA and interest estimates	1 760	1 767
Allterco Properties EOOD (Solely-owned LLC), including	-	1 767
- Funds provided for additional installments under Art. 134 of the CA and interest estimates	-	1 767
Receivables from related companies - current part	2 371	4 402
Receivables from related companies - non-current part	-	-
Total:	2 371	4 402

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The age structure of trade receivables from affiliated companies to which no impairment has been recognized is as follows:

	December 31, 2020	December 31, 2019
Reported value		
To 30 days	-	16
From 31 to 60 days	-	-
From 61 to 90 days	-	-
From 91 to 365 days	-	49
Over 365 days	106	91
Total:	106	156
	December 31, 2020	December 31, 2019
<i>By types of currency</i>		
in BGN	-	16
in EUR	106	140
Total:	106	156

The trade receivables of the company from related persons arise from the provision of services. The company usually negotiates with its subsidiaries a payment period for receivables for sales of services of 60 days. The Management assesses the collectibility by analyzing the counterparty's exposure, repayment options and decides whether to accrue impairment and to collect them in court. Based on this assessment, the Company's management has determined that there are no grounds to recognize impairment (expected credit losses) related to trade receivables from affiliated companies.

Pursuant to Article 134 of the provisions of the Commercial Act, clauses of the Articles of Association and the articles of association in subsidiaries, as of December 31, 2020 Allterco JSCo has made additional cash contributions in the amount of BGN 1 760 thousand in total. (as of December 31, 2019 – 3 541 thousand BGN). The additional cash contributions provided are intended to help the development of the respective subsidiaries. The additional cash contributions are provided at 1% annual interest rate and a term of 1 year, due to which the management of the company has grounds to treat them as current receivables.

3.07. Trade receivables

	December 31, 2020	December 31, 2019
Receivables from clients, including		
-to 1 year	3 055	16
-over 1 year	-	3 055
Total:	3 055	3 071

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The age structure of trade receivables is as follows:

	December 31, 2020	December 31, 2019
Reported value		
Not due yet	3 055	3 055
To 30 days	-	2
From 31 to 60 days	-	-
From 61 to 90 days	-	-
From 91 to 120 days	-	-
Over 120 days	-	16
Total:	3 055	3 071

	December 31, 2020	December 31, 2019
<i>By currency</i>		
In BGN	-	2
In EUR	3 055	3 069
Total:	3 055	3 071

3.08. Other receivables

	December 31, 2020	December 31, 2019
Corporate tax	279	-
VAT to be recovered	13	69
Receivables in litigation	55	-
Total:	347	69

3.09. Cash and cash equivalents

	December 31, 2020	December 31, 2019
CASH, including	6	27
Cash in BGN	2	23
Cash in foreign currency	4	4
CASH IN CURRENT BANK ACCOUNTS, including	14 606	3 622
Current bank account in BGN	12 977	3 343
Current bank account in foreign currency	1 629	279
Total:	14 612	3 649
<i>By currency</i>		
in BGN	12 979	3 366
in EUR	1 633	283
Total:	14 612	3 649

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The company's cash is in bank accounts with a bank with a stable long-term rating. The Management has assessed the expected credit losses on Cash and cash equivalents.

The estimated value is below 0.2% of the gross value of the cash deposited with financial institutions, therefore it is determined as insignificant and is not accrued in the financial statements of the company as of December 31, 2020.

3.10. Prepaid expenses

	December 31, 2020	December 31, 2019
Information Services	1	1

3.11. Non-current assets classified as held for sale and assets included in disposal groups classified as held for sale

In 2020 and 2019 the management of the company has decided to sell certain investments in subsidiaries, with a total carrying amount as of December 31, 2020 – 3 906 thousand BGN and December 31, 2019 – 4 386 thousand BGN, considering that their value will be reimbursed through a sale transaction rather than through continued use. In connection with this decision, a plan has been drawn up and active negotiations have been undertaken for the sale of these assets. In accordance with the requirements of IFRS 5 *Non-current Assets Held for Sale*, these assets are presented in the individual financial statements as subject to direct sale.

