

**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. 100n, para 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. 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.

The 2018 circumstances, that the management of the company 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 11 February 2010.

As of December 31, 2018, 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.,
- Phone: +359 2 9571248
- e-mail: [investors@allterco.com](mailto:investors@allterco.com)
- Web page: [www.allterco.com](http://www.allterco.com)

## **1. Information about capital and its structure**

As of 31.12.2018 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, with a monetary valuation of BGN 50,000 (fifty thousand);
- Contribution in kind representing 69.60% of the shares of Tera Communications AD, 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 nominal 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, 2018, 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 2015, the following contributions were made to the capital of the company:

With respect to the issue of 8 012 000 (eight million and twelve thousand) ordinary registered voting shares, the contributions have been made as follows:

- Against the subscribed 3 198 250 (three million one hundred ninety-eight thousand two hundred and fifty) ordinary registered voting shares with par value of BGN 1 (one) each, the contributor Dimitar Stoyanov Dimitrov made a non-monetary contribution of 333 (three hundred thirty three) registered shares in the capital of ALLTERCO PTE LTD, a company incorporated and operating under Singapore law, registered under No. 200821332D, with seat and management address: 45A Temple Street, Singapore 058590, each with a par value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO Pte LTD, the value of which according to the Expert Opinion under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958 / 13.11.2015, amounted to

BGN 3 437 329 (three million four hundred thirty-seven thousand three hundred twenty-nine);

- Against the subscribed 3 198 250 (three million one hundred ninety-eight thousand two hundred and fifty) ordinary registered voting shares with par value of BGN 1 (one) each, the contributor Svetlin Iliev Todorov made a non-monetary contribution of 333 (three hundred thirty-three) registered shares in the capital of ALLTERCO PTE LTD, a company incorporated and operating under Singapore law, registered under No. 200821332D, with its registered office and registered address: 45A Temple Street, Singapore 058590, each with a par value of SGD 1 (one Singapore dollar), representing 33.3% of the capital of ALLTERCO Pte LTD, the value of which according to the Expert Opinion under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958 / 13.11.2015, amounted to BGN 3 437 329 (three million four hundred thirty-seven thousand three hundred twenty-nine);
- Against recorded 1 120 500 (one million one hundred and twenty thousand five hundred) ordinary registered shares with voting aloud, with a nominal value of BGN 1 (one) each, the contributor Viktor Georgiev Atanasov made a contribution in kind of a receivable from ALLTERCO JSCo a joint-stock company incorporated and operating under the laws of the Republic of Bulgaria, with seat and management address: city of Sofia 1614, Ovcha Kupel District, 81, Nikola Petkov Blvd., floor 4, registered with the Registry Agency - Commercial Register under UIC 201047670 in the amount of BGN 1 120 500 (one million one hundred and twenty thousand five hundred), representing the share price of the capital of ALLTERCO PTE LTD., a company incorporated and operating under Singapore law, registered under 200821332D, with seat and management address: 45A Temple Street, Singapore 058590 pursuant to a Shares Transfer Agreement dated 05.08.2015, the value of which according to the Expert Opinion pursuant to Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958/13.11.2015 amounted to BGN 1 120 500 (one million one hundred and twenty thousand five hundred);
- Against the subscribed 225,000 (two hundred twenty-five thousand) ordinary registered voting shares with a par value of BGN 1 (one) each, the contributor Krasimir Emanuilov Rubin, made a non-monetary contribution of a receivable from ALLTERCO JSCO, a joint-stock company, established and operating under the laws of the Republic of Bulgaria, having its registered office and registered address: city of Sofia 1614, Ovcha Kupel District, 81, Nikola Petkov Blvd., floor 4, registered with the Registry Agency - Commercial Register under UIC 201047670 in the amount of BGN 353 000 (three hundred fifty-three thousand), representing the share price of the capital of TERA COMMUNICATIONS AD, AD a joint-stock company incorporated and operating under Bulgarian law with seat and management address: city of Sofia 1784, Mladost District, 113A, Tsarigradsko Shosse Blvd., registered with the Registry Agency - Commercial Register under UIC 131384920, pursuant to Article 2 (a) of the Share Transfer Agreement of 02.11.2015, the value of which is in accordance with the

