



CONSOLIDATED REPORT ON BUSINESS ACTIVITIES AS OF DECEMBER 31, 2019

**CONSOLIDATED
ANNUAL REPORT ON BUSINESS ACTIVITIES**

**ALLTERCO JSCo
FOR THE FINANCIAL YEAR 2019**



THIS REPORT ON BUSINESS ACTIVITY IS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ART. 39 AND FOLLOWING FROM THE ACCOUNTING ACT, ART. 100m, PARAGRAPH 7 OF PUBLIC OFFERING OF SECURITIES ACT AND ATTACHMENTS NO. NO. 10 AND 11, TO ART. 22A, PARAGRAPH 1, ITEM 2 IN CONJUNCTION WITH ARTICLE 22A, PARAGRAPH 2 OF ORDINANCE NO. 2 DATED SEPTEMBER 17, 2003 ON PROSPECTUSES FOR PUBLIC OFFERING AND ADMISSION TO TRADING ON A REGULATED SECURITIES MARKET AND DISCLOSURE OF INFORMATION.



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DEAR SHAREHOLDERS,

We, the members of the Board of Directors of ALLTERCO JSCo., are guided by the desire to manage the company in the interest of the shareholders, as well as on the basis of the requirements of the provisions of Art. 39 et seq. of the Accounting Act (in force since 01.01.2016), Art. 100m, Paragraph 7 of Public Offering of Securities Act and Annex No. 10 to Art. 32a of Ordinance No. 2 of September 17, 2003 on prospectuses for public offering and admission to trading on a regulated securities market and for disclosure of information, we have prepared this activity report (hereinafter "The Report"). The Report gives comments and analysis of the financial statements and other material information about the financial position of and the results achieved by the company on a consolidated basis. The report contains an objective review that presents truthfully and honestly the development and performance of ALLTERCO JSCo, as well as its status, together with a description of the main risks it faces.

Circumstances that occurred in 2019 on a consolidated basis, which the company's management believes may be of significance to the investors in deciding to acquire, sell or continue to hold publicly offered securities, have been disclosed within the time limits provided for in the Public Offering of Securities Act and by Financial Supervision Commission, investors and the regulated securities market.

I. GENERAL INFORMATION ABOUT THE COMPANY

ALLTERCO JSCo is a public limited company with main business activity as follows: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies; acquisition, management and sale of bonds; acquisition, evaluation, sale and assignment of licenses for the use of patents and other intellectual and industrial property rights; financing of companies in which the Company participates; purchase of goods and other goods for resale in the original, or processed form; sale of goods from own production; foreign trade transactions; commissions, forwarding, warehousing and leasing transactions; transport transactions in the country and abroad; transactions of commercial representation and mediation of local and foreign individuals and legal entities; consultancy and marketing transactions; providing management and administration services to local and foreign legal entities; as well as any other commercial transactions not prohibited by the law.

The Company was entered in the Commercial Register on February 11, 2010.

As of December 31, 2019, ALLTERCO JSCo has its registered office, telephone, fax, e-mail, web site as follows:

- Seat and management address: *City of Sofia 1407, 103 Cherni Vrah Blvd., Floor 8.*
- Tel: +359 2 9571248
- e-mail: investors@allterco.com investors@allterco.com
- Web page: www.allterco.com

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1. Information about capital and its structure

As of December 31, 2019 the issued, subscribed, paid up and registered capital of the Company amounts to BGN 15, 000,000 (fifteen million), divided into 15,000,000 (fifteen million) dematerialized ordinary registered voting shares with par value of 1 (one) BGN for each share.

The share capital is fully paid in by four contributions:

- Contribution in kind representing 100% of the shares of Teravoice EAD (Solely-owned PLC), with a monetary valuation of BGN 50,000 (fifty thousand);
- Contribution in kind representing 69.60% of the shares of Tera Communications AD (PLC), with a monetary valuation of BGN 5 438 000 (five million four hundred thirty-eight thousand);
- A combination of contributions in kind and monetary contributions worth BGN 8,012,000 (eight million and twelve thousand).
- Cash contributions of a total value BGN 1 500 000 (one million five hundred thousand) against subscribed and paid 1 500 000 (one million five hundred thousand) dematerialized ordinary registered voting shares with a par value of 1 BGN as a result of a procedure for the initial public offering of a new issue of shares.

As of December 31, 2019, the capital structure of ALLTERCO JSCo is as follows:

Table No. 1

SHAREHOLDER NAME	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	38.51 %
Dimitar Dimitrov	38.51 %
Victor Atanasov	7.47 %
Other individuals and legal entities	15.51 %

2. In-kind contributions have been made in the last three financial years

In the last three financial years, no in-kind contributions have been made to the company's capital.

3. Information about the issuer's management system

As of December 31, 2019, the management system of ALLTERCO JSCo is a one-tier - 3-member Board of Directors, according to a decision of the General Meeting of Shareholders dated December 20, 2018, entered in the Commercial Register under No. 20190130114158

As of December 31, 2019, the members of the Board of Directors are:

- Dimitar Stoyanov Dimitrov
- Svetlin Iliev Todorov
- Nikolay Angelov Martinov

II. REVIEW OF THE COMPANY'S BUSINESS ACTIVITY AND POSITION



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As of December 31, 2019, Allterco JSCo reports investments in the following companies:

- 100% of the capital of Allterco Properties EOOD (Solely-owned LLC);
- 100 % of the capital of Allterco PTE Ltd., Singapore;
- 100% of the capital of Allterco Trading OOD (Ltd.) (former name Allterco Finance)
- 100% of the capital of Allterco Robotics EOOD (Solely-owned LLC); Bulgaria;
- 100% of the capital of Allterco SDN Ltd., Malaysia;
- 49% of the capital of Allterco Ltd., Thailand;
- 100 % of the capital of Global Teracomm Inc., (DBA Allterco Robotics)

During the reporting period there was a change in the economic group of Allterco JSCo, namely:

- As a result of the process of sale of 5 subsidiaries of the Company to LINK Mobility Group ASA, completed on July 29, 2019, the following companies are not part of the holding's investments:
 - 100% of the capital of Teravoice EAD (PLC);
 - 100% of the capital of Tera Communications AD (PLC), Bulgaria;
 - 100 % of the capital of Tera Communications DOOEL, Macedonia;
 - 100% of the capital of Allterpay EOOD (Solely-owned LLC), Bulgaria;
 - 100% of the capital of Teracomm RO Srl, Romania;
- As of August 30, 2019, Allterco JSCo has acquired the remaining 33% of the capital of Global Teracomm Inc. from a natural person, thus becoming the sole owner of the company. The value of the transaction amounts to USD 12.37 per share or a total of USD 10,205.25. No interested parties are involved in the transaction. After the sale of the companies carrying out the telecommunication business of Allterco JSCo in Europe, a basic part of the company's activity remains the development, production and sale of IoT devices. This requires a complete reorganization of the business and its focus on one business area. The process began with the acquisition of 33% of Global Teracomm Inc. (DBA Allterco Robotics), which in the future will carry out entirely the trade and distribution of IoT devices, manufactured by Allterco Robotics EOOD (Solely-owned LLC), in North and South America
- As of December 17, 2019, Allterco JSCo has acquired from an individual the remaining 33% of the capital of Allterco Trading OOD (Ltd.) (former name Allterco Finance), thus becoming the sole owner of the company. The value of the transaction, in accordance with an evaluation performed by an independent appraiser, is equal to the nominal value of the acquired shares, namely BGN 330. No interested parties are involved in the transaction. The acquisition, similar to the acquisition of 33% of the capital of the subsidiary Global Teracomm Inc., was made to establish full control over the subsidiaries, in order to entirely reorganize their activities in the field of IoT and separate the production from distribution.

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III. RESULTS FROM THE ACTIVITY

1. FINANCIAL RESULT

As of December 31, 2019, ALLTERCO JSCo reported on a consolidated basis a profit before tax at the amount of BGN 8 318 thousand, compared to the 2018 profit before tax of BGN 3,079 thousand.

The net profit of ALLTERCO JSCo on a consolidated basis as of December 31, 2019 amounted to BGN 7,169 thousand, as of December 31, 2018 the company reported a net profit of BGN 2,648 thousand.

Table No. 2

(in BGN thousand)					
EQUITY, MINORITY INTEREST AND LIABILITIES	2017	%	2018	%	2019
a	1		2		3
A. EQUITY					
I. Registered capital	15 000	0	15 000	0	15 000
II. Reserves	1 577	4.50	1 648	2.06	1 682
III. Financial result					
1. Retained earnings (losses) incl. undistributed profit	6 856	39.72	9 579	-33.58	6 362
undistributed profit	6 856	39.67	9,576	-33.56	6 362
uncovered loss	0	0.00	0	0.00	0
one-time effect of changes in accounting policy	35	0.00	3	0.00	0
2. Current period profit	2 685	-1.38	2 648	170.73	7 169
3. Current period loss	0	0.00	0	0.00	0
Total Group III	9 576	27.68	12,227	10.66	13 531
TOTAL FOR SECTION A (I+II+III):	26 153	10.41	28 875	4.63	30 213

Table No. 3

(in BGN thousand)					
EQUITY, MINORITY INTEREST AND LIABILITIES	2017	%	2018	%	2019
a	1		2		3
A. EQUITY	26,153	10.41	28,875	4.63	30,213
B. MINORITY INTEREST	94	-47.87	49	151.02	123
B. NON-CURRENT LIABILITIES	3,596	-15.38	3,043	-13.70	2,626
D. CURRENT LIABILITIES	9,795	5.43	10,327	-32.90	6,929
E. DEFERRED INCOME	6		3		0
EQUITY, MINORITY INTEREST AND LIABILITIES (A + B + C + D)	39,644	10.41	42,297	-5.69	39,891

Revenue from ordinary business activity
Table No. 4

(in BGN thousand)					
REVENUES	2017	%	2018	%	2019
a	1		2		3
A. Operating income					
I. Net revenue from sales of:					
1. Production	0	0.00	0	0.00	0
2. Goods	7 374	48.48	10 949	92.15	21 039
3. Services	31 812	6.66	33 931	-63.81	12 279
4. Others	591	-51.61	286	-50.35	142
Total Group I	39 777	13.55	45 166	-25.92	33 460
II. Revenues from financing including by the Government					
Total Group II	0	0.00	0	0.00	0
III. Financial income					
1. Income from interest	1	2200.00	23	100.00%	0
2. Income from dividends	0	0.00	0	0.00	0
3. Positive differences from transactions with financial assets	0	0.00	0		8 475
4. Positive differences from exchange rate fluctuations	37	121.62	82	-51.22	40
5. Others	0	0.00	0	0.00	0
Total Group III	38	47.89	105	8009.52	8 515
B. Total operating revenue (I + II + III):	39 815	15.39	45 271	-7.28	41 975

As of December 31, 2019, ALLTERCO JSCo reported on a consolidated basis net sales revenues in the amount of BGN 33,460 thousand, which is an increase of 25.92 % compared to the net sales revenues of the company on a consolidated basis as of December 31, 2018, which amount to BGN 45 166 thousand.

As of December 31, 2019, the revenues from the sale of services amount to BGN 12 279 thousand, which is a decrease of 63.81% compared to the revenues from the sale of services at the end of 2018, which is due to the sale of 5 subsidiaries in 2019, engaged in the provision of value added services.

Revenues from the sale of smart devices (goods) for 2019 amounted to BGN 21,039 thousand, which is an increase of 92.15% compared to the previous year.

Operating expenses by economic elements
Table No. 5

(in BGN thousand)					
EXPENSES	2017	%	2018	%	2019
a	1		2		3
A. Operating expenses					
I. Expenses by economic elements					

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1. Materials	394	-1.78	387	122.74	862
2. External services	26 760	11.04	29 715	-55.87	13 113
3. Depreciation	363	92.84	700	17.00	819
4. Remuneration	4 548	7.98	4 911	-38.81	3 005
5. Social security	506	1.38	513	-43.66	289
6. Book value of goods sold	3 225	44.68	4 666	93.78	9 042
7. Change in stocks of production and work in progress	0	0.00	0		
8. Other, incl.	680	28.38	873	610.08	6 199
Impairment of assets	76	103.95	155	3460.65	5 519
provisions	90	- 100.00%	0	0	0
Total Group I	36 476	14.50	41 765	-20.20	33 329

For the reporting year 2019 the expenses by economic elements of ALLTERCO JSCo on a consolidated basis amount to BGN 33 329 thousand, and register a decrease of 20.20% compared to the expenses by economic elements of the company for 2018. The largest share in the expenses reported by ALLTERCO JSCo for 2019 hold the expenses for external services with 39.34%, followed by the book value of goods sold with 27.13% and other expenses with 18.60%.

The decrease in the costs for external services in 2019 is mainly due to the sale of 5 subsidiaries engaged in the provision of value added services.

Other expenses for 2019 include derecognized receivables in the amount of BGN 617 thousand and a change in goodwill of a total value of BGN 4 904 thousand.

Financial indicators

2. LIQUIDITY

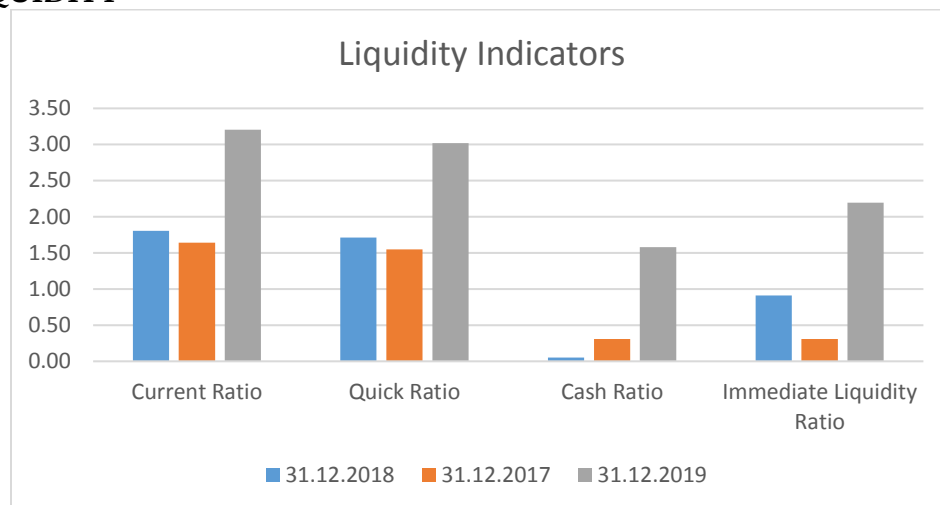


Table No. 6

LIQUIDITY INDICATORS	31.12.2017	December 31, 2018	December 31, 2019
Current Ratio	1.64	1.80	3.21
Quick ratio	1.55	1.71	3.02
Cash ratio	0.31	0.05	1.58
Immediate liquidity ratio	0.31	0.91	2.20

Current Ratio

As of December 31, 2019 the value of the total liquidity ratio of ALLTERCO JSCo on a consolidated basis is 3.21 and increases compared to its values for 2018. In 2019 compared to 2018, the current assets of ALLTERCO JSCo increased by 20.30%, while current liabilities decreased by 32.92%.