The company has recognized an impairment in the amount of 480 thousand BGN (2019 – 3 894 thousand BGN) of its investment in ALLTERCO PTE, Singapore. For other investments, the Company has not recognized impairment in respect of investments presented as assets held for sale, as the Management considers that the expected receipts, which it will receive currently and in the perspective of their sale, reduced by the expected expenses for sale, will exceed their carrying amount. As of 31 December 2020 the book value of assets held for sale is as follows:

Assets	December 31, 2020	December 31, 2019
ALLTERCO PTE, Singapore	3 620	4 100
ALLTERCO SDN Malaysia	260	260
ALLTERCO CO. LTD Thailand	26	26
Total:	3 906	4 386

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3.12. Bank loans

	December 31, 2020	December 31, 2019
Raiffeisenbank (Bulgaria) EAD, including.:		
– to one year		
– over one year	276	259
Total bank loans – non-current part:	1 900	2 515
Total bank loans – current part	1 900	2 515

The depreciable part of the bank loan is obtained under the following conditions:

Bank	Raiffeisenbank EAD
Date of the contract:	August 25, 2017
Contracted credit amount:	1 620 000
Original currency	EUR
Purpose	Financing of up to 90% (VAT exclusive) of the final price of all company shares, representing 100% of the capital of the Solidari Debtor Allterco Properties EOOD, defined in an Agreement concluded between the Borrower and JFC Developments OOD for transfer of the company shares in a Final Agreement
Repayment deadline	May 10, 2029
Collateral:	Mortgage of real estate, owned by Allterco Properties EOOD, solidary debtor - Allterco Properties EOOD, pledge of all bank accounts of Allterco JSCo with the bank

3.13. Deposit received from a group enterprise

The depreciable part of the liabilities on the received deposits is as follows:

	December 31, 2020	December 31, 2019
Received deposit, including	-	1
Allterco Properties EOOD:	-	1
– to one year	-	1
– over one year	-	-
Total received deposit – non-current part:	-	-
Total received deposit – current part:	-	1

3.14. Trade liabilities

	December 31, 2020	December 31, 2019
Suppliers	10	191

Age structure of liabilities:

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	December 31, 2020	December 31, 2019
Reported value		
To 30 days	10	13
From 31 to 60 days	-	1
From 61 to 90 days	-	-
From 91 to 120 days	-	18
Over 120 days	-	159
	10	191

<i>By currency</i>	December 31, 2020	December 31, 2019
in BGN	10	14
in USD	-	18
in EUR	-	159
Total:	10	191

3.15. Payables to employees and social security liabilities

	December 31, 2020	December 31, 2019
Liabilities for non-used leaves	13	11
Social security and health contributions	6	5
Social security contributions on non-used leaves	2	2
Total:	21	18

3.16. Tax liabilities

	December 31, 2020	December 31, 2019
Corporate tax	-	494
Dividend tax	-	129
Personal income tax	3	3
Other taxes - entertainment expenses and tax under Art. 204	2	2
Total:	5	628

3.17. Other liabilities

	December 31, 2020	December 31, 2019
Liabilities for participations, including	675	675
- to one year	675	675
- over one year	-	-
Total – non-current part:	-	-
Total – current part:	675	675

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3.18. Registered capital

Allterco JSCo was registered in 2010. The registered capital of the Company as of December 31, 2020 amounts to BGN 17,999,999 (seventeen million nine hundred ninety nine thousand nine hundred ninety nine) and is distributed in 17,999,999 (seventeen million nine hundred ninety nine thousand nine hundred ninety nine) ordinary registered shares with a par value of BGN 1 each. The registered capital is fully paid in four installments:

The first issue was made upon the establishment of the Company in the form of a non-monetary contribution in the amount of BGN 50,000. Dimitar Stoyanov Dimitrov made a non-monetary contribution in the amount of BGN 25,000, which had as its subject ordinary registered voting shares with a nominal value of BGN 1 for each share of the capital of Teravoice AD. Svetlin Iliev Todorov made a non-monetary contribution in the amount of BGN 25,000. BGN 000, which had as its subject ordinary registered voting shares with a nominal value of BGN 1 for each share of the capital of Teravoice AD.

In 2010 a second non-monetary contribution was made in the amount of BGN 5,438,000, with Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov as importers. The subject of the non-monetary contribution was shares, with monetary valuation, prepared in accordance with an Act for appointment of experts prepared by the Registry Agency - Commercial Register, No.20100325163625 of 26.03.2010 according to art. 72, para. 2 of the CA, at a total value of 5,438,000. Dimitar Stoyanov Dimitrov made a non-monetary contribution in the amount of BGN 2,719,000, which had as its subject 1,500 ordinary registered voting shares from the capital of Tera Communications AD. Svetlin Iliev Todorov made a non-monetary contribution in the amount of BGN 2,719,000, which had as its subject 1,500 ordinary registered voting shares from the capital of Tera Communications AD.

At the end of 2015, a new issue of 8,012,000 (eight million and twelve thousand) ordinary registered voting shares was issued, with a nominal value of BGN 1 (one) each.