Conclusion of Experts in accordance with Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958/13.11.2015 amounted to BGN 353,000 (three hundred fifty-three thousand) ;

- Against the subscribed 135,000 (one hundred thirty-five thousand) ordinary registered voting shares, with a par value of BGN 1 (one) each, IMPETUS CAPITAL OOD, a limited liability company incorporated and operating under the laws of the Republic of Bulgaria, with seat and management address: city of Sofia 1784, Mladost District, r.a. Mladost 1, bl. 29A, entr. A, fl., 8, apt. 38, registered with the Registry Agency - The Commercial Register under UIC 203592737 has made a non-monetary contribution of a receivable from ALLTERCO JSCo, a joint-stock company incorporated and operating under the laws of the Republic of Bulgaria, with its seat and management address: city of Sofia 1614, Ovcha Kupel District, 81, Nikola Petkov Blvd., floor 4, registered with the Registry Agency - Commercial Register under UIC 201047670, consisting of principal amounting to BGN 195 583 (one hundred ninety-five thousand five hundred eighty-three) and contractual interest, according to concluded between the parties Loan Agreement dated 30.10.2015, the value of which according to the Expert Opinion under Art. 72, para. 2 of the Commercial Code under the Act on Appointment of Experts No. 20151112140958/13.11.2015 amounted to BGN 196 419 (one hundred ninety-six thousand four hundred and nineteen);

### **3. Information about the issuer's management system**

As of 31.12.2018, 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 20.12.2018, entered in the Commercial Register under No. 20190130114158

As of 31 December 2018, the members of the Board of Directors are:

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

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

As of December 31, 2018, the economic group of ALLTERCO JSCo is as follows:

- 100% of the capital of Teravoice AD;
- 99.98% of the capital of Tera Communications AD, Bulgaria;
- 100 % of the capital of Tera Communications DOOEL, Macedonia;
- 100 % of the capital of Allterco PTE Ltd., Singapore;
- 100% of the capital of Teracomm RO Srl, Romania;
- 67% of the capital of Allterco Finance OOD;
- 100% of the capital of Allterco Robotics EOOD; Bulgaria;
- 100% of the capital of Allterco SDN Bhd., Malaysia;
- 49% of the capital of Allterco Ltd., Thailand;
- 100% of the capital of Allterpay EOOD, Bulgaria;

- 100% of the capital of Allterco Properties EOOD;
- 67% of the capital of Global Teracomm Inc., USA

Through its subsidiaries, ALLTERCO JSCo indirectly controls:

- 0.02% of the capital of Tera Communications AD through Teravoice EAD

After the reporting period, a change occurred in the economic group of ALLTERCO JSCo, namely:

- 100% of the capital of Tera Communications DOOEL, Macedonia - as of 11.01.2019 the owner of 100% of the capital of the company is the subsidiary Tera Communications AD, Bulgaria;
- 100% of the capital of Allterpay EOOD, Bulgaria - as of 11.01.2019 the owner of 100% of the capital of the company is the subsidiary Tera Communications AD, Bulgaria;

In the framework of the planned restructuring undertaken by the public company management in order to accelerate the processes of the sale of the company's telecommunication business in Europe by selling the participations of ALLTERCO JSCo in the capital of its subsidiaries: TERAVOICE EAD, TERA COMMUNICATIONS AD, ALLTERPAY EOOD, TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia) the first transfers were made in January 2019, as a result of which the subsidiary company TERA COMMUNICATIONS AD became the sole owner of the capital of ALLTERPAY EOOD and TERA COMMUNICATIONS DOOEL (Macedonia)

As a result of the restructuring, ALLTERCO JSCo holds 100% of the capital of the specified companies Tera Communications DOOEL, Macedonia and Allterpay EOOD, Bulgaria through its subsidiaries, as the owner of 99.98% of the capital of Tera Communications AD.