Immediate liquidity ratio

As of December 31, 2019, the value of the immediate liquidity ratio on a consolidated basis is 2.20 points and increases compared to its value of 0.91 points for 2018. At the end of 2019 compared to 2018, the company's cash increased by 1913% and current liabilities decreased by 32.92%. As of the end of 2018, Allterco reports its investments in 5 subsidiaries as held for sale. In 2019, these companies were sold and at the end of the period 3 other companies were classified as held for sale.

Quick ratio

As of December 31, 2019, the value of the consolidated quick ratio is 3.02 and increases compared to the values for 2018. In 2019, compared to 2018, the value of the company's inventories increased by 33.30%.

Cash ratio

As of December 31, 2019 the value of Cash ratio on a consolidated basis is 1.58 and decreases compared to its value of 0.05 for 2018. At the end of 2019 compared to 2018, the company's cash increased by 1913% and current liabilities decreased by 32.92%. The increase in cash is mainly due to a payment received in connection with the sale of 5 subsidiaries.

3. CAPITAL RESOURCES

INDEBTEDNESS RATIOS

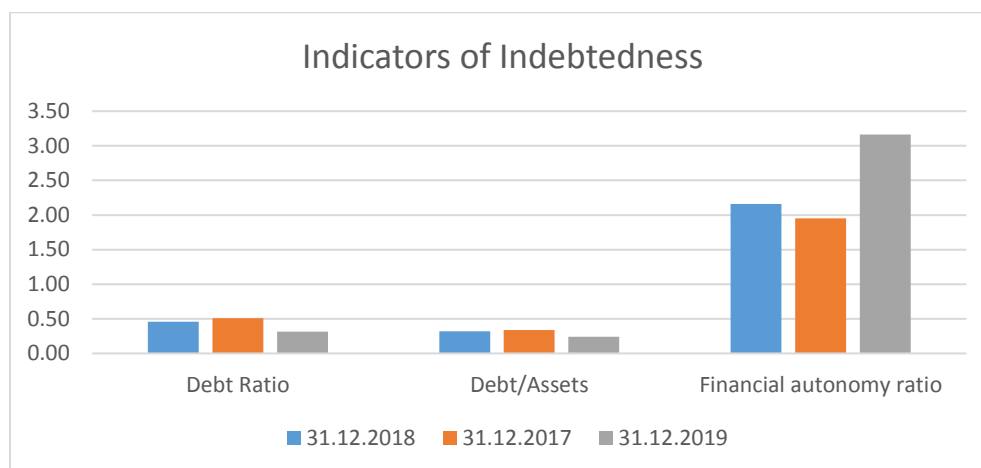


Table No. 7

INDICATORS OF INDEBTEDNESS:	31.12.2017	December 31, 2018	December 31, 2019
Debt ratio	0.51	0.46	0.32
Debt/ Assets	0.34	0.32	0.24
Financial autonomy ratio	1.95	2.16	3.16

Financial autonomy ratio

As of December 31, 2019, the value of the financial autonomy ratio on a consolidated basis is increasing compared to 2018. In 2019 compared to 2018, the consolidated equity increased by 4.63 % and the debt of the company decreased by 28.55 %.

Debt ratio

As of December 31, 2019, the consolidated debt ratio is 0.32 and is down compared to 2018.

Debt to total assets ratio

The debt/assets ratio directly indicates what percentage of the company's assets are financed by debt.

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As of December 31, 2019, the debt/assets ratio on a consolidated basis is 0.24. In 2019 compared to 2018, the debt of ALLTERCO JSCo on a consolidated basis decreased by 28.55 % and the total assets of the company decreased by 5.69 %.

4. KEY COEFFICIENTS

Summary information on the financial performance of ALLTERCO JSCo on a consolidated basis for the last three financial periods is presented in the following charts and tables:

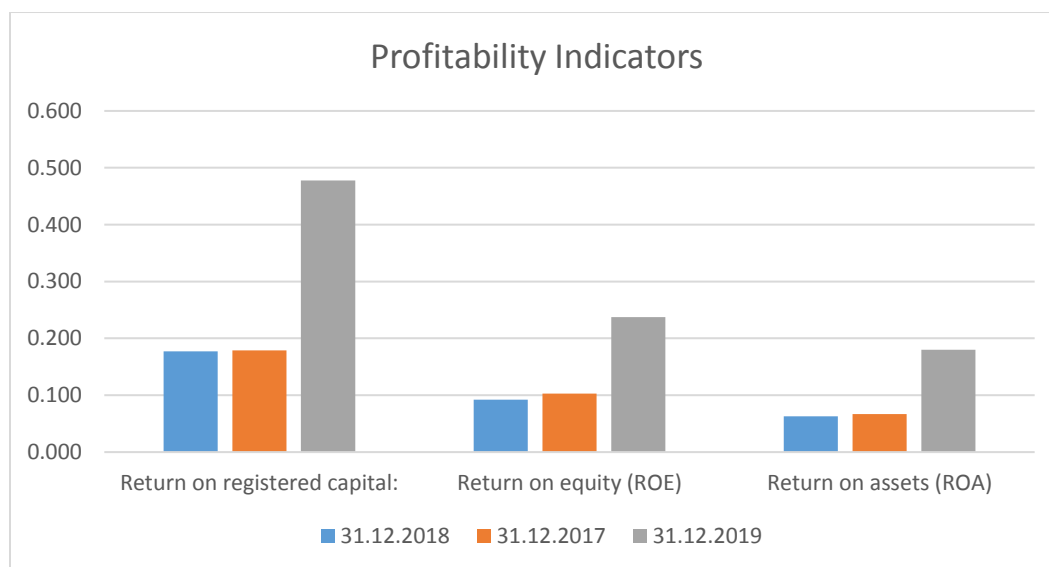


Table No. 8

Financial indicators	December 31, 2017	December 31, 2018	December 31, 2019
EBITDA	3 664	4 101	9 426
EBIT	3 301	3 401	8 607

* The calculation of indicators for 2019 includes the profit from the sale of investments

Table No. 9

Indicators	(in BGN thousand)		
	December 31, 2017	December 31, 2018	December 31, 2019
Net sales revenue	39 777	45 166	33 460
Equity	26 153	28 875	30 213
Non-current liabilities	3 596	3 043	2 626
Current liabilities	9 801	10 330	6 929
Non-current assets	23 594	23 833	17 679
Current assets	16 050	18 464	22 212
Working capital	6 249	18 465	15 283
Cash equivalents	3 060	543	10 931
Total debt	13 397	13 373	9 555

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Interest expenses	48	166	102
Inventory	860	964	1 285
Short-term receivables	11 619	7 652	5 431
Operating expenses	36 476	41 765	33 329
Materials expenses	394	387	862

5. PROFITABILITY INDICATORS

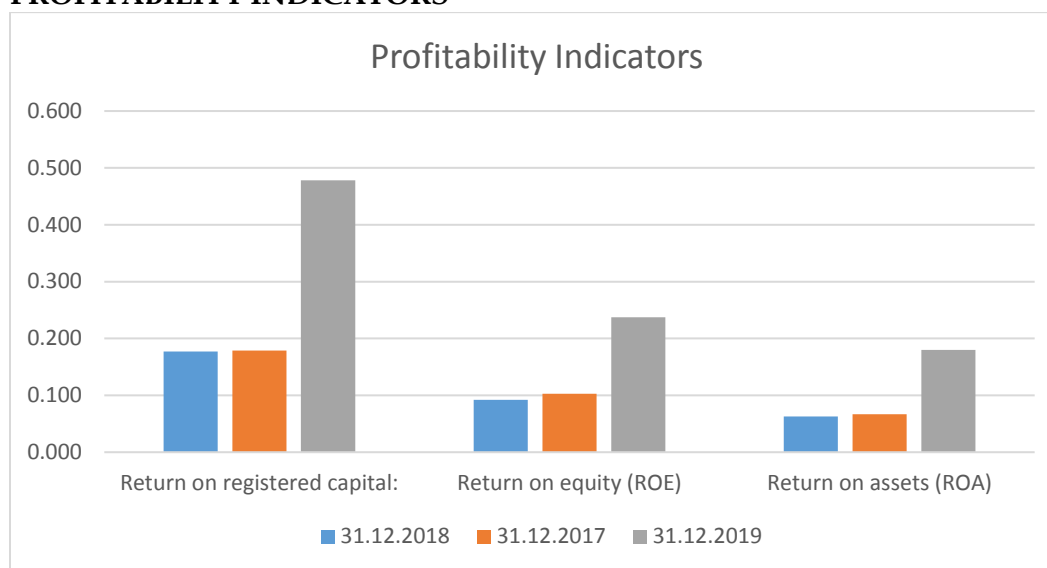


Table No. 10

PROFITABILITY INDICATORS	December 31, 2017	December 31, 2018	December 31, 2019
Return on registered capital:	0.179	0.177	0.478
Return on equity (ROE)	0.103	0.092	0.237
Return on assets (ROA)	0.067	0.063	0.180

Return on equity (ROE)

As of December 31, 2019, the consolidated Return on Equity ratio decreased to 0.478 compared to 2018. The reason for this is an increase of 170.73 % in the net profit of the company on a consolidated basis. In 2019 compared to 2018, the company's equity increased by 4.63 % on a consolidated basis.

Return on assets (ROA)

The value of ROA ratio as of December 31, 2019 on a consolidated basis is 0.18 and increases compared to the previous financial year. For 2019, ALLTERCO JSCo reported a profit, with the company's assets increasing by 5.69 % compared to 2018.



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Return of registered capital

As of December 31, 2019 the Return on of registered capital on a consolidated basis is 0.478 and increases compared to 2018. In 2019 compared to 2018, the company's net profit increased by 170.73%.



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INFORMATION ON ENVIRONMENTAL ISSUES AND EMPLOYEES

HUMAN RESOURCE

As of December 31, 2019, the number of employees in the economic group of ALLTERCO is 84 people.

The relationships with employees are regulated by individual employment contracts.

The Company's management strives to improve the standard of living of its employees beyond the time in which they are directly engaged in their work commitments. The amount of expenses for salaries and social security for 2019 amounted to BGN 3 294 thousand.

ENVIRONMENTAL PROTECTION POLICY

The company does not carry out activities that harm the environment. Nevertheless, the Company strives to limit the use of materials produced from non-renewable energy sources and implements a program for energy conservation.

REPORTING OF NON-FINANCIAL INFORMATION

In accordance with the requirements of Directive 2014/95/EU of the European Parliament on the reporting of non-financial information and the provisions of the Accountancy Act for a number of companies, an obligation arises to publish non-financial information alone or as part of the annual business activity reports.

The obligation arises for large public-interest entities which, as at 31 December of the reporting period, exceed the criterion for an average number of employees in the financial year of 500 persons. Companies of public interest are: publicly traded companies and other issuers of securities; credit institutions; financial institutions; insurers and reinsurers, pension insurance companies and funds managed by them; investment intermediaries; trading companies that produce, transport and sell electricity and heat; commercial companies that import, transport, distribute and transit natural gas; commercial companies providing water, sewer and telecommunications services; Bulgarian State Railways EAD (Solely-owned PLC) and its subsidiaries.

Large enterprises are defined as those with net sales revenues - BGN 76 million or the carrying amount of the assets - BGN 38 million.

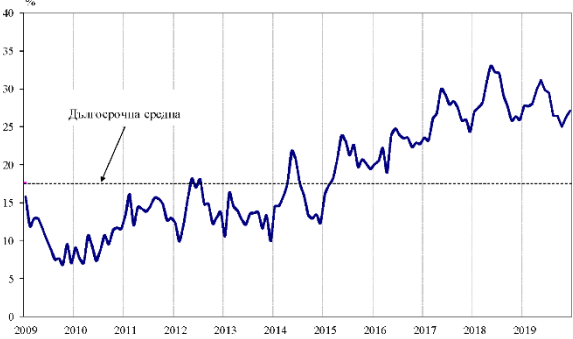
Given the criteria set out in the Accountancy Act, it can be concluded that ALLTERCO JSCo does not, on a consolidated basis, incur an obligation to report non-financial information on its own or as part of the report of the Board of Directors.

IV. MAJOR RISKS FOR THE COMPANY

SYSTEMATIC RISKS

Systematic risks are related to the market and the macro environment in which the Company operates, which is why they cannot be managed and controlled by the company's management team. Systematic risks are the following: political risk, macroeconomic risk, inflation risk, foreign exchange risk, interest rate risk, and tax risk.