At the end of 2016 the capital of ALLTERCO JSCo was increased with a new issue in the amount of 1,500,000 (one million and five hundred thousand) shares on the basis of a successful initial public offering, according to the Prospectus for public offering of shares, approved by the Financial Supervision Commission with Decision № 487 – E of 08.07.2016 entered in the Commercial Register under No.20161108100414 of 08.11.2016.

In 2020 the capital of the Company was increased by cash contributions in the total amount of 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) against 2,999,999 (two million nine hundred ninety-nine thousand nine hundred and ninety-nine) subscribed and paid dematerialized ordinary registered voting shares with a nominal value of BGN 1 as a result of a procedure for Initial Public Offering of a new issue of shares. The public offering of shares from the capital increase

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of Allterco JSCo was carried out in the period September 28, 2020 – October 30, 2020 on the basis of a Prospectus, together with the supplements to it, confirmed by the Financial Supervision Commission with Decision № 148- F of February 18, 2020, Decision № 405-E of June 11, 2020, Decision № 601-E of August 13, 2020 and Decision № 791-E of October 29, 2020.

As of 31 December 2020 the shareholders in the company are:

Name/business name	Number of shares:	% in the capital
Svetlin Todorov	5 847 120	32.48%
Dimitar Todorov	5 847 120	32.48%
Viktor Atanasov	1 120 500	6.23%
Persons possessing 5% of the capital		
Other physical persons and legal entities	5 185 259	28.81%
Total	17 999 999	100.00%

3.19. Retained earnings

	December 31, 2020	December 31, 2019
1. Initial balance	3 442	1 802
Financial result before taxation	2 284	4 736
Tax Savings (Expense)	46	(253)
3. Profit for the reporting period	2 330	4 483
4. Profits transferred to reserves	-	(247)
5. Distribution of dividends	(450)	(2 596)
6. Retained earnings	5 322	3 442

3.20. Reserves

	December 31, 2020	December 31, 2019
Initial balance of general reserves - Reserve Fund	1 500	14
Profits transferred to reserves	-	247
Reserve from issue of shares	-	1 239
Total:	1 500	1 500

3.21. Reserve of issue of shares

The reserves from issue of shares of the company, the amount of which as of December 31, 2020 amounts to BGN 5 703 thousand, is formed as a difference between the issue and the nominal value of shares issued in previous reporting periods at the amount of BGN 6 000 thousand reduced by the issue costs which amounted to BGN 297 thousand. The premium reserve could be used only to cover losses and subject

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to certain conditions to increase the capital.

3.22. Other comprehensive income

	December 31, 2020	December 31, 2019
Reserve related to long term financial assets reported at fair value	4 849	-

The Other comprehensive income at the amount of BGN 4 849 thousand represents the effect of revaluation at fair value of other long term financial assets. At the time such investments should be written off the accumulated reserve is recognized through the statement of comprehensive income (as profit or loss for the period).

4. Notes to the Statement of comprehensive income

4.01. Revenues from services

The revenues can be analysed as follows:

	2020	2019
Revenues from management services	-	272

4.02. Other operating income

	2020	2019
Rents	3	3
Income from interests	35	20
Income from participations – dividends	-	820
Income from foreign currency operations	136	-
Other	12	8
Total:	186	851

4.03. Administrative expenses

	2020	2019
Expenses for materials, incl.	1	7
Fuel and maintenance of cars	1	7
Expenses for external services, incl.	319	303
Office rent and office expenses - management and maintenance of rental properties	-	28
electricity, heating and water	-	4
Membership fee, Communications Regulation Commission, Competition Protection Commission, Consumer Protection Commission, Financial Control Commission, etc.	9	6
Communication costs	1	-
Civil contracts	23	18
Insurance, vignettes, motor vehicle tax	-	3
Car services and vehicle maintenance	-	2
Consulting, legal, accounting and auditing services	257	228

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Vehicle rental	12	12
Others	17	2
Depreciation expenses	2	11
Salary expenses	338	464
Social security expenses	40	40
Other expenses, incl.	525	3 908
Impairment of receivables-investment	480	3 894
Business trip expenses		
Entertainment expenses	8	1
Written off receivables	14	-
Others	22	11
Expenses for tax on social expenses, entertainment expenses, taxes under Art. 204 and others	1	2
Total:	1 225	4 733

The amounts accrued for 2020 for services performed by the registered auditor of the Company include an independent financial audit - 11 thousand BGN, thousand BGN (2019: independent financial audit – BGN 11 thousand well as services other than audit – BGN 2 thousand), which are included in the costs for external services.