**III. RESULTS FROM THE ACTIVITY**
**1. FINANCIAL RESULT**

As of December 31, 2018, ALLTERCO JSCo reported on a consolidated basis a profit before tax at the amount of BGN 3 079 thousand, compared to the 2017 profit before tax of BGN 3 057 thousand and to 2016 of BGN 1 641 thousand.

The net profit of ALLTERCO JSCo on a consolidated basis as of December 31, 2018 amounted to BGN 2 648 thousand, as of December 31, 2017 the company reported a net profit of BGN 2 685 thousand.

**Table No. 2**

in BGN thousand					
EQUITY, MINORITY INTEREST AND LIABILITIES	2016	%	2017	%	2018
a	1		2		3
A. EQUITY					
I. Registered capital	15 000	0	15 000	0	15 000
II. Reserves	1 774	-11.10	1 577	4.50	1 648
III. Financial result					
1. Retained earnings (losses) incl.	5 491	24.86	6 856	39.67	9 576
undistributed profit	5 491	24.86	6 856	39.67	9 576
uncovered loss	0	0.00	0	0.00	0
one-time effect of changes in accounting policy	0	0.00	35	0.00	3
2. Current period profit	1 365	96.70	2 685	-1.38	2 648
3. Current period loss	0	0.00	0	0.00	0
Total Group III	6 856	39.67	9 576	27.68	12 227
<b>TOTAL FOR SECTION A (I+II+III):</b>	<b>23 630</b>	<b>10.68</b>	<b>26 153</b>	<b>10.41</b>	<b>28 875</b>

**Table No. 3**

in BGN thousand					
EQUITY, MINORITY INTEREST AND LIABILITIES	2016	%	2017	%	2018
a	1		2		3
A. EQUITY	23 630	10.68	26 153	10.41	28 875
B. MINORITY INTEREST	69	36.23	94	-47.87	49
B. NON-CURRENT LIABILITIES	553	550.27	3 596	-15.38	3 043
D. CURRENT LIABILITIES	7 551	29.72	9 795	5.43	10 327
E. DEFERRED INCOME			6		3
<b>EQUITY, MINORITY INTEREST AND LIABILITIES (A + B + C + D)</b>	<b>31 803</b>	<b>14.86</b>	<b>39 638</b>	<b>6.71</b>	<b>42 297</b>

**Revenue from ordinary business activity**
**Table No. 4**

in BGN thousand					
REVENUES	2016	%	2017	%	2018
a	1		2		3
A. Operating income					
I. Net revenue from sales of:					
1. Production	0	0.00	0	0.00	0
2. Goods	3 820	93.04	7 374	48.48	10 949
3. Services	28 827	10.35	31 812	6.66	33 931
4. Others	142	316.20	591	-51.61	286
<b>Total Group I</b>	<b>32 789</b>	<b>21.31</b>	<b>39 777</b>	<b>13.55</b>	<b>45 166</b>
II. Revenues from financing including by the Government					
<b>Total Group II</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
III. Financial income					
1. Income from interest	4	-75.00	1	2200.00	23
2. Income from dividends	0	0.00	0	0.00	0
3. Positive differences from transactions with financial assets	0	0.00	0	0.00	0
4. Positive differences from exchange rate fluctuations	101	-63.37	37	121.62	82
5. Others	0	0.00	0	0.00	0
<b>Total Group III</b>	<b>105</b>	<b>47.89</b>	<b>38</b>	<b>176.32</b>	<b>105</b>
<b>B. Total operating revenue (I + II + III):</b>	<b>32 894</b>	<b>15.39</b>	<b>39 815</b>	<b>13.70</b>	<b>45 271</b>

As of 31.12.2018, ALLTERCO JSCo reported on a consolidated basis net sales revenues in the amount of BGN 45 166 thousand, which is an increase of 13.5% compared to the net sales revenues of the company on a consolidated basis as of December 31, 2017, which were BGN 39 777 thousand.