Table No. 11

Kind of risk	Description
POLITICAL RISK	<p>Political risk is the likelihood of a change of Government, or of a sudden change in its policy, of internal political turmoil and adverse changes in European and/or national legislation, and as a result, the environment in which local businesses operate is negatively changed and investors suffer losses.</p> <p>The political risks for Bulgaria in international context relate to the commitments undertaken to carry out serious structural reforms in the country as a member of the EU, to increase social stability and to limit inefficient expenditures, as well as to the strong destabilization of the countries in the Middle East, the increasing threats of terrorist attacks in Europe, the waves of refugees and the instability of key countries in close proximity to Bulgaria.</p> <p>Bulgaria, like other EU Member States in the region, continues to be seriously affected by the overall European problem of intense refugee flow from the Middle East.</p> <p>In economic terms, the country's economy is directly dependent on the euro area economy, which is why certain factors such as Brexit and US protectionist trade policy may affect both the pace of development and the national economy. Other factors that also affect this risk are possible legislative changes, namely those that affect the economic and investment climate in the country.</p>
GENERAL MACROECONOMIC RISK	<p>In December 2019, according to the National Statistical Institute, the composite business climate indicator increased by 0.9 percentage points compared to the previous month as a result of improved performance in industry, construction and services.</p> <div data-bbox="678 1486 1247 1822" style="text-align: center;">  </div> <p style="text-align: center;"><i>Source: NSI</i></p>

	<p>According to the National Statistical Institute, the composite indicator "business climate in industry" increased by 0.7 points, which is due to the favorable assessments of managers for the current business situation of enterprises. The main factors that create difficulties for enterprises continue to be related to the uncertain economic environment and workforce shortages. Regarding sales prices in industry, the prevailing expectations of managers are that they will remain unchanged over the next three months.</p> <p>According to the National Statistical Institute, the composite indicator "business climate in retail trade" retains approximately its level from the previous month. At the same time, their forecasts, both in terms of sales volume and orders to suppliers from the foreign market in the next three months are favorable.</p> <p>Factors of "competition in the industry", "insufficient demand" and "uncertain economic environment" continue to hamper the activities of enterprises to the greatest extent. Regarding sales prices, traders do not expect a change in the next three months.¹</p>
<p>INTEREST RATE RISK</p>	<p>The liquidity risk is associated with the lack of sufficient funds to meet all current liabilities on time. This risk can occur as a result of both a significant delay in payments by the clients and ineffective cash management.</p> <p>As of the end of the fourth quarter of 2019 Allterco JSCo uses external (bank) financing. External financing is long-term and is used to purchase investments.</p> <p>Some of the companies in the group use bank financing in the form of overdraft or revolving credit, which can be used in case of liquidity problems. Also, one of the companies has a factoring contract, which it uses to advance large payments with a significant deferred payment period.</p> <p>Bank financing is also used for the implementation of projects for which grant funding has been approved from European funding programs for Allterco Robotics EOOD (Solely-owned LLC). The conditions of the grant provide for the need to finance the projects with own funds and subsequent full or partial reimbursement of the costs incurred. In this regard, after the completion of the projects, the funding used for them will be repaid with the amount of the received grant. In this sense, the use of such financing is not expected to significantly affect the overall financial condition of the company.</p> <p>The Company pursues a conservative liquidity management policy that requires to constantly maintain an optimal cash reserve that will allow for financing its business needs. In order to control the risk, the Company monitors the timely collection of receivables and payment of liabilities and all overdue receivables/payables are settled with negotiating payment agreements with the counterparties. The Company performs monitoring and analyses actual and forecasted cash flows and tries to match the maturities of its assets and liabilities. On an ongoing basis the maturity and timely payment are monitored from financial and accounting department and daily information on available cash and future payments is provided to the management.</p>

¹ Economic situation business surveys of the NSI, December 2019

www.nsi.bg/bg/content/17815/прессъобщение/стопанска-конюнктура-през-декември-2019-година

	<table border="1" data-bbox="615 321 1308 772"> <thead> <tr> <th>Month</th> <th>Basic interest rate</th> </tr> </thead> <tbody> <tr><td>January 2019</td><td>0.00 %</td></tr> <tr><td>February 2019</td><td>0.00 %</td></tr> <tr><td>March 2019</td><td>0.00 %</td></tr> <tr><td>April 2019</td><td>0.00 %</td></tr> <tr><td>May 2019</td><td>0.00 %</td></tr> <tr><td>June 2019</td><td>0.00 %</td></tr> <tr><td>July 2019</td><td>0.00 %</td></tr> <tr><td>August, 2019</td><td>0.00 %</td></tr> <tr><td>September 2019</td><td>0.00 %</td></tr> <tr><td>October 2019</td><td>0.00 %</td></tr> <tr><td>November 2019</td><td>0.00 %</td></tr> <tr><td>December 2019</td><td>0.00 %</td></tr> </tbody> </table> <p data-bbox="885 772 1040 800" style="text-align: center;">* Source: BNB</p> <p data-bbox="446 825 1481 1129"> In the fourth quarter of 2019, the Management Board of the ECB did not undertake any changes in the reference interest rates and in the benchmark for their future change. During the period, the Management Board of the ECB expressed expectations that key interest rates would remain at their current or lower level to the sustainable approach of inflation prospects to a level close enough, but below 2%, and the corresponding impact of this process on the dynamics of the base. At the meeting on monetary policy on 12 December, it was announced that a comprehensive review of the monetary policy strategy would be launched in January 2020, covering all aspects of it and continuing throughout 2020.² </p>	Month	Basic interest rate	January 2019	0.00 %	February 2019	0.00 %	March 2019	0.00 %	April 2019	0.00 %	May 2019	0.00 %	June 2019	0.00 %	July 2019	0.00 %	August, 2019	0.00 %	September 2019	0.00 %	October 2019	0.00 %	November 2019	0.00 %	December 2019	0.00 %
Month	Basic interest rate																										
January 2019	0.00 %																										
February 2019	0.00 %																										
March 2019	0.00 %																										
April 2019	0.00 %																										
May 2019	0.00 %																										
June 2019	0.00 %																										
July 2019	0.00 %																										
August, 2019	0.00 %																										
September 2019	0.00 %																										
October 2019	0.00 %																										
November 2019	0.00 %																										
December 2019	0.00 %																										
INFLATION RISK	<p data-bbox="446 1150 1481 1213"> Inflation risk is the general increase in prices, whereby money is depreciated and there is a likelihood of suffering losses by households and businesses. </p> <p data-bbox="446 1234 1481 1392"> According to NSI data, the consumer price index in December 2019 compared to November 2019 was 100.7%, i.e. monthly inflation was 0.7%. Annual inflation for December 2019 compared to December 2018 was 3.8%. The average annual inflation for the period January - December 2019 compared to the period January - December 2018 was 3.1%.³ </p> <p data-bbox="446 1413 1481 1539"> The harmonized index of consumer prices for December 2019 compared to November 2019 was 100.8%, i.e. monthly inflation was 0.8%. Annual inflation for December 2019 compared to December 2018 was 3.1%. The average annual inflation for the period January - December 2019 compared to the period January - December 2018 was 2.5%. </p> <p data-bbox="446 1560 1481 1759"> According to Eurosystem experts' macroeconomic forecasts for the euro area from December 2019, the annual real GDP growth is projected at 1.2% in 2019, 1.1% in 2020 and 1.4% in 2021, and 2022. Compared to the macroeconomic forecasts of the ECB experts from September 2019, the forecasts for real GDP growth in 2020 have been slightly revised downwards. The risks to the euro area's growth prospects related to geopolitical factors, increased protectionism and the vulnerability of economies with </p>																										

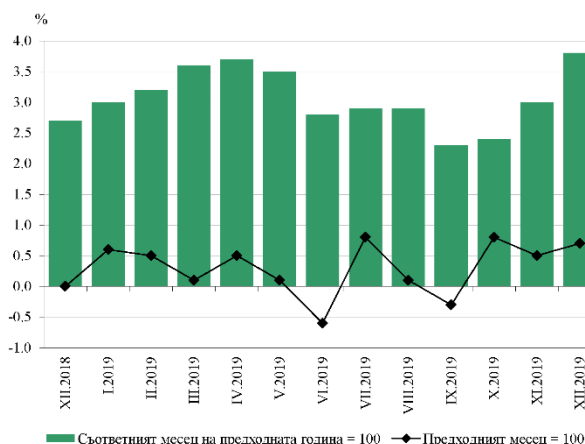
² https://www.bnb.bg/bnbweb/groups/public/documents/bnb_publication/pub_ec_r_2019_04_bg.pdf

³ Inflation and consumer price index <https://www.nsi.bg/bg/content/2506/индекс-на-потребителските-цени-ипц>

emerging markets continue to be overestimated, but remain somewhat less expressed.

According to a preliminary estimate by Eurostat, annual Harmonized Indices of Consumer Prices (HICP) inflation in the euro area rose from 0.7% in October 2019 to 1.0% in November, mainly reflecting higher inflation in services and food prices. This assessment is broadly reflected in the macroeconomic forecasts for the euro area for December 2019, which forecast annual HICP inflation of 1.2% in 2019, 1.1% in 2020, 1.4% in 2021 and 1.6% in 2022. Compared to the macroeconomic forecasts of the ECB experts from September 2019, the forecast for HICP inflation has been revised slightly upwards for 2020 and slightly downwards for 2021, mainly due to the expected future movement of energy prices. Annual HICP inflation, excluding energy and food, is expected to be 1.0% in 2019, 1.3% in 2020, 1.4% in 2021 and 1.6% in 2022. ⁴

The inflation for the period January 01, 2019 - December 31, 2019 is the following:



*Source: NSI

CURRENCY RISK

Exposure to foreign exchange risk represents the dependence and effects of changes in currency exchange rates. Systematic foreign exchange risk is the likelihood of a possible change in the country's currency regime (currency board), which would either lead to a depreciation or an appreciation of the Bulgarian lev against foreign currencies.

Foreign exchange risk will have an impact on companies that have payments in currencies other than BGN and EUR. As per the current legislation in the country the Bulgarian lev is fixed to the EUR at the ratio of EUR 1 = BGN 1.95583, and the Bulgarian National Bank is obliged to maintain the level of the Bulgarian lev in circulation equal to the foreign exchange reserves of the bank, the risk of depreciation of the Bulgarian lev against the European the currency is minimal and consists of the eventual early removal of the currency board in the country. At this stage, this seems unlikely, as expectations are that the currency board will be abolished when Bulgaria adopts the Euro as an official unit of payment.

Theoretically, foreign exchange risk could increase when Bulgaria joins the second stage of the European Rate Mechanism (ERM II). This is a regime in which the country

⁴ ECB Economic Bulletin, Issue 8 / 2019

http://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_201908_bg.pdf

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	<p>has to keep the exchange rate against the euro within +/- 15% relative to central parity. In practice, all countries currently under this mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia, Malta) have fluctuations substantially smaller than the accepted $\pm 15\%$.</p> <p>In August 2018, the government approved a reform program to join the European Exchange Rate Mechanism 2 (ERM II) and the European Banking Union by the end of the summer of 2019 (subsequently postponed to the first half of 2020), to prepare the country for joining the euro area.</p> <p>These reforms relate in particular to the procedures to be followed in the event of company insolvency, the governance of state-owned companies and the independence of the BNB (Bulgarian National Bank).</p> <p>The fixed BGN/EUR exchange rate does not eliminate for the Bulgarian currency the risk of adverse movements in the exchange rate of EUR against the other major currencies (US dollar, British pound, Swiss franc) on the international financial markets, but at present the company does not believe that such risk would be significant in its business. The company could be subject to foreign exchange risk related to cash inflows in foreign currencies and company loans denominated in foreign currencies.</p> <p>The companies of the Allterco JSCo Group operate both in Bulgaria and in EU countries and third countries, mainly in the USA and the Asia-Pacific region. At present, the majority of the revenues from the Group's IoT business are denominated in BGN or EUR, while cost of delivery of goods in this segment are mainly in US dollars and are largely tied to the Chinese yuan. Therefore, the appreciation of the US dollar or the Chinese yuan would have an adverse effect on the operating results of the Group. In terms of US dollar exposure, the Group companies are expected to have significant US dollar sales revenues in the US and other non-EU markets in the future, which to some extent balances the Group's net exposure to that primary currency.</p> <p>In addition, the Group companies are exposed to currency risk with respect to the Asian telecommunications business, and the planned sale of this business can be expected to be realized in euros or US dollars. (revenue and expenses in this business are in Singapore dollars, Thai baht and Malaysian ringgit)</p> <p>To limit the effects of the currency risk, the Issuer has introduced a system for planning the deliveries from countries inside and outside the European Union, as well as procedures for daily monitoring of the movements in the exchange rates of the foreign currencies and control over the forthcoming payments. Currently, the Issuer does not use derivative instruments to hedge the currency risk, but if necessary, the management is ready to enter into such transactions.</p>
Credit risk of the country	<p>Credit risk is the probability of deterioration of Bulgaria's international credit ratings, which is caused by the state's inability to repay its obligations regularly on time. The country's low credit ratings may lead to higher interest rates, more difficult financing terms, both for the state and for the individual economic entities, including the Issuer. Credit ratings are prepared by specialized credit rating agencies and are used to determine and measure a country's credit risk. Bulgaria's credit rating is presented in</p>

	<p>the following table:</p> <p>Credit risk of Bulgaria</p> <table border="1"> <thead> <tr> <th>Credit rating agency</th> <th>Date of last change</th> <th>Long-term rating</th> <th>Perspective</th> </tr> </thead> <tbody> <tr> <td>Standard & Poor's</td> <td>29.11.2019 ⁵</td> <td>BBB</td> <td>Positive</td> </tr> <tr> <td>Moody's</td> <td>30.08.2019 ⁶</td> <td>Baa2</td> <td>Positive</td> </tr> <tr> <td>Fitch</td> <td>24.04.2020 ⁷</td> <td>BBB</td> <td>Stable</td> </tr> </tbody> </table> <p><i>Source: Ministry of Finance</i></p> <p>On November 29, 2019, the credit rating agency Standard & Poor's increased the long-term and short-term credit rating of Bulgaria in foreign and local currency from BBB-/A-3 to BBB/A-2, and the perspective for the rating is positive. The increase in the rating is a result of the sustainable development of the country's economy and the lack of accumulation of macroeconomic misbalances, as well as the stable fiscal and external balances, and the progress in joining the ERM II currency mechanism.</p>	Credit rating agency	Date of last change	Long-term rating	Perspective	Standard & Poor's	29.11.2019 ⁵	BBB	Positive	Moody's	30.08.2019 ⁶	Baa2	Positive	Fitch	24.04.2020 ⁷	BBB	Stable
Credit rating agency	Date of last change	Long-term rating	Perspective														
Standard & Poor's	29.11.2019 ⁵	BBB	Positive														
Moody's	30.08.2019 ⁶	Baa2	Positive														
Fitch	24.04.2020 ⁷	BBB	Stable														
Tax risk	<p>The financial results of the companies are highly dependent to preserving the current tax regimes. There is no guarantee that the tax legislation that is directly relevant to the Company's business activity will not be amended in a way that would lead to significant unforeseen expenses that will accordingly adversely affect its profits. The taxation system in Bulgaria is still evolving, as a result of which controversial tax practices may occur.</p>																
Unemployment risk	<p>The risk of unemployment, as a major factor influencing the purchasing power of consumers, increasing unemployment would reduce the demand for IoT products. In in the major part of the markets in which the Group operates, including Bulgaria and the European Union, unemployment is at historically low levels since the 2008 global financial crisis. On the other hand, the demand for staff on part of the businesses continues to be exceptionally strong, so such a risk seems negligible within the next year.</p> <p>According to Eurostat, as of September 2019, the unemployment rate in Bulgaria of 3.7% is lower than the EU average of 6.2% and that of the Euro area of 7.4%.⁸</p>																
Risk associated with the legal system	<p>The legal system in Bulgaria is still in the process of reform, although since joining the EU the country has introduced a number of significant legislative changes and most of the Bulgarian legislation has been harmonized with the EU legislation. Judicial and administrative practice remain problematic issues and it is difficult to effectively resolve disputes related to property, violations of laws and breach of contracts, and the</p>																

⁵ Ministry of Finance (<https://www.minfin.bg/bg/news/10875>)

⁶ Ministry of Finance (<https://www.minfin.bg/bg/news/10780>)

⁷ Ministry of Finance (<https://www.minfin.bg/bg/news/11030>)

⁸ Eurostat news release | Euro area unemployment at 7,4% |

<https://ec.europa.eu/eurostat/documents/2995521/10159296/3-30012020-AP-EN.pdf/b9a98100-6917-c3ea-a544-ce288ac09675>



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	<p>like. As a result of the shortcomings of the legal infrastructure, uncertainties may arise in connection with the implementation of corporate actions, supervision and other issues.</p>
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NON-SYSTEMATIC RISKS**RISKS REALTED TO NEW PROJECTS**

The main business activity of ALLTERCO JSCo is related to investments in subsidiaries. There is a risk that some of the subsidiaries will not be able to meet their goals, resulting in a lower or negative return on investment.