4.04. Other expenses

	<u>2020</u>	<u>2019</u>
Bank fees	13	-

4.05. Financial income

	<u>2020</u>	<u>2019</u>
Profit from sale of financial assets, incl.	3 446	8 475
<i>Sales revenue</i>	<i>4 949</i>	<i>16 316</i>
<i>Carrying ammoun of sold investments</i>	<i>(1 336)</i>	<i>(7 509)</i>
<i>Expenses related to the sale of investments</i>	<i>(167)</i>	<i>(332)</i>

4.06. Financial expenses

	<u>2020</u>	<u>2019</u>
Expenses for interests on loans received from related persons, incl.	-	7
- <i>Allterco Properties EOOD</i>	-	3
- <i>Teravoice EAD</i>	-	4
Banking financial services	20	24
Interest on bank loans	79	87
Expenses on foreign currency operations	4	2
Total:	103	120

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4.07. Tax expenses / savings

The components of the expenses / (revenues) for income taxes are the following:

	<u>2020</u>	<u>2019</u>
Current tax expenses	2	643
Tax effect of temporary tax differences	(48)	(390)
Expenses / (income) for income taxes	<u>(46)</u>	<u>253</u>

4.08. Income per share in BGN

	<u>2020</u>	<u>2019</u>
Net profit for the reporting period in Bulgarian levs	2 330 454	4 483 490
Weighted-average number of shares	15 361 644	15 000 000
Basic income per share in Bulgarian levs:	<u>0.1517</u>	<u>0.2989</u>

5. Transaction with related entities

During the year the company has carried out transactions with the following related entities:

Company	Relationship
Global Teracomm Inc., USA	Subsidiary
Allterco PTE. Singapour	Subsidiary
Allterco Robotix EOOD	Subsidiary
Allterco Trading OOD	Subsidiary
Allterco SDN Malaysia	Subsidiary
Allterco Properties EOOD	Subsidiary

During the year the company has carried out transactions with related entities, the data for which are presented below:

	<u>2020</u>	<u>2019</u>
Deliveries form related entities, including :		
Delivery of services from:	18	132
- Subsidiaries, including:	-	132
· Allterco Finance OOD	-	41
· Allterco Properties EOOD	18	91
· Tera Communications AD		
Delivery of interests from:	-	6
· Allterco Trading EOOD	-	-
· Allterco Properties EOOD	-	3
· Teravoice EAD	-	3
Total:	<u>18</u>	<u>138</u>

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Sales to related entities, including.:

	2020	2019
Sales of services etc. for:		
Subsidiaries, including:	-	272
· ALLTERCO PTE. Singapour	-	2
· Teracomm Ro SRL	-	35
· Tera Communications DOOEL, N. Macedonia	-	1
· Tera Communications AD	-	39
· Teravoice EAD	-	22
· Global Teracomm Inc., USA	-	8
· Allterco Robotix EOOD	-	125
· Allterco SDN Malaysia	-	15
· Altercco Co Thailand	-	25
Total:	-	272

Revenues from interests, including:

	2020	2019
Interest from received additional cash contribution from Allterco Robotics Ltd.	-	6
Interest from received additional cash contribution from Allterco Properties EOOD	17	7
Interest from received additional cash contribution from Allterco Trading EOOD	18	7
Total:	35	20

6. Contingent liabilities and commitments

The contingent liabilities and commitments as of 31 December 2020 include:

Contract	Annex	Creditor	Debtor	Solidary debtor / Guarantor	Amount / Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Factoring November 09, 2016 (terminated as of February 09, 2021.)	Annexes: 1/ July 27, 2017 2/ November 12, 2018 3/ October 28, 2019	Raiffeisenbank Bulgaria EAD	Allterco Robotix EOOD	Tera Communications AD (dropped out) Allterco JSCo - solidary, replaces Tera Communications AD, according to Annex 2 dated November 12, 2018	600 000 BGN	Reference interest rate and margin of 2 percentage points, but not less than 2%; Annual management fee; Invoice processing fee	February 09, 2021	Contract for special pledge of receivables on bank accounts; promissory note for the value of the limit plus 10% interest per year on the amount, with a deadline of presentation March 09, 2021;
Investment credit August 25, 2017	Annex No.1 October 31, 2018	Raiffeisenbank Bulgaria EAD	Allterco JSCo	Tera Communications AD solidary (dropped out)	1 620 000 EUR	Fixed interest rate for the whole period 3% per year;	May 10, 2029	Mortgage on real estate owned by Allterco