As of 31.12.2018, the revenues from sale of services amounted to BGN 33 931 thousand, which is an increase of 6.66% compared to the revenues from sale of services at the end of 2017, which amounted to 31 812 thousand BGN

Revenues from the sale of smart devices (goods) for 2018 amounted to BGN 10 949 thousand, which is an increase of 48.48% compared to the previous year.

**Operating expenses by economic elements**
**Table No. 5**

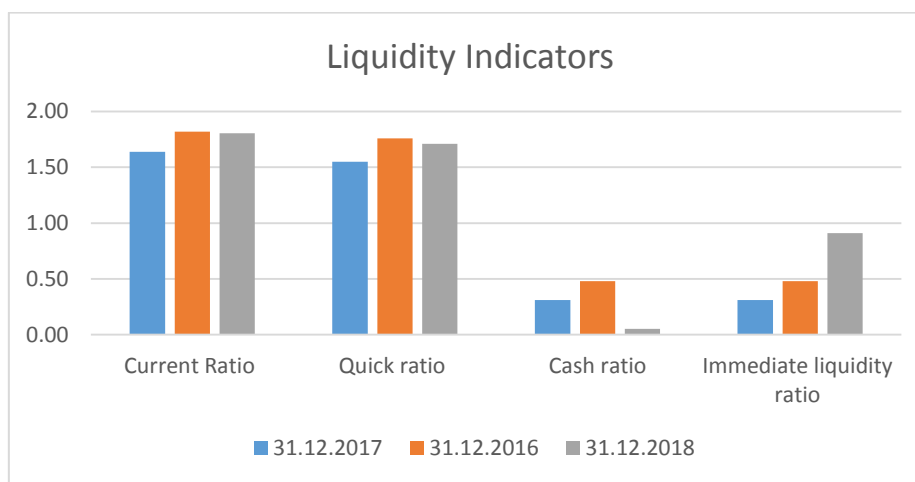
in BGN thousand					
EXPENSES	2016	%	2017	%	2018
a	1		2		3
A. Operating expenses					
I. Expenses by economic elements					
1. Materials	224	75.89	394	-1.78	387
2. External services	23 254	15.08	26 760	11.04	29 715
3. Depreciation	223	62.78	363	92.84	700

4. Remuneration	4 187	8.62	4 548	7.98	4 911
5. Social security	400	26.50	506	1.38	513
6. Book value of goods sold	1 551	107.93	3 225	44.68	4 666
7. Change in stocks of production and work in progress	0				
8. Other, incl.	1 246	-45.43	680	28.38	873
Impairment of assets provisions	436	-82.57	76	103.95	155
	115	-100.00	0	0	0
<b>Total Group I</b>	<b>31 085</b>	<b>17.34</b>	<b>36 476</b>	<b>14.50</b>	<b>41 765</b>

For the reporting year 2018, the expenses by economic elements of ALLTERCO JSCo on a consolidated basis amounted to BGN 41 765 thousand and registered an increase of 14.5% compared to the expenses by economic elements of the company for 2017. The largest share in the reported expenses for 2018 hold the expenses for external services with 71,15%, followed by expenses for remunerations and social security with a total share of 12,99% and book value of goods sold with 11,17%.