The development of new products and services by Allterco's subsidiaries is related to investing in human resources, software, hardware, materials, goods and services. Should new products and services fail to perform on the market such investments would be unjustified. This, in turn, would adversely affect the costs and assets of the Company and the results of its activities. In order to manage the risk arising from new projects, the group companies perform market analysis, prepare financial analysis containing various scenarios and in some cases discuss with the potential customers the concept of the new service/product.

OPERATIONAL RISK

Operational risk can be defined as the risk of loss as a result of inadequate or inappropriate internal management procedures. Such risks may be caused by the following circumstances:

- Adoption of the wrong operational decisions by the management staff related to the management of current projects
- Insufficient number of qualified personnel required for the development and implementation of new projects
- Key employees leaving the company and inability to replace them with new ones
- Risk of excessive increase in the expenses for management and administration, which leads to a decrease in the total profitability of the Company.
- Technical breakdowns leading to the long termination of the services provided may lead to the termination of contracts with clients
- The effects of such circumstances would be a decrease in the Company's revenues and a deterioration of its operating results.

RISK OF SHORTAGE OF KEY PERSONNEL

One of the biggest challenges for technology companies to which Allterco could be assigned, as well as given the specific business activities of the company in the field of telecommunications, is the shortage of qualified personnel. According to the Council of European Professional Information, in Europe, including Bulgaria, there is a shortage of such staff, which is expected to reach 756 thousand people at the European level by 2020.⁹ Insufficient availability of suitable personnel in the Company could adversely affect the future development due to the delay in the development of new products/services and the

⁹ Europe's widening ICT skills gap | <https://www.cepis.org/media/CEPISe-CFBackgrounder1.pdf>

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maintenance of established ones. In this way, the Company's financial position and market share would be affected.

RISK IN THE EVENT OF A CHANGE IN TECHNOLOGY

The Company and its subsidiaries operate in an extremely dynamic segment in which technologies have a significant impact and are a source of competitive advantage. For this reason, there is a risk of slow adaptation to new technologies, due to lack of knowledge, experience or sufficient funding, which could have a negative effect on the Company. Slow adaptation to new realities can lead to the loss of competitive positions and market shares, which in turn will lead to the deterioration of the company's results.

RISK OF CHANGES IN THE FIELD OF TELECOMMUNICATIONS

The sectors in which the Group operates are directly related and dependent on the telecommunications services sector, which is characterized by strong regulation at the level of the country/geographical location where the service is provided, as well as a frequent change in those regulations. Very often, these regulations lead to a ban on the provision of a certain type of service, which has a negative impact on the development of the industry and the results achieved by the companies operating in it. In Bulgaria, the body that regulates the telecommunications sector is the Communications Regulation Commission. The introduction of additional regulations or changes to them may adversely affect the activities of companies such as Allterco providing services to mobile operators.

The risk of regulatory change in the telecommunications and trade sectors and legislation is serious for the Group, due to the fact that it operates in different markets in different regions of the world and is subject to many different regulations. In almost all countries where the Company provides services, there is a local regulator, equivalent to the Bulgarian Communications Regulation Commission, which defines the rules of operation in the relevant market. Regulators periodically change the "rules of the game", which usually results in a decrease in service revenue from the relevant market over a period of time (typically between 6 and 12 months). This is the time that is usually needed to adapt services to new requirements and revive sales. The group has experienced similar "turmoil" in different markets. It manages to withstand such risks due to the fact that it operates in many markets (the risk is well diversified) and has sufficient experience with regulatory changes.

In view of the sale of the telecommunication business of Allterco JSCo in Europe, as well as the relatively small share of this business in Asia (classified as held for sale at the end of 2019), the impact of some of these risks decreases. Although some of the IoT products use mobile services and the main partner in offering some of them are mobile operators, these products are also traded through other distribution channels, which are relatively evenly distributed. This reduces the risks for the company associated with changes in the sector of the mobile operators.

Next, IoT devices use Internet-based technology and can work with the services of any Internet provider. In this sense, the Company is already less dependent on regulations in the field of telecommunications. The Group and its companies are not providers of telecommunications services and the mobile operators are just one of the commercial channels for sale and distribution of IoT devices.

SPECIFIC RISK

The risk factors specific to Allterco and the Group companies are related to the subject of their activity and the specifics of the established business model. These include:

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1. Risk of increased competition: The Group companies operate in the segment of value-added mobile services and the Internet of Things. Both market segments are extremely dynamic, with huge growth potential, which makes them very attractive for competitors. They could attract additional new players to increase competition in the segment. Higher competition, on the other hand, could lead to a loss of market share and a reduction in the Company's selling prices, which could negatively impact revenue, profit and profit margins. The Internet of Things (IoT) and Information Technology (IT) sectors in which the Issuer operates are characterized by high competition from international and local companies. Some of the major players in these sectors have a wide market reach in multiple markets, quick access to innovative technological solutions, and access to cheaper sources of financing. This gives them an advantage over smaller players in the sector in terms of pricing, faster and more efficient access to the end customer and investing in the development of new services/products. Separately, barriers to entry in these sectors are not high given that no huge investment in tangible assets are required. New companies from countries with low technology and labor costs, such as China and India, could enter the sector and take market share from the established players.
2. Risk related to business partners: The manufacturing operations in the IoT segment is outsourced, mainly to China, and is focused on several manufacturers. Potential risks associated with key subcontractors are related to the accurate and timely delivery or termination of the business relationship. Although management believes that there is a wide range of alternative suppliers, in the event of a transfer of production to new partners and diversification of subcontractors, it may cause delays in deliveries and additional costs, which may affect the ability of the companies in the Group to fulfill the agreed orders from clients, as well as to have a negative impact on the reputation and financial results of the Group.

Part of the Group's operations is also related to the activities of the mobile operators. The services in the telecommunications segment and some of the products of the Group companies in the IoT segment are offered through mobile operators, albeit the share of this sales channel is gradually decreasing. The possible loss of a partnership with a given mobile operator and the consolidation processes in the segment of mobile operators may lead to negative consequences for the revenues and financial position of the Group. Following the sale of the telecommunication business and in view of the diversification of sales channels in the IoT segment, this risk is becoming less and less significant.

3. Risks related to personal data security and hackers attacks: The technology industry is characterized by digital transmission of information that could be strictly confidential, containing personal data of customers, financial information of companies, information on new products and more. Protecting such information is a critical factor for the proper functioning of companies in the industry. Potential hacker attacks can lead to: (i) Loss of clients and/or partners and their migration to competitors; (ii) Legal cases relating to breaches of data protection laws and regulations and privacy of information; (iii) Lost or delayed orders and sales; (iv) Adverse effects on reputation, business, financial position, profits and cash flows.
4. Risk associated with the decision of ALLTERCO JSCo to sell its participation in the following subsidiaries: TERA VOICE EAD (Solely-owned PLC), TERA COMMUNICATIONS AD (PLC), ALLTERPAY EOOD (Solely-owned LLC), TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia). The risk is related to the decrease in the revenues of Allterco JSCo and other subsidiaries related to the administrative servicing of the acquired companies, namely: administrative services (currently provided by Allterco JSCo for management



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fee), rent of office space in the building of Allterco Properties EOOD (Solely-owned LLC). As of the date of this report, this risk is considered to be minimal insofar as the changes will not significantly affect the financial position of the company.

5. Risk related to the decision of the Board of Directors to sell the group's telecommunications business in Asia. In December 2019, the Board of Directors took a strategic decision to sell the Issuer's share in the capital of the following companies: 100 % of the capital of Allterco Pte Ltd. (Singapore), 100% of the capital of Allterco SDN Bhd., (Malaysia) and 49% of the capital of Allterco Co. Ltd. (Thailand). Given the recent decision of the Board of Directors to sell these investments, there is currently no contract signed with a potential buyer, respectively the final parameters of such a transaction are still unclear.

LIQUIDITY RISK

The liquidity risk is associated with the lack of sufficient funds to meet all current liabilities on time. This risk can occur as a result of both a significant delay in payments by the clients and ineffective cash management.

ALLTERCO JSCo does not use external financing for its daily needs, but it is financed by its subsidiaries, which means that in the event of a liquidity problem, it may rely on this instrument to raise funds. One company in the group uses bank financing in the form of overdraft and working capital loan, which can be used in case of liquidity problems. Bank financing is also used for the implementation of some projects for which grant funding has been approved from European funding programs for Allterco Robotics EOOD (Solely-owned LLC). The conditions of the grant provide for the need to finance the projects with own funds and subsequent full or partial reimbursement of the costs incurred. In this regard, after the completion of the projects, the funding used for them will be repaid with the amount of the received grant. In this sense, the use of such financing is not expected to significantly affect the overall financial condition of the Company.

The Company pursues a conservative liquidity management policy that requires to constantly maintain an optimal cash reserve that will allow for financing its business needs. In order to control the risk, the Company monitors the timely collection of receivables and payment of liabilities and all overdue receivables/payables are settled with negotiating payment agreements with the counterparties. The Company performs monitoring and analyses actual and forecasted cash flows and tries to match the maturities of its assets and liabilities. This is done on a daily basis by the financial and accounting department and daily information on available cash and future payments is provided to the management.

V. IMPORTANT EVENTS AFTER THE DATE OF FINANCIAL STATEMENTS

The following important events have occurred after the date of Financial Statements:

- Based on the decision of the Board of Directors dated January 24, 2020 for capital increase and its parameters, the Company has submitted to the Financial Supervision Commission a Prospectus for capital increase for approval. The planned increase is subject to an initial public offering of 3 million newly issued shares, which will take place after approval of the prospectus by the FSC in accordance with the law and the decision of the Board of Directors.
- By Decision № 143 dated February 18, 2020, the Financial Supervision Commission approved the Prospectus for initial public offering of shares of Allterco JSCo in the amount of up to 3,000,000 shares (three million shares) ordinary, dematerialized, registered, freely transferable shares with a nominal value of BGN 1 (one) and an issue value of BGN 3 (three) each, with ISIN code BG1100003166 and the same is published on the website of the issuer and the investment intermediary. As of the date of preparation of this report, the public offering has not started, and the company will publish an additional specific announcement under Art. 92a of the Public Offering of Securities Act regarding the start and end date of trading of rights and subscription of shares, as well as other essential information for the investors in connection with the terms of offering.
- After the end of the reporting period, for one of the subsidiaries of ALLTERCO JSCo significant liabilities have arisen in connection with a concluded by Allterco Properties EOOD (Solely-owned LLC) Preliminary agreement for purchase of real estate. Through the preliminary agreement, the company incurred a contractual obligation to conclude a final agreement, and subsequently to pay the purchase price in the amount of EUR 500,000 excluding VAT. At present, the conditions for concluding a final agreement have not been met, respectively Allterco Properties EOOD has paid only the deposit agreed in the preliminary agreement in the amount of 10% of the price, or EUR 50,000 excluding VAT. As of the date of preparation of this report, no final contract has been concluded between the parties and Allterco Properties EOOD (Solely-owned LLC) has not acquired ownership of the property subject to the transaction, and by agreement between the parties the date for signing of the final agreement has been postponed, in view of the restrictions imposed on the coronavirus.
- On March 13, 2020, the National Assembly of the Republic of Bulgaria declared a state of emergency in the country due to the coronavirus epidemic (COVID-19) and intensified anti-epidemic measures and restrictions were introduced. The state of emergency was lifted on May 13, 2020, but most of the anti-epidemic measures remained in force, and at the moment their gradual abolition has begun.

The spread of COVID-19 is already assessed as an event that has a significant impact on the global supply and demand of economic and financial resources, and which causes significant uncertainty in the economic activity of many businesses and economic entities. **For the purposes of these consolidated financial statements for 2019, the management assesses the situation as a non-adjusting event that occurred after the balance sheet date.** At this stage of the coronavirus situation, given the dynamics with which it develops, it is practically impossible to make a reliable assessment and measure the possible effects of the

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pandemic on the activities, assets and economic development of the Company and its subsidiaries, especially in long-term perspective.

Potential risks:

The overall economic impact of COVID-19 could also affect the company's performance, such as:

- Decreased purchasing power of the population and declining consumer demand as a result of the general economic crisis could have a negative effect on companies' revenues.
- There is a limited risk of declining sales associated with the cancellation of trade fairs and conferences;

These risks cannot be calculated and valued as there is currently insufficient information.

Impact on the business activities:

- In connection with the declared state of emergency in the Republic of Bulgaria in the period from March 13, 2020 to 13.05.2020 and the related measures to fight the pandemic of COVID 19, the company took appropriate measures to limit the impact of this situation on business and ensure of continuity of work and production processes, as well as the supply chain.

Production and supply:

- Following the declaration of a state of emergency, the company resolved all problems in production and supply from China in a short period of time, with the products being delivered on time;
- In order to ensure the continuity of the whole process, the Company started production in Bulgaria, where a significant number of products have already been produced;
- Orders from end customers, both in the state of emergency period and as of the date of this report, are executed on time and without delay, as the company has fully ensured the timely supply of goods and their delivery to end customers by contracts concluded with new logistics companies.

Operating income

In order to prevent revenue decrease and to limit the potential effects of declining purchasing power of the population in some countries in Europe, Allterco has taken the necessary measures to maintain sales levels, as follows:

- Launching of new products in the market, some of which related to the reducing of the risk of infection with COVID-19 and improving air purity, remote diagnosis of patients with COVID-19, as well as personal diagnostic means;
- Successful registration of Allterco JSCo - Allterco Trading EOOD (Solely-owned LLC) as a wholesaler of medical devices with the Executive Agency for Medicines of the subsidiary;
- Continuing active work on the medical certification of products from the MyKi Care series;
- Using the existing group of customers and without investing significant funds for



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advertising, the subsidiary of Allterco JSCo - Allterco Robotics EOOD (Solely-owned LLC) has offered its customers promotional conditions for the purchase of new devices, which leads to a significant increase in revenue and the profit

Other factors

Based on the actions taken and the business trends so far, the management of the Company expects that the pandemic of COVID-19 and the measures introduced in connection with it on an international and national level will not have a significant impact on the business activities and financial position of Allterco JSCo and the companies from the group.