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contract under art. 114 para 10 of the Public Offering of Securities Act				Allterco Properties EOOD - solidary		Management fee		Properties EOOD; Pledge of receivables on bank accounts of the company in the bank. Pledge under the law for financial security contracts;
Revolving bank credit contract 12+12+12 dated November 09, 2018 contract under art. 114 para 10 of the Public Offering of Securities Act	Annex No.1 September 30, 2020	Raiffeisenbank Bulgaria EAD	Allterco Robotix EOOD	None	1 600 000 BGN	short-term interest rate of the BNB, increased by 2.5 percentage points, but not less than 2.5%; (Annex №1 amended) management commission; commitment fee	October 25, 2021	Pledge of receivables on bank accounts of the company in the bank
Overdraft September 30, 2019 – contract under art. 114 para 10 of the Public Offering of Securities Act	Annex No.1 of August 28, 2020	Raiffeisenbank Bulgaria EAD	Allterco Robotix EOOD	Allterco JSCo - guarantor	1 000 000 EUR	One-month EURIBOR, increased by 2.5 percentage points, but not less than 2.5%; management commission; commitment commission; commission for issuing guarantees;	September 29, 2022	Pledge of receivables on accounts;
Contract for standard investment credit No.2757 dated September 28, 2020	none	DSK Bank AD	Allterco Properties EOOD	Allterco Trading EOOD – solidary debtor	450 000 EUR	Annual interest rate formed by a variable interest rate of 1m EURIBOR + 2.1% margin but not less than 2.1%; annual management fee;	September 28, 2024	Mortgage on real estate owned by Allterco Properties EOOD; Pledge of receivables on bank accounts of Allterco Properties EOOD and Allterco Trading EOOD in DSK Bank.

In relation with the finalized in 2019 deal with Link Mobility Group AS for sale of 5 subsidiaries,

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in July 2020 the Buyer made a claim to the Company. Currently the claim by Link Mobility Group AS is not made in compliance with the provisions of the contract nor are brought to arbitration proceeding. Both sides have the possibility to solve the dispute through negotiations in the context of good business practices. The management of the Company believes that even if the claim is brought to arbitration or court they will be dismissed as groundless. Therefore, no provision expense is recognized in the financial statements.

7. Key management staff

The members of the Board of Directors as of December 31, 12.2020 are as follows:

1. Dimitar Stoyanov Dimitrov
2. Svetlin Iliev Dimitrov
3. Nikolay Angelov Martinov

Executive director of the Company is Dimitar Stoyanov Dimitrov.

	2020	2019
Remunerations of the members of the Board of directors	79	79

8. Financial instruments by categories

Structure of the financial assets and liabilities as of December 31 by categories:

	December 31, 2020				December 31, 2019					
	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income	Financial assets reported at fair value through profit or loss	Total	Cash	Financial assets reported at depreciated value	Financial assets reported at fair value through other comprehensive income		Financial assets reported at fair value through profit or loss
<i>Financial assets according to the Statement of financial position</i>										
Cash and cash equivalents	14 612	-	-	-	14 612	3 649	-	-	-	3 649
Other receivables	-	55	-	-	55	-	69	-	-	69
Other long - term capital investments			6 566		6 566			3 053		3 053
Non-current assets held for sale				3 906	3 906				4 386	4 386
Receivables from affiliated companies	-	2 371	-	-	2 371	-	4 402	-	-	4 402
Trade receivables	-	3 055	-	-	3 055	-	3 071	-	-	3 071
TOTAL ASSETS	14 612	5 481	6 566	3 906	30 565	3 649	7 542	3 053	4 386	18 630

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	December 31, 2020			December 31, 2019			Total
	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	Financial liabilities reported at depreciated value	Financial liabilities reported at a specific value (aggregate category)	Financial assets reported at fair value through profit or loss	
<i>Financial liabilities according to the Statement of financial position</i>							
Received deposit from group enterprise	-	-	-	1	-	-	1
Bank loans	2 176	-	-	2 774	-	-	2 774
Trade liabilities	10	-	-	191	-	-	191
Other liabilities	675	-	-	675	-	-	675
TOTAL FINANCIAL LIABILITIES	2 861	-	-	3 641	-	-	3 641

The fair value of the loans is determined based on the interest rate that the Company expects to receive at the reporting date. The management of the Company considers that these interest rates do not differ significantly from those in force at the time of concluding the loan agreements.

The company has no practice of working with derivative instruments.

9. Financial risk management

The Company's activity is exposed to a number of risks related to objective conditions such as market unpredictability, general economic trends, changes in exchange rates.

To minimize the potential negative effects, the Company has adopted policies for overall risk management and assessment and establishing procedures for addressing the identified risks. The overall risk management is focused on forecasting the results of certain areas of the market of services performed by the Company to minimize the potential negative effects that could affect the financial results. Financial risks are currently identified, measured and monitored using various control mechanisms to determine adequate prices for the Company's services, as well as to adequately assess market conditions, its investments and forms of maintaining the free liquid funds without allowing an unjustified concentration of a given risk.