### Financial indicators

#### 1. LIQUIDITY



**Table No. 6**

<b>LIQUIDITY INDICATORS</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>
Current Ratio	1.82	1.64	1.80
Quick ratio	1.76	1.55	1.71
Cash ratio	0.48	0.31	0.05
Immediate liquidity ratio	0.48	0.31	0.91

#### Current Ratio

As of 31.12.2018, the current ratio of ALLTERCO JSCo on a consolidated basis is 1.80 and increases compared to its values for 2017. In 2018 compared to 2017, the current assets of ALLTERCO JSCo increase by 16,17%, mainly due to investments in subsidiaries classified as held for sale. In 2018, compared to 2017, current liabilities increased by 5.4%.

### Immediate liquidity ratio

As of 31.12.2018, the value of the consolidated immediate liquidity ratio is 0.91 and increased from its value for 2017 by 0.31 points. At the end of 2018, compared to 2017, the company's cash decreased by 82.25% and current liabilities increased by 5.4%. At the end of 2018, the Company reported its investments in 5 subsidiaries as available for sale assets. The value of non-current assets classified as available for sale is at the amount of BGN 8 858 thousand.

### Quick ratio

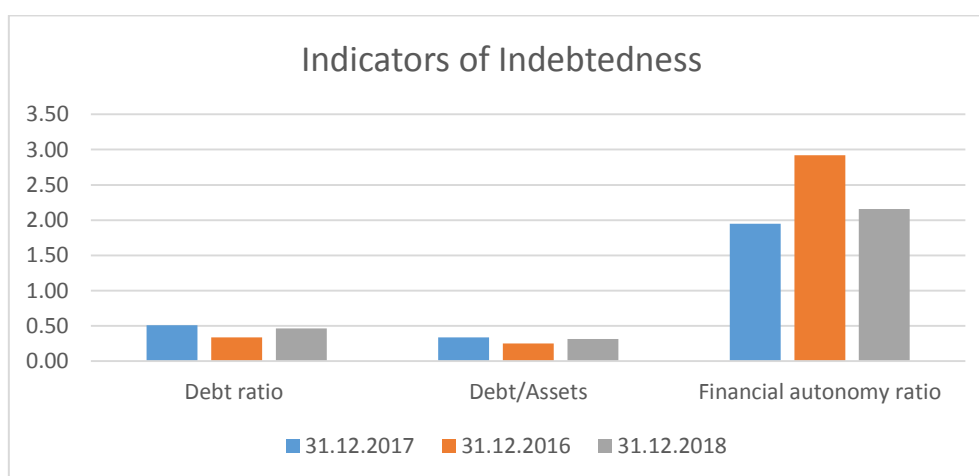
As of 31.12.2018, the value of the consolidated quick ratio is 1.71 and increases compared to the values for 2017. In 2018, compared to 2017, the value of the company's inventories increased by 12.09 %.

### Cash ratio

As of 31.12.2018, the value of Cash ratio is 0.05 and decreases from its value for 2017 of 0.31. At the end of 2018, compared to 2017, the company's cash decreased by 82.25% and current liabilities increased by 5.12%. The decrease in cash is mainly due to the classification of investments in 5 subsidiaries as available for sale assets.

## 3. CAPITAL RESOURCES

### INDEBTEDNESS RATIOS



**Table No. 7**

<b>INDICATORS OF INDEBTEDNESS:</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>
Debt ratio	0.34	0.51	0.46
Debt/ Assets	0.25	0.34	0.32
Financial autonomy ratio	2.92	1.95	2.16

### Financial autonomy ratio

As of 31.12.2018, the value of the financial autonomy ratio on a consolidated basis is increasing compared to 2017. In 2018 compared to 2017, the consolidated equity increased by 10.41% and the debt of the company decreased by 0.18%.

### Debt ratio

As of 31.12.2018, the consolidated debt ratio is 0.46 and is down compared to 2017.