Next, as shown by Decree № 55 dated March 30, 2020 for determining the terms and conditions for payment of compensation to employers in order to maintain the employment of employees in an emergency situation, the IoT sector in which operate companies from the group, is not or will be significantly less affected than other sectors of the economy. It is true that the retail trading occupies a significant part of the business of the companies in the group, but as its activity is carried out mainly on-line, a significant negative effect from the state of emergency regarding COVID-19 and its consequences is not expected.. Moreover, on-line commerce is the preferred, and sometimes the only way to shop under the restrictions imposed by the state of emergency - a trend that persists after its lifting.

Last but not least, in case of need, Allterco JSCo has sufficient financial resources to cover its expenses in the short term. At present, the companies in the group do not report delays in the fulfillment of payment obligations to suppliers, as well as delays in payments by customers.

VI. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY

As of December 31, 2019, Allterco JSCo reported on a consolidated basis net sales revenues in the amount of BGN 33,460 thousand, which is an increase of 25.92 % compared to the net sales revenues of the company on a consolidated basis as of December 31, 2018, which amount to BGN 45,166 thousand.

The decrease in revenues is generally due to the sale of 5 subsidiaries in 2019, as a result of which revenues from services in 2019 decreased by 63.81% compared to 2018.

For the same period, revenues from the sale of goods (smart devices) increased by 92.15% compared to 2018.

At the end of 2019, Allterco classified in the statement of financial position 3 subsidiaries as investments held for sale. Following the sale of these companies, revenues from services are expected to decline further.

Table No. 12

(in BGN thousand)					
REVENUES	2017	%	2018	%	2019
a	1		2		3
A. Operating income					
I. Net revenues from sales					
1. Production	0	0.00	0	0.00	
2. Goods	7 374	48.48	10 949	92.15	21 039
3. Services	31 812	6.66	33 931	-63.81	12 279
4. Others	591	-51.61	286	-50.35	142
Total Group I	39 777	13.55	45 166	-25.92	33 460
II. Revenues for financing					
including by the Government					
Total Group II	0	0.00	0	0.00	0
III. Financial income					
1. Income from interest	1	2200.00	23	- 100.00	0
2. Income from dividends	0	0.00	0	0.00	0
3. Positive differences from operations with financial assets and instruments	0	0.00	0		8 475
4. Positive differences from exchange rate fluctuations	37	121.62	82	-51.22	40
5. Others	0	0.00	0	0.00	0
Total Group III	38	47.89	105	8009.52	8 515
B. Total operating revenue (I + II + III)	39 815	15.39	45 271	-7.28	41 975

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III):

ALLTERCO JSCo does not carry out direct production activities. The production activity is carried out by the subsidiaries.

In 2020, the companies in the economic group of Allterco JSCo will operate in the following areas:

Table 13

Company name	Areas of activities for 2019
ALLTERCO JSCo - the parent-company	1. Observation, control and decision-making on important issues affecting subsidiaries as sole proprietor or majority owner through: <ul style="list-style-type: none"> • applying the principles of good corporate governance; • organizing conditions for efficient and transparent work; • improving the quality of services/products offered 2. Asset transactions of the company and its subsidiaries 3. Establishment of the management structure 4. Financing of investment activity and working capital of subsidiaries 5. Financial and accounting policy and reporting 6. Accumulation of capital for business development
ALLTERCO PTE LTD., Singapore	Provision of value-added services in Singapore.
Allterco Trading EOOD (Solely-owned LLC) (former name Allterco Finance)	B2B trade and distribution of IoT devices manufactured by Allterco Robotics EOOD (Solely-owned LLC).
Allterco Robotics EOOD (Solely-owned LLC), Bulgaria	Development and sale of IoT devices Research and development in the field of IoT devices
Allterco Properties EOOD (Solely-owned LLC), Bulgaria	Rental of offices and cars.
Allterco SDN Ltd., Malaysia	Provision of Value Added Services in Malaysia
Allterco Ltd., Thailand	Provision of value-added services in Thailand
Global Teracomm Inc., (DBA Allterco Robotics), USA	Trade and distribution of IoT products in North and South America;

VII. ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

CONSOLIDATED REPORT ON BUSINESS ACTIVITIES AS OF DECEMBER 31, 2019

The company has not carried out any activities in the field of research and development and does not plan any in the near future. One of the subsidiaries carried out such activity in 2019. This is Allterco Robotics EOOD (Solely-owned LLC).

VIII. INFORMATION ABOUT THE ACQUISITION OF OWN SHARES REQUIRED IN ACCORDANCE WITH ART. 187e (π) OF THE COMMERCIAL ACT

1. Number and nominal value of the acquired and transferred during the year own shares, the part of the capital they represent, as well as price for the acquisition or the transfer

In 2019, ALLTERCO JSCo did not acquire or transfer its own shares.

2. Number and nominal value of own shares and the part of the capital they represent

As of December 31, 2019, the Company does not hold own shares.

IX. INFORMATION REQUIRED IN ACCORDANCE WITH ART. 247 OF THE COMMERCIAL ACT

1. Remuneration received during the year by the members of the Board of Directors.

The members of the Board of Directors of ALLTERCO JSCo have received the following remuneration for 2019.

According to the Remuneration Policy adopted by a resolution of the General Meeting of Shareholders, in 2019 the members of the Board of Directors received a total gross remuneration of BGN 79 thousand as follows:

Table No. 14

Full name	Title	Gross/thousand BGN
Dimitar Stoyanov Dimitrov	Executive Director	BGN 36,000.06
Svetlin Iliev Todorov	Chairperson of the Board of Directors	BGN 36,000.11
Nikolay Angelov Martinov	Independent member	BGN 7,200

There are no special rights or any privileges for the members of the Board of Directors stipulated in the Articles of Association of the Company.

During the reporting year, some of the members of the Board of Directors received remuneration from the subsidiaries for performing other functions in the total amount of BGN 676 thousand.

2. The shares and bonds of the Company acquired, owned and transferred by the members of the Board of Directors during the year:

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As of December 31, 2019, the shares held by members of the Board of Directors of ALLTERCO JSCo are:

Table No. 15

Name	PERCENTAGE OF THE CAPITAL
Dimitar Stoyanov Dimitrov	38.51 %
Svetlin Iliev Todorov	38.51 %
Nikolay Angelov Martinov	0 %

* Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD, in which he is the sole owner of the capital and manager, and Impetus Capital OOD, in which he is a partner with 50% of the capital and manager, own 70,625 shares (0.5%) and 135,000 shares (0.9%) in the capital of the Issuer and the voting rights in its General Meeting, respectively.

3. Rights of the members of the board of directors to acquire shares and bonds of the Company

The members of the Board of Directors of the company may freely acquire shares from the capital of the company on a regulated securities market in compliance with the provisions of the Implementation of Measures Against Market Abuse of Financial Instruments Act (IMAMAFIA) and the Law on Public Offering of Securities.

On the basis of the provision of Art. 16, Paragraph 1 and 3 of the IMAMAFIA, the members of the Board of Directors of the company, other persons holding executive functions in the issuer, and the persons closely related to them, shall notify in writing the FSC of the transactions concluded on their behalf with shares issued by Allterco JSCo within the term 3 business days after the transaction. The obligation to notify does not apply when the total amount of transactions concluded by a person performing management functions in the issuer and in the persons closely related to him does not exceed BGN 5000 within one calendar year.

4. The participation of the members of the Board of Directors in trading companies as unlimited partners, the holding of more than 25 percent of the capital of another Company, as well as their participation in the management of other companies or cooperatives as procurators, managers or board members as of December 31, 2019:

Table No. 16

Dimityr Dimitrov - Member of the Board of Directors as of December 31, 2019		
Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Direct participation in the capital of other companies	Companies in which the person exercises control



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DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, Floor 1	DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, Floor 1	DVR Review EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 130554234, having its registered seat and headquarters address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, Floor 1 - direct;
Auto Lex Consult EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 201113818, with registered office in the city of Sofia, Lozenets municipal district, 5A, NIKOLA PETKOV Blvd., Floor 4;	Auto Lex Consult EOOD (Solely-owned LLC), entered in the Commercial Register at the Registry Agency under Unified Identification Code 201113818, with registered office in the city of Sofia, Lozenets District, 5A, NIKOLA PETKOV Blvd., fl. 4;	Auto Lex Consult EOOD (Solely-owned LLC) entered in the Commercial Register at the Registry Agency under Unified Identification Code (UIC): 201113818, with registered office in the city of Sofia, Lozenets municipal district, 5A, Nikola Petkov Blvd., Floor 4 - direct;
Allterco Pte. Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879;	Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949, having its registered seat and headquarters address in the city of Sofia 1782, Studentski District, 113A, Tsarigradsko Shose Blvd.,	Allterco Robotics EOOD (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;
	Web Engine OOD (Ltd.), Unified Identification Code (UIC): 200303120, having its registered seat and headquarters address in the city of Sofia, Sofia 1619, Lozenets District, 5A, Nikola Petkov Blvd.:	Allterco Trading EOOD (Solely-owned LLC) (former name Allterco Finance OOD /Ltd./), Allterco Finance EOOD (Solely-owned LLC), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;
		Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;



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		Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand - <i>indirect</i> through ALLTERCO JSCo;
		Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 - <i>indirect</i> through ALLTERCO JSCo;
		Global Teracomm Ltd., USA, having its registered seat and headquarters address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - <i>indirect</i> through ALLTERCO JSCo;
		Allterco SDN Ltd., Malaysia, having its registered seat and headquarters address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - <i>indirect</i> through ALLTERCO JSCo;

Svetlin Todorov - Member of the Board of Directors as of December 31, 2019

Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Direct participation in the capital of other companies	Companies in which the person exercises control
Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949 having its registered seat and headquarters address in city of Sofia, 113A, Tsarigradsko Shose Blvd.,	FF Film Haus OOD (Ltd.), Unified Identification Code (UIC): 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street - direct;	Allterco Robotics (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;



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<p>FF Film Haus OOD (Ltd.), UIC 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street</p>	<p>Teracomm OOD (Ltd.), Unified Identification Code (UIC): 131267949 having its registered seat and headquarters address in the Sofia, 113A, Tsarigradsko Shose Blvd. - 20%</p>	<p>Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;</p>
<p>Global Teracomm Ltd., USA, having its registered seat and headquarters address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA</p>	<p>Web Engine OOD (Ltd.), Unified Identification Code (UIC): 200303120, having its registered seat and headquarters address in the city of Sofia, 5A, Nikola Petkov Blvd. - 20%</p>	<p>Allterco Trading EOOD (Solely-owned LLC) (Allterco Finance OOD /Ltd./), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;</p>
		<p>Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand - <i>indirect</i> through ALLTERCO JSCo;</p>
		<p>Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 - <i>indirect</i> through ALLTERCO JSCo;</p>
		<p>Allterco SDN Bhd., Malaysia, having its registered seat and headquarters address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR -<i>indirect</i> through ALLTERCO JSCo;</p>
		<p>Global Teracomm Ltd., USA, having its registered seat and headquarters address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - <i>indirect</i> through ALLTERCO JSCo;</p>



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		FF Film Haus OOD (Ltd.), Unified Identification Code (UIC): 130627604, having its registered seat and headquarters address in the city of Sofia, 60, Osogovo Street - direct;
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Nikolay Martinov - Member of the Board of Directors as of December 31, 2019

Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners	Direct participation in the capital of other companies	Companies in which the person exercises control
Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9;	Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - <i>direct</i> ;	Allterco Robotics EOOD (Solely-owned LLC), Unified Identification Code (UIC): 202320104, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;
Online Media OOD (Ltd.), Unified Identification Code (UIC): 117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., Entrance B (2), Floor 1, Apt. 1;	Online Media OOD (Ltd.), Unified Identification Code (UIC): 117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, Pridunavski Blvd., Entrance B (2), floor 1, apt. 1 - <i>direct and indirect through Unicom Consult EOOD (solely-owned LLC), Unified Identification Code/Personal Identification Code (UIC/PIC): 121082655</i>	Allterco Properties EOOD (Solely-owned LLC), Unified Identification Code (UIC): 204639442, having its registered seat and headquarters address in the city of Sofia, 103, Cherni Vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;
Inbro OOD (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., Floor 5;	Inbro OOD (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., fl. 5 - <i>direct and indirect through Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code/Personal Identification Code (UIC/PIC):</i>	Allterco Co Ltd, a company incorporated under the laws of Thailand with seat and management address: 19th Floor, Ayothaya Tower, Soi Ratchada 18, Ratchadapisek Road, Huaykwang, Bangkok 10310, Thailand - <i>indirect</i> through ALLTERCO JSCo;



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	121082655	
Housmeister AD, Unified Identification Code (UIC): 203037803, having its registered seat and headquarters address in Sofia region, Municipality of Kostinbrod, town of Kostinbrod 2230, 1 Detelina Street;	Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats. 29A, Entrance A, Floor 8 - direct;	Allterco Pte Ltd, a company incorporated under the laws of Singapore with seat and management address: 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879 - <i>indirect</i> through ALLTERCO JSCo;
BIOSEEK JSC, Unified Identification Code (UIC): 204790412, having its seat address and management address at: city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37	Housemeister Sofia OOD (Ltd.), Unified Identification Code (UIC): 205179541, having its registered seat and headquarters address in the city of Sofia 1404, Manastirski Livadi - B residential district, Block of flats 65, Floor 5, Eurocenter Building - directly	Allterco SDN Bhd., Malaysia, having its registered seat and headquarters address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - <i>indirect</i> through ALLTERCO JSCo;
BIODIT GLOBAL TECHNOLOGY AD (PLC), Unified Identification Code (UIC): 203854303, having its seat address and management address at: city of Sofia 1756, Studentski municipal district, 125 Kliment Ohridski Blvd. - via IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/Personal Identification Code (UIC/PIC): 203592737	BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal district, 14, Tayga Street - <i>indirect through Impetus Capital OOD, UIC, PIC 203592737 and IMVENTURE KDA, Unified Identification Code (UIC): 204870431</i>	Global Teracomm Ltd., USA, having its registered seat and headquarters address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - <i>indirect</i> through ALLTERCO JSCo;
IMVENTURE I KDA, Unified Identification Code (UIC): 204870431 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - as a representative representing legal entity - IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/Personal Identification Code (UIC/PIC): 203592737	UNITED COMMERCIAL ENTITIES, Unified Identification Code (UIC): 205329927 having its registered seat and headquarters address in Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2), Apt. 47 - <i>indirect through Impetus Capital OOD, UIC, PIC 203592737 and IMVENTURE KDA, Unified</i>	Allterco Trading OOD (Ltd.) (formerly name Allterco Finance), Unified Identification Code (UIC): 203348672, having its registered seat and headquarters address in the city of Sofia, 103, Cherni vrah Blvd. - <i>indirect</i> through ALLTERCO JSCo;