Risk management is carried out on an ongoing basis under the direct supervision of the Executive Director and the Company's financial experts in accordance with the policy set by the Board of Directors.

The risk management strategy is regularly reviewed in order to update the policies to the dynamics in the market and economic conditions. The company aims to develop discipline and a constructive control environment in which all employees understand their responsibilities through periodic training and

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application of established standards.

The following describes the different types of risks to which the company is exposed in carrying out its business operations, as well as the approach taken in managing these risks.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices.

a. Currency risk

The company carries out its transactions mainly on the domestic market and in the European Union. It is not exposed to significant currency risk because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev by law.

The company makes its main deliveries in BGN.

The tables below summarize the exchange rate exposure:

	in EUR	in USD	In other foreign currency	In Bulgarian levs	total
December 31, 2020					
Cash and cash equivalents	1 633	-	-	12 979	14 612
Other receivables	-	-	-	55	55
Receivables from related companies	106	-	-	2 265	2 371
Trade receivables	3 055	-	-	-	3 055
TOTAL ASSETS	4 794	-	-	15 299	20 093
Bank loans	2 176	-	-	-	2 176
Trade liabilities	-	-	-	10	10
Other liabilities	-	-	-	675	675
TOTAL LIABILITIES	2 176	-	-	685	2 861
December 31, 2019					
Cash and cash equivalents	283	-	-	3 366	3 649
Other receivables	-	-	-	69	69
Receivables from related companies	140	-	-	4 262	4402
Trade receivables	3 055	-	-	16	3 071
TOTAL ASSETS	3 478	-	-	7 713	11 191
Received deposit from group companies	-	-	-	1	1
Bank loans	2 774	-	-	-	2 774
Trade liabilities	159	18	-	14	191
Other liabilities	-	-	-	675	675
TOTAL LIABILITIES	2 933	18	-	690	3 641

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Currency sensitivity analysis

The Company is not exposed to currency risk with respect to its euro exposures.

b. Price risk

The company is exposed to a specific price risk for the price of the services it provides. The minimization of the price risk for negative changes in the prices of the services, object of the trade operations is achieved through periodic analysis and discussion of the contractual relations for revision and updating of the prices in relation to the changes of the market.

The Company owns shares that are subject to trading on a regulated market, and during the reporting period the Company sold part of its shares and made a profit from the transaction. For the remainder of the shares, the Company is exposed to risks of negative changes in the stock markets.

c. Risk of the interest-bearing cash flows

The company does not have a significant concentration of interest-bearing assets, except for free cash on current accounts with banks, so revenues and inflows of operating cash flows are not largely dependent on changes in market interest rates.

At the same time, the outgoing cash flows of Allterco JSCo for 2020 are not exposed to interest rate risk from using a bank loan in EUR, agreed with a fixed interest rate.

Cash on current accounts with banks bear interest at interest rates according to the tariffs of the respective banks, which remain relatively constant for a longer period of time.

The management of the Company currently monitors and analyzes its exposure to changes in market interest rates. Different refinancing scenarios, renewal of existing interest-bearing positions and alternative financing are simulated. Calculations are made for significant interest-bearing positions.

	Interest-free	With floating interest %	With fixed interest %	total
December 31, 2020	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	14 612	-	-	14 612
Other receivables	55	-	-	55
Receivables from related companies	611	-	1 760	2 371
Trade receivables	3 055	-	-	3 055
TOTAL ASSETS	18 333	-	1 760	20 093

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Bank loans	-	-	2 176	2 176
Trade liabilities	10	-	-	10
Other liabilities	675	-	-	675
TOTAL LIABILITIES	685	-	2 176	2 861

	Interest-free	With floating interest %	With fixed interest %	total
December 31, 2019	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	3 649	-	-	3 649
Other receivables	882	-	3 520	4 402
Receivables from related companies	3 071	-	-	3 071
Trade receivables	-	-	69	69
TOTAL ASSETS	7 602	-	3 589	11 191

Received deposit from group companies	-	-	1	1
Bank loans	-	-	2 774	2 774
Trade liabilities	191	-	-	191
Other liabilities	675	-	-	675
TOTAL LIABILITIES	866	-	2 775	3 641

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligation and thereby cause a loss to the other party. The financial assets that potentially expose the company to credit risk are mainly receivables from sales and interest loans granted. The company is mainly exposed to credit risk in the event that customers fail to meet their obligations.

The financial assets of the company are concentrated in three groups: monetary funds (cash and bank accounts), receivables from clients and additional cash contributions provided to subsidiaries.