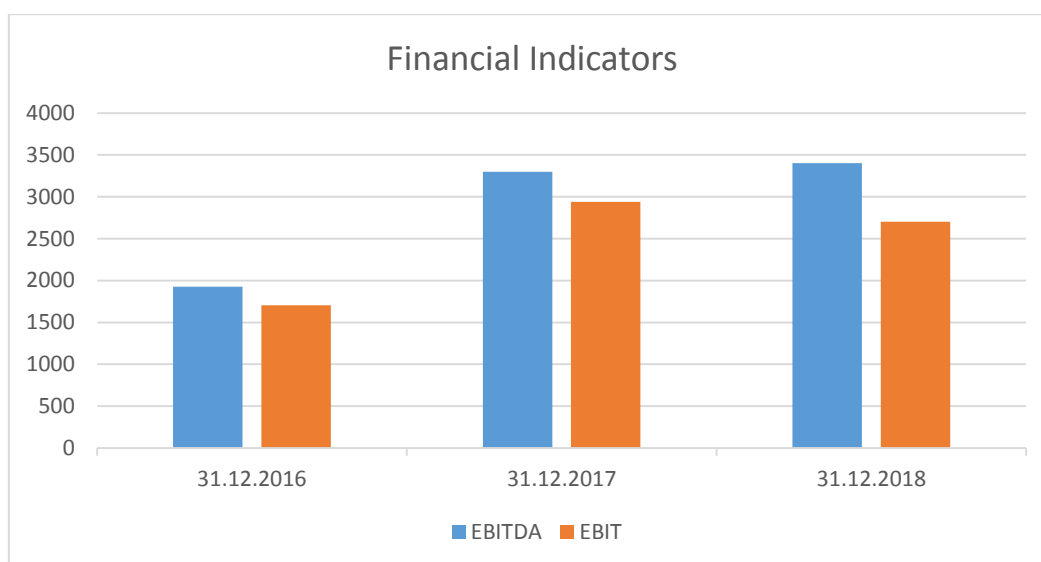
### Debt to total assets ratio

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

As of 31.12.2018, the debt/assets ratio on a consolidated basis is 0.32. In 2018 compared to 2017, the debt of ALLTERCO JSCo on a consolidated basis decreased by 0.18% and the total assets of the company increased by 6.69%.

## 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**

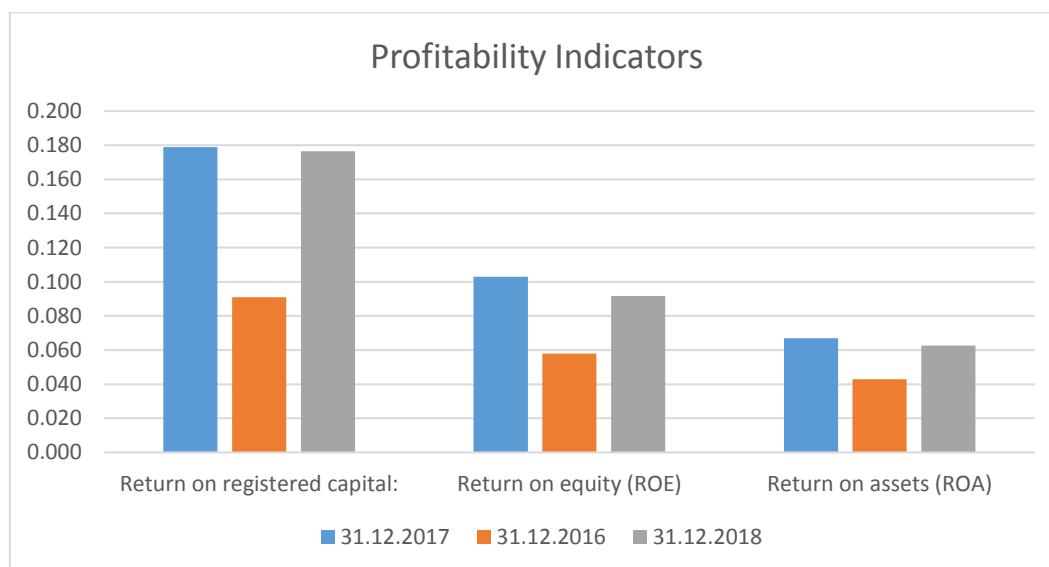
Financial indicators	31.12.2016	31.12.2017	31.12.2018
EBITDA	1 927	3 664	4 101
EBIT	1 704	3 301	3 401