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	Identification Code (UIC): 204870431	
IMVENTURE II KDA, Unified Identification Code (UIC): 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - via IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/Personal Identification Code (UIC/PIC): 203592737		Unicom Consult EOOD (Solely-owned LLC), Unified Identification Code (UIC): 121082655, having its registered seat and headquarters address in the city of Sofia 1619, district of Vitosha, 271, Tsar Boris III Blvd., Floor 5, Apt. 9 - <i>direct</i> ;
UNITED COMMERCIAL OUTLETS, Unified Identification Code (UIC): 205329927, having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2) Apt. 47		Online Media OOD (Ltd.), Unified Identification Code (UIC): 117004285, having its registered seat and headquarters address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., Entrance B (2), Floor 1, Apt. 1 - <i>direct</i> ;
IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code (UIC): 203592737, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8		Inbro (Ltd.), Unified Identification Code (UIC): 121003506, having its registered seat and headquarters address in the city of Sofia 1619, Vitosha municipal district, 271, Tsar Boris III Blvd., Floor 5 - <i>direct</i> ;
Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - indirect through IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/Personal Identification Code (UIC/PIC): 203592737		Impetus Capital OOD (Ltd.), Unified Identification Code (UIC): 203592737 having its registered seat and headquarters address in the city of Sofia city, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - <i>direct</i> ;

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<p>BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal district</p>		<p>Impetus Partners OOD (Ltd.), Unified Identification Code (UIC): 205679429, having its registered seat and headquarters address in the city of Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8 - indirect through Impetus Capital OOD (Ltd.), Unified Identification Code/ Personal Identification Code (UIC/PIC): 203592737</p>
		<p>BIODIT GLOBAL TECHNOLOGY AD (PLC), Unified Identification Code (UIC): 203854303, having its seat address and management address at: city of Sofia 1756, Studentski municipal district, 125 Kliment Ohridski Blvd. - indirect through IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/ Personal Identification Code (UIC/PIC): 203592737</p>
		<p>BIOSEEK JSC, Unified Identification Code (UIC): 204790412, having its seat address and management address in the city of Sofia 1505 Oborishte municipal district, 42, Ilarion Dragostinov Street, Apt. 37</p>
		<p>IMVENTURE I KDA, Unified Identification Code (UIC): 204870431 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats 29A, Entrance A, Floor 8, Apt. 38 - indirect through IMPETUS CAPITAL OOD, UIC/PIC 203592737</p>
		<p>IMVENTURE II KDA, Unified Identification Code (UIC): 205737996 Sofia 1784, Mladost municipal district, Mladost 1 residential district, Block of flats</p>

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		29A, Entrance A, Floor 8, Apt. 38 - indirect through IMPETUS CAPITAL OOD (Ltd.), Unified Identification Code/ Personal Identification Code (UIC/PIC) 203592737
		UNITED COMMERCIAL OUTLETS Unified Identification Code (UIC): 205329927 having its registered seat and headquarters address in the city of Sofia 1618, Ovcha Kupel municipal district, Ovcha Kupel residential district, Block of flats 48, Entrance B(2), Apt. 47
		BROWSWAVE AD (PLC), Unified Identification Code (UIC): 204458374, having its registered seat and headquarters address in the city of Sofia city, Serdica municipal district, 14, Tayga Street

5. Agreements signed in 2019 with the members of the Board of Directors or related to them parties that fall outside of the usual scope of the business activity of the company or deviate significantly from the market conditions

In 2019, no contracts were concluded with the members of the Board of Directors of the company or with related persons who go beyond the ordinary activities of the company or significantly deviate from market conditions.

6. The planned economic policy in the next year, incl. expected investments and development of the staff, the expected income from investments and development of the Company, as well as the forthcoming transactions of material importance for the Company's activity

Changes in the business policy of the company in 2020 are not foreseen in connection with the decision of Allterco JSCo to sell its stake in the capital of some of its subsidiaries operating in the field of telecommunications in Asia. Revenues on a consolidated basis will continue to be generated mainly from the sale of IoT devices.

X. AVAILABILITY OF BRANCHES OF THE ENTERPRISE

The company has no branches.

XI. FINANCIAL INSTRUMENTS USED BY THE ENTITY

Allterco JSCo did not use financial instruments in 2019 to hedge risks from changes in exchange rates, interest rates or uncertainty of cash flows. During the reporting year, the company did not perform currency risk hedging transactions.

The Group companies did not use financial instruments in 2019 to hedge from amendment the exchange rate risks

XII. ADDITIONAL INFORMATION UNDER SECTION IV AS PER APPENDIX № 10 TO ORDINANCE № 2 OF FSC

- Information about the value and quantity on the main categories of goods, products and/or services provided, indicating their share in the issuer's sales revenue as a whole and the changes occurring during the accounting financial year.**

ALLTERCO JSCo does not carry out direct production activities. The production activity is carried out by the subsidiaries.

- Information on revenue broken down by category of activity, internal and external markets as well as information on the sources of supply of materials necessary for the production of goods or the provision of services reflecting the degree of dependence on each individual seller or buyer/user, in case the relative share of any of them exceeds 10 per cent of the costs or revenues from sales, information is provided for each person separately, about his share in the sales or purchases and his relations with the issuer.**

Information on revenue, broken down by main categories of activities is presented in the following table:

Table No. 17

(in BGN thousand)					
REVENUES	2017	%	2018	%	2019
a	1		2		3
A. Operating income					
I. Net revenues from sales					
1. Production	0	0.00	0	0.00	
2. Goods	7,374	48.48	10 949	92.15	21 039
3. Services	31,812	6.66	33 931	-63.81	12 279
4. Others	591	-51.61	286	-50.35	142
Total Group I	39 777	13.55	45 166	-25.92	33 460
II. Revenues for financing					
including by the Government					
Total Group II	0	0.00	0	0.00	0
III. Financial income					
1. Income from interest	1	2200.0 0	23	- 100.00	0

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2. Income from dividends	0	0.00	0	0.00	
3. Positive differences from operations with financial assets and instruments	0	0.00	0	0.00	8,475
4. Positive differences from exchange rate fluctuations	37	121.62	82	-51.22	40
5. Others	0	0.00	0	0.00	
Total Group III	38	47.89	105	8009.5	2
B. Total operating revenue (I + II + III):	39 815	15.39	45 271	-7.28	41 975

As of December 31, 2019, Allterco JSCo reported on a consolidated basis net sales revenues in the amount of BGN 33,460 thousand, which is an increase of 25.92 % compared to the net sales revenues of the company on a consolidated basis as of December 31, 2018, which amount to BGN 45 166 thousand.

The decrease in revenues is generally due to the sale of 5 subsidiaries in 2019, as a result of which revenues from services in 2019 decreased by 63.81% compared to 2018.

For the same period, revenues from the sale of goods (smart devices) increased by 92.15% compared to 2018.

3. Information about concluded significant deals

In 2019, Allterco JSCo has not entered into significant transactions within the meaning of Ordinance 2 of the FSC, except for those specified in this report, namely:

- During the period January 01, 2019 – June 30, 2019, the Company sold its investments in 3 of its subsidiaries (Allterpay EOOD (Solely-owned LLC), Tera Communications DOOEL, Northern Macedonia and Teracomm RO Ltd., Romania) to its subsidiaries Tera Communications AD (PLC) and Teravoice EAD (Solely-owned PLC) as a result of restructuring that began in the second half of 2018.
- On June 29, 2019, the Company entered into a Share Purchase Agreement - SPA with LINK Mobility Group for the transferring of shares and participations, based on which on July 29, 2019 ALLTERCO JSCo transferred to LINK 100% of its participation (directly or indirectly) in the capital of its subsidiaries: TERA VOICE EAD (Solely-owned PLC) and TERA COMMUNICATIONS AD (PLC), ALLTERPAY EOOD (Solely-owned LLC), TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia). As a result of the transaction, as of December 31, 2019, the following companies are no longer part of the capital structure of the holding:
 - 100% of the capital of Teravoice EAD (PLC);



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- 99.98% of the capital of Tera Communications AD (PLC) (0.02% owned by Teravoice EAD (Solely-owned PLC));
- 100 % of the capital of Tera Communications DOOEL, Macedonia;
- 100% of the capital of Allterpay EOOD (Solely-owned LLC), Bulgaria;
- 100% of the capital of Teracomm RO Srl, Romania;
- As of August 30, 2019, Allterco JSCo owns 100% of the capital of Global Teracomm Inc, through the acquisition by an individual of the remaining 33% of the capital of Global Teracomm Inc. The value of the transaction amounts to USD 12.37 per share or USD 10,205.25 in total. The acquisition is not significant, but could be considered significant in nature, as Allterco JSCo establishes full control over Global Teracomm Inc. through it. (DBA Allterco Robotics)
- As of December 17, 2019, Allterco JSCo has acquired from an individual the remaining 33% of the capital of Allterco Trading OOD (Ltd.) (former name Allterco Finance), thus becoming the sole owner of the company. The value of the transaction, in accordance with an assessment performed by an independent appraiser, is equal to the nominal value of the acquired asset, namely BGN 330. The acquisition is not significant, but could be considered significant in nature, as Allterco JSCo establishes full control over Allterco Trading OOD (Ltd.) (former name Allterco Finance).

4. Information on transactions entered into between the issuer and related parties during the reporting period proposals for such transactions as well as transactions that are outside its normal course or materially deviate from the market conditions on which the issuer or its subsidiary is country with an indication of the value of the transactions, the nature of the relationship and any information necessary to assess the impact on the issuer's financial position.

In 2019, Allterco JSCo did not enter into large related party transactions, nor has been offered to take part in such transactions.

The Company has not entered into transactions with subsidiaries that are outside its normal business or substantially deviate from market conditions.

In 2019, Allterco JSCo did not enter into transactions with related parties within the meaning of ISA 24, nor did it receive or rule proposals for such transactions, with the exception of:

- transaction regarding the acquisition of a 33% share of the capital of Allterco Trading OOD (Ltd.) by the minority partner Svetozar Iliev, CFO of Allterco JSCo. The value of the transaction amounts to BGN 330.
- transactions in the ordinary course of business with its subsidiaries, which include:

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- Provision of management services, the revenues from which amount to BGN 272 thousand, of which BGN 98 thousand are from companies that as of the date of the report are not part of the Group.
 - Dividends received from subsidiaries, the revenues from which amount to BGN 820 thousand.
 - The Company used financial services from its subsidiary, amounting to BGN 41 thousand. (until August 01, 2019).
 - The Company uses leased office and car provided by its subsidiary at a total value of BGN 91 thousand. The lease agreement for the office was terminated in 2019, and the one for renting a car is short-term, ending in 2020.
 - The Company receives cash deposits from its subsidiaries. As of December 31, 2019, all received deposits have been returned. Interest expenses on these deposits amount to BGN 6 thousand.
 - Allterco JSCo has also provided additional cash contributions to two of its subsidiaries, namely Allterco Properties EOOD (Solely-owned LLC) and Allterco Trading EOOD (Solely-owned LLC) (formerly Allterco Finance OOD /Ltd./). The additional cash contributions are EUR 900 000 each and are granted for a period of 1 year, at an annual interest rate of 1%, which is calculated on a 360-day basis. Interest income on provided additional cash contributions amounts to BGN 14 thousand.
 - The company has received interest from an additional cash contribution provided to its subsidiary in a previous period. The revenue for 2019 amounts to BGN 7 thousand .
 - For the period January 01, 2019 - December 31, 2019 Allterco JSCo has entered into transactions with related parties, where the company has provided collateral - by undertaking joint and several liability or providing a guarantee in connection with credit and factoring agreements concluded by the subsidiary Allterco Robotics EOOD (Solely-owned LLC).
- 6. Information about events and indicators with an unusual nature for the Issuer that have a material impact on its activities and its realized revenues and expenses; assessing their impact on results in the current year.**

In 2019, there were no events or indicators in unusual nature for Allterco JSCo.

Allterco JSCo is a joint stock company - holding, whose scope of business includes acquisition, management, assessment and sale of participations in Bulgarian and foreign companies; Within the scope of its business in 2019, the company has carried out transactions for acquiring and sale of shares in subsidiaries in order to restructure and reorganize its business, namely:

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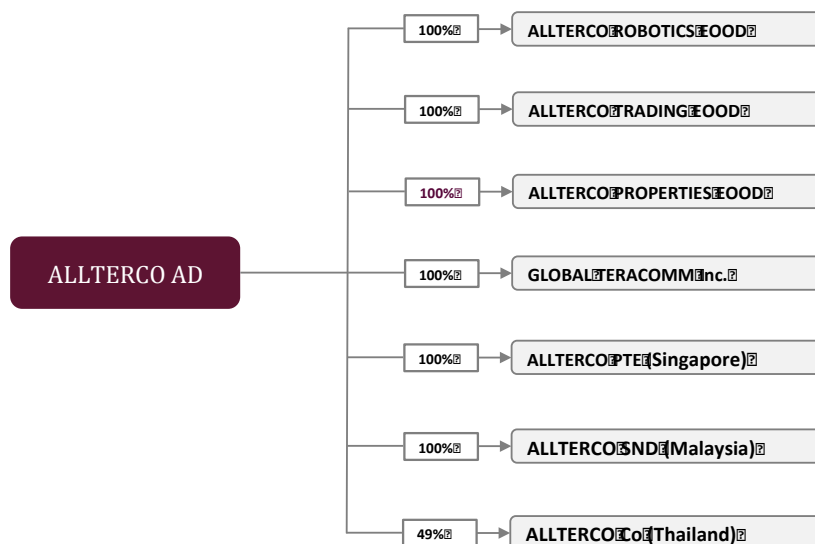
- In 2019, ALLTERCO JSCo completed the restructuring process started in 2018, as a result of which Allterco JSCo transferred 100% of the capital of the subsidiary companies Tera Communications DOOEL (Macedonia), Allterpey EOOD (Solely-owned LLC), TERACOMM RO SRL (Romania) to its subsidiaries Tera Communications AD (PLC) and Teravoice EAD (Solely-owned PLC).
- As of July 29, 2019, Allterco JSCo completed the sale of its telecommunication business in Europe through the sale of its participation (direct or indirect) in the capital of Teravoice EAD (Solely-owned PLC), Tera Communications AD, Allterpay EOOD (Solely-owned LLC), Teracomm Ro SRL (Romania) and Tera Communications DOOEL (Macedonia) on the basis of a Share Purchase Agreement (SPA) with LINK Mobility ASA. As a result of the transaction, sales revenues in the amount of BGN 16 475 thousand were realized. The carrying amount of the sold investments is BGN 7 509 thousand.
- In 2019, Allterco JSCo acquires the minority shares in Global Teracomm Inc. (DBA Allterco Robotics) and in Allterco Trading EOOD (Solely-owned LLC), in order to establish full control over the subsidiaries for the purposes of reorganization of their business operations in the field of IoT and separation of the commercial from the manufacturing activity.
- As a result of the completed transaction for the sale of its European business with value-added services and for the implementation of its strategy to focus on the development and production of "smart" (Internet of Things) devices, the Company has reviewed the consolidated goodwill, as a result of which it has recognized an impairment in the amount of BGN 4 904 thousand.