More than 58% of receivables are from additional cash contributions and sales arising from related party deals and transactions (subsidiaries and other related companies controlled by the company), and therefore the management believes that the credit risk associated with these receivables is not high. Nearly 41% of receivables as of December 31, 2019 represent long-term receivables, which as of the end of 2020 is classified as short term receivable. The management of the company has no reason to believe that there is a risk associated with the recoverable amount of this receivable.

The collection and concentration of receivables is monitored on an ongoing basis, according to the established policy of the company. For this purpose, the open positions by clients, as well as the received receipts, are periodically reviewed by the financial and accounting department and the management, and

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an analysis of the unpaid amounts is performed.

The Management has defined its policy for assessing credit losses.

For receivables from related persons, trade receivables and deposits with banks, the simplified method is applied, as the percentages are determined on the basis of past experience.

As of December 31, 2020 the Company has written off receivables at the amount of BGN 14 thousand.

Liquidity risk

The liquidity risk is expressed in the negative situation that the Company will not be able to meet unconditionally all its obligations, according to their maturity.

It pursues a conservative liquidity management policy, through which it constantly maintains an optimal liquidity reserve of monetary funds and a good ability to finance its business activities.

In order to control the risk, the company monitors the immediate payment of the incurred liabilities.

The company monitors and controls the actual and projected cash flows for periods ahead and maintains a balance between the maturity limits of the assets and liabilities of the company. Currently, the maturity and timely execution of payments is monitored by the finance and accounting department, maintaining daily information on available monetary funds and upcoming payments.

	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	14 612	14 612
Other receivables	-	-	-	-	-	-	-	55	55
Receivables from related companies	-	-	-	2 371	-	-	-	-	2 371
Trade receivables	-	-	-	3 055	-	-	-	-	3 055
TOTAL ASSETS	-	-	-	5 426	-	-	-	14 667	20 093
Bank Loans	23	45	45	163	276	828	796	-	2 176
Trade liabilities	10	-	-	-	-	-	-	-	10
Other liabilities	-	-	-	675	-	-	-	-	675
TOTAL LIABILITIES	33	45	45	838	276	828	796	-	2 861

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December 31, 2019	to 1 m.	1-3 m.	3-6 m.	6-12 m.	1-2 y.	2-5 y.	over 5 y.	without maturity	total
	BGN'00 0	BGN'00 0	BGN'000	BGN'000	BGN'00 0	BGN'00 0	BGN'00 0	BGN'000	BGN'000
Cash and cash equivalents	-	-	-	-	-	-	-	3 649	3 649
Receivables form related companies	196	-	-	4 206	-	-	-	-	4 402
Trade receivables	2	14	-	-	3 055	-	-	-	3 071
Other receivables	69	-	-	-	-	-	-	-	69
TOTAL ASSETS	267	14	-	4 206	3 055	-	-	3 649	11 191
Received deposit from group companies	-	-	-	1	-	-	-	-	1
Bank loans	21	43	64	131	267	801	1 447	-	2 774
Trade liabilities	191	-	-	-	-	-	-	-	191
Other liabilities	675	-	-	-	-	-	-	-	675
TOTAL LIABILITIES	887	43	64	132	267	801	1 447	-	3 641

Capital risk management

With the capital management the Company aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return on investment of shareholders, economic benefits of other stakeholders and participants in its business, and to maintain optimal capital structure, to reduce capital expenses.

The company currently monitors the security and capital structure based on the debt ratio. This ratio is calculated between the net debt capital and the total amount of capital. Net debt capital is defined as the difference between all borrowings (current and non-current) as stated in the statement of financial position and the cash and cash equivalents. The total amount of capital is equal to thre equity and net debt capital.

The table below presents the debt ratios based on the capital structure as of December 31:

	2020	2019
Total debt capital, including:	2 887	4 287
Reduced with: cash and cash equivalents	14 612	3 649
Net debt capital	(11 725)	638
Total equity	35 374	19 942
Total capital	23 649	20 580
Debt ratio	0,00%	3.10%

As the cash is larger than the debt capital, the company has no indebtedness.

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10. Fair values

For the purposes of disclosing fair value, the Company determines different classes of assets and liabilities depending on their nature, characteristics and risk and the respective level of the fair value hierarchy specified in item 2.26. from the Notes to the financial statements.

The Company's management has determined that the book values of cash and cash equivalents, receivables from affiliated companies, liabilities to affiliated companies, trade receivables and payables approach their fair values due to the short-term nature of these financial instruments.

The attached table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. Fair value information is not included if the book value is reasonably close to the fair value.