6. Information about off-balance-sheet transactions - nature and business purpose, indication of the financial impact of transactions on the business if the risk and benefits of those transactions are material to the company and disclosure of such information is material to the company 's financial condition.

In 2019, the company did not enter into transactions that were conducted off-balance-sheet.

7. Information on equity interests of the Issuer, its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate) as well as investments in equity securities outside its Group of companies within the meaning of the Accountancy Act and the sources/ways of financing.

As of December 31, 2019, the economic group of Allterco JSCo consists of the following subsidiaries:



8. Information about the concluded by the company or its subsidiary or parent company, loan agreements, in their capacity of borrowers, with indication of their terms, including the deadlines for repayment, as well as information on guarantees and commitments.

The Company receives cash deposits from its subsidiaries. Interest expenses on these deposits for 2019 amount to BGN 6 thousand. As of December 31, 2019, the company has returned all deposits provided to it by subsidiaries.

Allterco JSCo is a borrower under a Mortgage (investment) loan agreement dated 25.08.2017, concluded with Raiffeisenbank Bulgaria EAD, secured by a guarantee of the subsidiary Allterco Properties EOOD (Solely-owned LLC).

Allterco JSCo has assumed joint and several liability and a guarantee obligation for securing the following bank financing agreements concluded by its subsidiary ALLTERCO ROBOTICS EOOD (Solely-owned LLC) with Raiffeisenbank Bulgaria EAD (PLC).

Contract	Annex	Debtor	Joint debtor/Guarantor	Amount/Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Factoring November 09, 2016	Annex 1 dated July 27, 2017. Annex 2 dated November 12, 2018 Annex 3 dated October 28, 2019.	Allterco Robotics EOOD (Solely-owned LLC)	Tera Communications AD (PLC), (excluded) Allterco JSCo - joint debtor, replacing Tera Communications AD (PLC) pursuant to Annex 2 dated 12.11.2018.	BGN 600,000	Reference interest rate and a margin of 2 points but not less than 2% of the aggregate annual interest rate; Annual management fee; Fee for invoices processing	February 09, 2020	Contract for special pledge of receivables on bank accounts; Promissory note for the value of the limit plus 10% interest per annum on the amount from the date of issue, with a deadline for



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							submission March 09, 2021;
Overdraft November 09, 2016 contract in accordance with Art. 114, Paragraph 10 of the Public Offering of Securities Act, terminated as of September 30, 2019.	Annex 1 dated July 27, 2017 Annex 2 dated October 31, 2018	Allterco Robotics EOOD (Solely-owned LLC)	Tera Communications AD (PLC) - joint debtor (<i>excluded</i>) Teravoice AD (PLC) - joint debtor (<i>excluded</i>)	EUR 950,000	interest for the used overdraft - the 1-month EURIBOR, increased by 2.7 percentage points per annum, but not less than 2.7% of the aggregate annual interest	November 25, 2019	Pledge of receivables on bank accounts;
Investment (term) loan October 06, 2017 Contract pursuant to Art. 114, Paragraph 10 of the Public Offering of Securities Act	Annex 1 dated October 31, 2018	Allterco Robotics EOOD (Solely-owned LLC)	Tera Communications AD, -joint debtor (<i>excluded</i>) Teravoice EAD (Solely-owned PLC) - joint debtor (<i>excluded</i>) Allterco JSCo - guarantor pursuant to Art. 114, Paragraph 10 of the Public Offering of Securities Act, according to Annex 2 dated October 31, 2018	EUR 1,139,590	Reference interest rate and a margin of 2.7points but not less than 2.7 % of the aggregate annual interest rate; Management fee; Commitment fee	September 25, 2022	Pledge of subsidy on project; Pledge of receivables on Current accounts of the Borrower; Pledge of machinery and equipment subject to the project subsidy;
Investment credit October 06, 2017 Contract pursuant to Art. 114, Paragraph 10 of the Public Offering of Securities Act	Annex 1 dated October 31, 2018	Allterco JSCo	Tera Communications AD (PLC) -joint debtor (<i>excluded</i>) Allterco Properties EOOD (Solely-owned LLC) - joint debtor	EUR 1,620,000	Fixed interest rate for the whole period 3% annually; Management fee	May 10, 2029	Mortgage on real estate, owned by Allterco Properties EOOD (Solely-owned LLC); Pledge of receivables on all accounts of the group opened with the bank; Pledge under Financial Collateral Contracts Act;

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Contract for revolving bank credit 12 + 12 + 12 November 09, 2018 Contract under Art. 114, Paragraph 10 of the Public Offering of Securities Act	Annex 1 dated October 31, 2019	Allterco Robotics EOOD (Solely-owned LLC)	none	BGN 1,600,000	short-term BNB interest rate, increased by 2.7 percentage points on an annual basis, but not less than 2.7% of the aggregate annual interest rate Management fee; Commitment fee	October 25, 2021	Term bank loan dated 28.09.2018 A contract according to art.
Term bank loan September 28, 2018 Contract pursuant to Art. 114, Paragraph 10 of the Public Offering of Securities Act	none	Allterco Robotics EOOD (Solely-owned LLC)	none	BGN 750,000	short-term BNB interest rate, increased by 2.5 percentage points on an annual basis, but not less than 2.5 % of the aggregate annual interest rate; Management fee; Commitment fee	September 25, 2020	Pledge of subsidy on project; Pledge of receivables on Current accounts of the Borrower
Overdraft September 30, 2019 - contract in accordance with Art. 114, Paragraph 10 of the Public Offering of Securities Act	none	Allterco Robotics EOOD (Solely-owned LLC)	Allterco JSCo - guarantor pursuant to Art. 114, Paragraph 10 of the Public Offering of Securities Act	EUR 1,000,000	interest for the used overdraft - the 1-month EURIBOR, increased by 2.5 percentage points per annum, but not less than 2.5% of the aggregate annual interest	August 31, 2022	Pledge of receivables on bank accounts;

9. Information about contracts, concluded by the company or its subsidiary, including guarantees of any kind (including to related parties) with specific terms, including repayment terms and the purpose for which they were granted.

Allterco JSCo receives cash deposits from its subsidiaries. Interest expenses on these deposits for 2019 amount to BGN 6 thousand. As of December 31, 2019, the company has returned all deposits provided to it by the subsidiaries. The subsidiaries have not entered into any other loan agreements in their capacity as lenders,

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Allterco JSCo has provided to its subsidiaries Allterco Properties EOOD Solely-owned LLC) and Allterco Trading EOOD (Solely-owned LLC) additional cash contributions in the amount of EUR 900 000 each, for a period of 1 year, against an annual interest rate of 1%, the interest being accrued on base 360 days. The funds were provided to cover the temporary cash needs of the subsidiaries, as well as for the purposes of optimizing the bank fees and commissions in the group.

Allterco JSCo has not concluded other loan agreements in its capacity as a lender.

Some subsidiaries have provided guarantees in the form of joint and several liability under bank financing agreements, as indicated in the table in the previous point 8.

10. Information on the use of funds from new issue of securities made during the reporting period.

In 2019, the company did not issue a new issue of securities.

11. Comparison between the achieved actual financial results presented in the financial statements for the financial year and previously published forecasts.

Allterco JSCo has not published estimates for its financial results on an consolidated basis for the reporting year 2019.

The Company presented as part of the prospectus for initial public offering in 2016 forecasted audited consolidated statement of comprehensive income for the period 2016 - 2020.

In relation to the Prospectus, confirmed by decision № 148 of February 18, 2020, the Financial Supervision Commission, Allterco JSCo has submitted new forecasts for the period 2020 - 2024, including these in the Registration Document, Part II of the Prospectus, published on the website of the issuer https://allterco.com/en/IPO_2020_PROSPEKT and respectively on the website of the investment intermediary Karoll AD (PLC) (<https://karollbroker.bg/bg/cap-increase-allterco>).

12. Analysis and evaluation of the policy on financial resources management, indicating the abilities for servicing the obligations, the possible threats and measures that the company has taken or is about to take to mitigate the risks.

ALLTERCO JSCo carries out its operational activities in a way that financial resources management is exclusively subordinated to maintaining such a capital structure that will allow to combine the lower risk of using only own funds with the higher efficiency and flexibility of debt financing. The company tries to maintain at any time the ability to switch from one type of financing to another, depending on the specific needs of the company.

On March 13, 2020, the National Assembly of the Republic of Bulgaria declared a state of emergency in the country due to the coronavirus epidemic (COVID-19) and intensified anti-epidemic measures and restrictions were introduced. The state of emergency was lifted on May

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13, 2020, but most of the anti-epidemic measures remained in force, and at the moment their gradual abolition has begun.

At this stage of the coronavirus situation, given the dynamics with which it develops, it is practically impossible to make a reliable assessment and measure the possible effects of the pandemic on the activities, assets and economic development of the Company and its subsidiaries, especially in long-term perspective.

Based on the actions taken and the business trends so far, the management of the Company expects that the pandemic of COVID-19 and the measures introduced in connection with it on an international and national level will not have a significant impact on the level will not have and financial position of Allterco JSCo and the companies from the group.

In case of need, Allterco JSCo and the companies in the group have sufficient financial resources to cover the costs in the short term.

At present, Allterco JSCo and the companies in the group do not report any delays fulfilment of payment obligations to suppliers, as well as delays in payments by customers.

13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing.

The company plans to continue investing in 2020 in Internet of Things R&D through its subsidiaries.

The investment program will be funded with its own and raised funds.

The Company has taken steps to conduct a capital increase procedure through an initial public offering of up to 3 million new, dematerialized, ordinary voting shares, and has currently published a Prospectus confirmed by Decision № 148 dated February 18, 2020 of the Financial Supervision Commission. As of the date of preparation of this report, the public offering has not started, and the company will publish an additional specific announcement under Art. 92a of the Public Offering of Securities Act regarding the start and end date of trading of rights and subscription of shares, as well as other essential information for the investors in connection with the terms of the offering.

14. Information on changes that occurred during the reporting period in the key management principles of the Company and its subsidiaries within the meaning of the Accountancy Act.

In 2019, there were no changes in the basic principles for managing the Company and its subsidiaries.

15. Information on the main features of the internal control and the risk management system applied by the Company in the financial reporting.

A general description of the internal control and risk management system

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The companies in the group have a system of internal control and risk management/(hereinafter referred to as "the system") that guarantees the effective functioning of the reporting and disclosure systems. An audit committee has been formed in the parent company. The control system is established and functioning in order to identify the risks associated with the company's activities and their effective management. The Board of Directors has the primary responsibility and role in establishing the internal control and risk management system. It performs both control and ongoing monitoring.

Ongoing monitoring by management consists of assessing whether the system is still appropriate for the company in a changed environment, whether it operates as expected and whether it adapts successfully to the changed conditions. The evaluation of selected areas is in line with the company's priorities. The valuation is also commensurate with the specifics of the company and the impact of the identified risks.

The Board of Directors monitors the main features and characteristics of the system and key issues, including identified significant deviations and corrective actions taken.

The Audit Committee assists the Board of Directors in the exercise of their control functions and powers with regard to the financial reporting process, the internal control system, the audit process and compliance with the provisions of applicable national and European legislation, as well as the company's internal policies. The Audit Committee holds regular meetings every three months, fulfilling the functions assigned to it by law and the General Meeting of Shareholders in accordance with the adopted Statute.

The Board of Directors exercises control over the activities of the subsidiaries, ensuring that the requirements of Art. 114 of the POSA.

Control environment

The control environment includes the functions of general management, as well as the attitude, awareness and actions of the corporate management.

- **Commitment for competence.** The board of directors of the company, as well as those involved in the internal control and risk management process, have the relevant knowledge and skills necessary to perform the tasks that their subordinates perform. The executive members of the Board of Directors of the company take care to monitor the levels of competence required for the specific jobs and the ways in which those competences become necessary requisites for each position.
- **Participation of persons involved with general management.** The control environment is greatly influenced by the people involved in the general management, namely the Board of Directors. The responsibilities of the members of the Board of Directors are stated in the Articles of Association of the company and the management contracts. In addition, the Executive Members of the Board of Directors are also responsible for the supervision, the design, the evaluation and the effective functioning of the warning procedures and of the company's internal control.

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- **Philosophy and operational style of the management.** The philosophy and operational style of the management cover a wide range of characteristics. The attitudes of the members of the Board of Directors and their actions in relation to financial reporting are manifested through the choice of more conservative accounting principles, in cases where there is a possibility for such a choice.
- **Organizational structure** Creating an appropriate organizational structure involves defining an appropriate number of hierarchical levels and defining the basic powers and responsibilities for each of these levels. The Board of Directors assesses the appropriateness of the organizational structure of the company, taking into consideration the size and nature of the activities performed.
- **Assignment of powers and responsibilities.** When assigning powers and responsibilities of the employees in the companies, the management shall take in account the applicable business practices, knowledge and experience of employees and available resources available in the company.
- **Policies and practices related to human resource.** Policies and practices related to human resources, often show important issues regarding the control environment of the company. When recruiting staff, the Executive members of Board of Directors focus on qualifications, previous professional experience, past accomplishments, and evidence of integrity and ethical conduct. The purpose of corporate management is to hire competent and reliable employees.

Risk assessment process for the Company

The process of risk assessment is the basis on which the Board of Directors of the company determines the risks to be managed.

The Board of Directors of the Company identifies the following types of risk that affect the companies in the group and their activities: Systematic risks are related to the macro environment in which the company operates.

Systematic risks are related to the macro environment in which companies operate, which is why in most cases they cannot be controlled by the management team.

Non-systematic risks are directly related to the activities of the Company and depend mainly on corporate governance. For their minimization, the effectiveness of the established internal organization for monitoring and management of these risks is relied upon.

The general risk management plan of the management focuses on the unpredictability of the financial markets and tries to minimize its potential adverse impact on the Company's financial position.

Each of the risks related to the country - political, economic, credit, inflation, foreign exchange risk, has its own significance, but the interaction between them forms a

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comprehensive picture of the main economic indicators, market and competitive conditions in the country in which each company operates.

A detailed description of the risks inherent in the activity of the companies from the group of ALLTERCO JSCo is presented in the section MAIN RISKS, WHICH THE COMPANY FACES in this activity report.

16. Information about the changes in the Board of Directors of the company in 2019 r.

In 2019, no changes were made to the Board of Directors of the company

As of December 31, 2019, the members of the Board of Directors are:

- Dimitar Stoyanov Dimitrov
- Svetlin Iliev Todorov
- Nikolay Angelov Martinov - Independent Member of the Board of Directors

17. Information on the amount of remuneration, rewards and/or additional benefits of each member of the management and supervisory bodies for the financial year paid by the Company and its subsidiaries, regardless of whether they were included in the Company's expenses or are attributable to distribution of profits, including:

A) received amounts and non-monetary remunerations

In 2019, the members of the Board of Directors received remuneration in the total amount of BGN 79,200.17 in accordance with the effective Remuneration Policy.