The table below presents the hierarchy of the fair value of the Company's assets and liabilities in accordance with IFRS 13:

As of December 31, 2020	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets		-		-
Assets classified as held for sale	3 906	-	-	3 906
Other long - term capital investments	6 566	6 566	-	-
Cash and cash in bank	14 612	-	-	-
Other receivables	55	-	-	-
Receivables from related companies	2 371	-	-	-
Trade receivables	3 055	-	-	-
	-	-	-	-
Total:	30 565	6 566	-	3 906
Financial liabilities				
Liabilities to related companies	0	-	-	-
Deposit received from group companies	0	-	-	-
Bank loans	2176	-	1 758	-
Trade liabilities	10	-	-	-
Other liabilities	675	-	-	-
Total:	2 861	-	1 758	-
As of December 31, 2019	<u>Book value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Финансови активи		-		-
Assets classified as held for sale	4 386	-	-	4 386
Other long - term capital investments	3 053	-	-	3 053
Cash and cash in bank	3 649	-	-	-
Other receivables	69	-	-	-
Receivables from related companies	4 402	-	-	-
Trade receivables	3 071	-	-	-
Total:	18 630	-	-	7 439

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Financial liabilities

Deposit received from group companies	1	-	-	-
Bank loans	2 774	-	2 164	-
Trade liabilities	191	-	-	-
Other liabilities	675	-	-	-
Total:	3 641	-	2 164	-

There was a transfer between Level 1 and Level 3 during the current reporting period, representing a long-term financial investment in shares, which were listed on a regulated market.

The fair value of the financial liabilities included in Level 2 in the table above is determined in accordance with the generally accepted valuation model based on discounted cash flows. Significant observable inputs applied to this valuation method are discount factors that reflect credit risk.

11. Other Information

In an attempt to fight the spread of COVID-19 disease in Bulgaria the government declared a state of emergency in the period 13 March – 13 May 2019 and after that a state of increased epidemic risk. The obligatory restrictive measures imposed during the whole 2020 could impact many businesses with decrease in revenues and decline in the generated cash.

The management of Allterco successfully implemented a number of stabilization measures during 2020 which limited the negative impact of the situation on Company's activities. As a result of those measures there are no any signs for worsening of Group's financial position. On the contrary, the Company and its subsidiaries, which operate in sectors that are not affected by the crisis, have improved their financial results. The Company anticipates the same effect during 2021. The management expects that even if the state of increased epidemic risk continues during the year, this will not have significant negative impact over the activities of the Group and it will not impact the going concern of the companies.

During the reporting period Allterco JSCo has increased its share capital through a public offering of new shares, which in addition will improve the financial stability of the Group.

12. Events after the date of the financial statements

The following major events have taken place after the date of financial statements:

- The management announced that it started a process of registration of the shares of Allterco JSCo for trade on Frankfurt Stock Exchange. The decision is provoked by the strong interest by foreign clients, partners and institution investors to buy shares of the Company. The goal of the listing to Frankfurt Stock Exchange is to make the shares of Allterco JSCo. more easily available to foreign investors as well as to provide the company with more financing and business development options.
- The management announced that in relation with its plans to enter the Asian markets and optimization

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of logistics for the Asian region, Allterco will participate in the establishment a joint venture in China. The new company will have a seat and office in Shenzhen, Guangdong province, where currently are concentrated most of the production activities of Allterco Robotics Ltd. The registered capital of the new company will be CNY 100 000 or BGN 25 124,30 according to the fixing of Bulgarian National Bank as of 04 March 2021. The initial participation of Allterco JSCo. will be 30% with an option to acquire additional up to 50% of the shares and reach a controlling stake of 80% in case the business meets the targets. The remaining part of the capital is owned by a long-term business partner of Allterco Robotics in China. As of the date of the report the affiliated company was registered in accordance with Chinese laws.

- The Company has received a Letter of Intent in which Skylight Venture Capital Pte. Ltd. express its interest to acquire the 3 Asian subsidiaries of Allterco JSCo: ALLTERCO PTE (Singapore), ALLTERCO SDN (Malaysia) и ALLTERCO Co., Ltd. (Thailand), which provide telecommunication services on the Asian market. The proposed indicative price is EUR 2 100 000 and it is subject to due diligence and consequent negotiations.
- The Company has received a notification from its shareholder Mr. Viktor Georgiev Atanassov regarding a change in his participation in Allterco JSCo. in accordance with Article 145 para 1 of POSA (decrease of his voting rights below 5%), to 2,09 % as a result of sale of 744 000 shares out of total 1 120 500 shares of Allterco JSCo., ISIN BG1100003166, held by Mr. Atanasov, made on 08 January 2021 and registered with the Central Depository on 12 January 2021.