- Dimitar Stoyanov Dimitrov - BGN 36,000.06
- Svetlin Iliev Todorov - BGN 36,000.11
- Nikolay Angelov Martinov - BGN 7,200.00

The members of the Board of Directors did not receive any non-cash benefits in 2019.

During the reporting year, some of the members of the Board of Directors received remuneration from the subsidiaries for performing other functions in the total amount of BGN 676 thousand.

B) contingent or deferred wages arising during the year, even if the remuneration is due at a later date;

As of December 31, 2019, Allterco JSCo has no contingent or deferred remuneration incurred during the year, including remuneration that is due under a contract at a later date.

C) an amount owed by the Company or its subsidiaries for the payment of pensions, retirement benefits or other similar benefits.

As of December 31, 2019, the company does not report amounts due for payment of pensions, retirement benefits or other similar benefits.

18. Information about shares owned by members of the Board of Directors, members of the management and supervisory bodies, procurators and senior management, including the shares held by each of them as a percentage of the shares of each class, as well as options provided by the Company on securities - the type and size of the securities on which the options are issued, the exercise price, the purchase price, if any, and the term of the options.

As of December 31, 2019, the shares held by members of the Board of Directors of ALLTERCO JSCo are:

Table No. 18

Name	PERCENTAGE OF THE CAPITAL
Dimitar Dimitrov	38.51 %
Svetlin Todorov	38.51 %
Nikolay Martinov	0 %

* Nikolay Martinov has no direct interest in the capital of the Issuer. The companies Unicom Consult EOOD (Solely-owned LLC), in which he is the sole owner of the capital and manager, and Impetus Capital OOD (Ltd.), in which he is a partner with 50% of the capital and manager, own 70,625 shares (0.5%) and 135,000 shares (0.9%) in the capital of the Allterco JSCo and the voting rights in its General Meeting, respectively.

19. Information for the arrangements known by the company (including after the end of the financial year), which in the future may result in changes in the relative portion of shares or bonds held by present shareholders or bondholders.

The company is not aware of any agreements that may in the future result in a change in the number of shares held by current shareholders.

It is possible that the relative share of shares of the majority shareholders Dimitar Dimitrov and Svetlin Todorov will change in case of successful completion of the capital increase, according to the Prospectus, confirmed by Decision № 148 dated February 18, 2020 of the Financial Supervision Commission.

20. Information on pending litigation, administrative or arbitration proceedings concerning liabilities or receivables of the Company amounting to at least 10 percent of its equity.

There are no pending legal, administrative or arbitration proceedings involving payables or receivables of Allterco at an amount of at least 10 percent of its equity.

21. Information on Investor Relations Director, including telephone and correspondence address

Denitsa Stefanova

Tel: +359 2 9571247 e-mail: investors@allterco.com

XIII. CHANGES IN THE PRICE OF THE COMPANY'S SHARES

Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
30.12.2019	25532	89,352.82	3.860	3.140	3.160	3.860
26.11.2019	10601	33,724.32	3.460	3.000	3.460	3.100
31.10.2019	9873	34,337.70	3.500	3.400	3.500	3.440
30.09.2019	35174	114,009.44	3.500	2.880	2.900	3.480
30.08.2019	18476	53,336.20	3.160	2.800	2.800	3.040
30.07.2019	17606	48,753.60	2.880	2.520	2.520	2.860
27.06.2019	9908	23,674.28	2.500	2.300	2.360	2.500
30.05.2019	3147	7,002.88	2.360	2.100	2.240	2.360
24.04.2019	12104	29,913.42	2.540	2.300	2.500	2.300
27.03.2019	18320	45,789.98	2.660	2.400	2.480	2.500
26.02.2019	52136	125,565.82	2.480	2.200	2.400	2.360
30.01.2019	75736	167,056.62	2.540	2.060	2.060	2.460

Source: Investor.bg

XIV. ANALYSIS AND DETAILS ON THE INFORMATION ACCORDING TO APPENDIX 11

1. Structure of the company's capital, including securities not admitted to trading on a regulated market in the Republic of Bulgaria or another Member State, indicating the different classes of shares, rights and obligations pertaining to each of the classes of shares and the share of the total capital, which makes up each class

As of December 31, 2019, the capital of Allterco JSCo amounts to BGN 15 000 000 (fifteen million) and is divided in 15 000 000 (fifteen million) ordinary registered, dematerialized voting shares with par value of BGN 1 each. All shares of the company are of one class and each share gives one vote in the General Meeting of Shareholders, the right to a dividend and a liquidation share in proportion to the nominal value of the share. As of December 31, 2019 all the capital of the company is registered for trading on the Bulgarian Stock Exchange.

The Company has not issued any other securities that are not admitted to trading on a regulated market in the Republic of Bulgaria or another EU Member State. As of the date of preparation of this document, the entire issue of shares of ALLTERCO JSCo is traded on BSE Sofia AD (LC).

As of December 31, 2019, the capital structure of ALLTERCO JSCo is as follows:

Table No. 19

SHAREHOLDER	PERCENTAGE OF THE CAPITAL
Svetlin Todorov	38.51 %
Dimitar Dimitrov	38.51 %
Victor Atanasov	7.47 %
Other individuals and legal entities	15.51 %

2. Restrictions on the transfer of securities such as restrictions on the holding of securities or the need to obtain approval from the company or other shareholder

All shares of the company are transferred freely, without restriction, subject to the provisions of the Bulgarian legislation in force. The transfer of shares issued by the company shall be effective from the moment the transaction is entered in the register of the Central Depository, which issues a document certifying the rights over these shares. Acquisition and ownership of shares in the capital of the company does not require the approval of the company or another shareholder.

It should be borne in mind that on November 30, 2016 the shareholders of Dimitar Dimitrov, Svetlin Todorov, Victor Atanasov, Svetozar Iliev, Mirche Atanasovski and Atanas Marinov, holding a total of 13,140,000 (thirteen million one hundred and forty thousand) shares in the capital of ALLTERCO JSCo, have concluded a Contract with each other and for the benefit of the company, with which they undertake not to dispose of their shares for a period of 3 (three) years starting as of December 01, 2016. The blocking of the indicated number of shares has been entered at the Central Depository As of the date of preparation of this report, the term of this agreement has expired (the contract was concluded for a period of 3 years, as of December 1, 2016).

In connection with the planned increase of the capital of the Company, subject to the Prospectus, confirmed by Decision № 148 of February 18, 2020 of the Financial Supervision Commission, the members of the Board of Directors and majority shareholders of the Issuer (holding a total of 11,552,240 shares in the capital of the Company) Dimitar Dimitrov and Svetlin Todorov have undertaken to lock-up the shares held by them for trading in favor of the Company for a period of 3 years from the date of entry of the capital increase in the commercial register, and after 6 months from the date of entry of the capital increase in the commercial register will have the right to trade up to 7% of their shares. For this purpose, a special agreement will be concluded between the Company and the mentioned members of the Board of Directors before the date of the beginning of the subscription for the shares offered by the Prospectus, which will be duly disclosed in accordance with the disclosure of regulated information.

In addition, in relation to the planned capital increase, there is a commitment made by the majority shareholders in the Issuer - members of the Board of Directors Dimitar Dimitrov and Svetlin Todorov, to issue an option in favor of MM Consult EOOD (Solely-owned LLC) to purchase the rights within the meaning of § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act, which will be issued to the respective member of the board of directors in his capacity as a shareholder in the Issuer for increase of the capital of the Company within the offer. The conditions of the option to describe in detail in the Securities Document - Part III of the Prospectus, confirmed by Decision № 148 of February 18, 2020 of the Financial Supervision Commission, published on the issuer's website https://allterco.com/en/IPO_2020_PROSPEKT and respectively on the website of the investment intermediary Karoll AD <https://karollbroker.bg/bg/cap-increase-allterco>.



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3. Information on the direct and indirect holding of 5 percent or more of the voting rights in the company's general meeting, including details of the shareholders, the size of their shareholding and the way in which the shares are held.

Information on the direct and indirect ownership of 5 percent or more of the voting rights at the Company's general meeting is presented in Table 17. The Company has no other shareholders who directly or indirectly hold 5 percent or more than 5 percent of the voting rights at the General Meeting.

4. Details of shareholders with special control rights and a description of these rights

ALLTERCO JSCo has no shareholders with special controlling rights.

5. The control system for exercising the right to vote in cases where employees of the company are also its shareholders and when the control is not directly exercised by them

The Company does not have a control system for exercising voting rights in cases where employees of the Company are also its shareholders and when the control is not directly exercised by them. Any employee who is a shareholder votes at his own discretion.

6. Limitations on voting rights, such as limitations on the voting rights of shareholders with a certain percentage or number of votes, the deadline for the exercise of voting rights or systems in which, with the cooperation of the company, the financial rights attaching to the shares are separated from the possession of stocks

There are no restrictions on the voting rights of the shareholders of ALLTERCO JSCo, such as restrictions on the voting rights of shareholders with a certain percentage or number of votes, the deadline for the exercise of voting rights or systems in which, with the cooperation of the company, the financial rights attaching to the shares are separated from the possession of stocks

7. Agreements between shareholders who are known to the company and which may result in restrictions on the transfer of shares or voting rights

During the reporting period, between the shareholders Dimitar Dimitrov, Svetlin Todorov, Viktor Atanasov, Svetozar Iliev, Mirche Atanasovski and Atanas Marinov there was an effective Agreement limiting the disposal of their shares for a period of 3 (three) years, which expired on November 30, 2019.

The Company is not aware of any agreements between shareholders in force as of the date of preparation of this document, which may lead to restrictions on the transfer of shares or the right to vote.

In connection with the expected increase of the capital of the Company, a new agreement is forthcoming between the shareholders Dimitar Dimitrov and Svetlin Todorov, described in detail in item 2 of this Appendix 11.

8. The provisions on the appointment and dismissal of the members of the management bodies of the company and on the amendments and additions to the Statutes

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In accordance with the provisions of the Articles of Association of the Company, the General Meeting of Shareholders amends and supplements the Articles of Association and determines the number, elects and dismisses the members of the Board of Directors and determines the remuneration for their work therein. The Board of Directors shall be elected for a term not exceeding 5 years.

The General Meeting of Shareholders may at any time decide to make changes in the number and composition of the Board of Directors, and members of the Board may be re-elected without restriction. A member of the Board of Directors may be a legally capable individual and a legal entity.

Only the General Meeting of Shareholders may make amendments to the Articles of Association of the Company.

9. The powers of the management bodies of the company, including the right to take decisions for the issue and redemption of shares of the company

The Board of Directors meets at regular meetings at least once every three months to discuss the status and development of the company. Each member of the Board of Directors may request the Chairperson to convene a meeting to discuss particular issues.

The Board of Directors approves the organizational and management structure and the internal rules of the company.

The Board of Directors decides to open and close branches and to participate or terminate participation in commercial and civil companies in the country and abroad, to acquire and alienate real estate and real rights, to use loans, to provide guarantees and to take over guaranteeing, acquiring or granting licenses, concluding credit agreements with third parties, agreements for establishing a pledge and mortgage on the tangible fixed assets of the company.

The Board of Directors discusses and resolves all issues other than those within the competence of the General Meeting.

The Board of Directors may take decisions in absentia by a protocol signed by all its members.

By a resolution of the General Meeting of Shareholders dated 29.01.2018, as of the date of preparation of this report, the Board of Directors is authorized, within five years from the announcement of the amendment of the Articles of Association in the Commercial Register, to take decisions to increase the capital of the company to a total nominal amount of BGN 18,000,000. (BGN eighteen million) through the issue and public offering of up to 3,000,000 (three million shares) new dematerialized, ordinary, registered shares with one voting right, with a nominal value of BGN 1 (one) each and an issue value for one share, determined by an express decision of the Board of Directors of the Company. The capital increase by decision of the Board of Directors, in accordance with Art. 196, Paragraph 1 of the Commerce Act may be performed without a specific duly delegated by the General Meeting of Shareholders on a case-by-case basis, and entirely on the basis of the powers conferred on it by the Articles of Association.



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According to Art. 15 the Articles of Association of the company may acquire more than 3% of voting shares within one calendar year in cases of reduction of the capital through cancellation of shares and redemption only under the conditions and by the order of trading offering under Art. 149b of the Public Offering of Securities Act. In this case, the requirements for holding at least 5% of the voting shares and a minimum redemption amount of more than 1/3 of the voting shares shall not apply.

Acquisition of more than 3% of own shares with voting rights in the cases of reduction of the capital by repurchase within one calendar year is allowed only under the conditions and by the order of tender offer under Art. 149b of the POSA.

It is not necessary to submit a tender offer if the acquisition of own shares is up to 3% within one calendar year, and the Articles of Association provide for repurchase of shares to be carried out as decided by the General Meeting of Shareholders (by majority of the represented capital), as well as by decision of the Board of Directors (by a majority of 2/3 of the members of the Board), expressly authorized for this by the Articles of Association of the Company, as this authorization is valid for 5 years, starting from August 15, 2019. The decision determines the minimum and maximum number of shares that are subject to redemption; the conditions and procedure under which the Board of Directors shall make the redemption within a specified period not exceeding eighteen months from the date of the decision; the minimum and maximum value of one share for redemption, as well as the investment intermediary through which the redemption will be performed.

10. Substantial contracts of a company that are effective since, altered or terminated due to a change in the control of the company in the course of a mandatory tender offer and the consequences thereof, unless the disclosure of such information could cause serious damage to the company; the exception under the preceding sentence shall not apply in cases where the company is obliged to disclose the information under the law.

Company has no significant contracts that are effective since, amended or terminated due to a change in control of the company in the course of a mandatory tender offer.

11. Agreements between the Company and its Managing Authorities or Employees for the payment of compensation upon leaving or dismissing without legal basis or upon termination of the employment relationship for reasons related to tender offering.

There are no agreements between the company and the members of its Board of Directors and employees of the company for the payment of redundancy or dismissal compensation without legal basis or termination of the employment relationship for reasons related to tender offering.

XV. OTHER INFORMATION ON THE COMPANY'S DISCRETION

The Company estimates that there is no other information that is not publicly disclosed by the company and that would be important to shareholders and investors when making a reasoned investment decision.



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Date June 02, 2020

Executive Director: (illegible signature)
/Dimitar Dimitrov/
Round stamp of ALLTERCO JSCo, Sofia

I, the undersigned Djeylian Ahmed Mancheva certify herewith the fidelity of the translation performed from Bulgarian into English of the attached document. The translation consists of 59 (fifty nine) pages.

Sworn translator: _____
Djeylian Ahmed Mancheva