**Table No. 9**

	in BGN thousand		
Indicators	31.12.2016	31.12.2017	31.12.2018
Net sales revenue	32 789	39 777	45 166
Equity	23 630	26 153	28 875
Non-current liabilities	553	3 596	3 043
Current liabilities	7 551	9 801	10 330
Non-current assets	18 059	23 594	23 833
Current assets	13 744	16 050	18 464
Working capital	6 193	6 249	8 134
Cash	3 606	3 060	543

Total debt	8 104	13 397	13 373
Interest expenses	17	48	166
Inventory	457	860	964
Short-term receivables	9 192	11 619	7 652
Operating expenses	31 085	36 476	41 765
Materials expenses	224	394	387

## 5. PROFITABILITY INDICATORS



**Table No. 10**

<b>PROFITABILITY INDICATORS</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>
Return on registered capital:	0.091	0.179	0.177
Return on equity (ROE)	0.058	0.103	0.092
Return on assets (ROA)	0.043	0.067	0.063

### Return on equity (ROE)

As of 31.12.2018, the consolidated Return on Equity ratio decreased to 0.092 compared to 2017. The reason for this is an increase of 1.38% in the net profit of the company on a consolidated basis. In 2018 compared to 2017, the company's equity increased by 10.41% on a consolidated basis.

### Return on assets (ROA)

The value of ROA ratio as of 31.12.2018 on a consolidated basis is 0.063 and decreases slightly compared to the previous financial year. For 2018, ALLTERCO JSCo reported a profit, with the company's assets increasing by 6.69% compared to 2017.

### Return of registered capital

As of 31.12.2018, the Return of registered capital on a consolidated basis is 0.177, which is lower value compared to 2017. In 2018 compared to 2017, the company's net profit increased by 1.38%.

**INFORMATION ON ENVIRONMENTAL ISSUES AND EMPLOYEES****HUMAN RESOURCE**

As of 31.12.2018, the number of employees in the economic group of ALLTERCO is 123 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 2018 amounted to BGN 5 424 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 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.

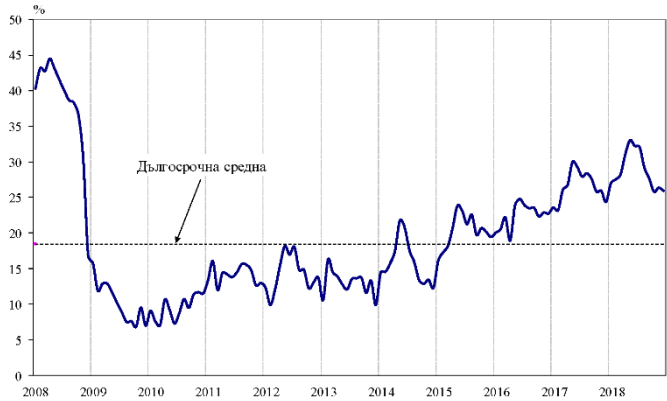
Given the assets specified in the Accountancy Act, it can be concluded that ALLTERCO JSCo does not, on a consolidated basis, incur an obligation to report non-financial information on its own or as part of the report of the Board of Directors.

## 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: 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>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>According to data from the National Statistical Institute, in December 2018 the total business climate indicator decreased by 0.5 points compared to the previous month, as a result of the less favorable business climate in industry.</p> <div data-bbox="635 1411 1305 1809" style="text-align: center;">  </div> <p style="text-align: center;">Source: NSI</p> <p>The composite indicator "business climate in industry" decreased by 2.7 points mainly due to the more reserved expectations of industrial entrepreneurs about the business situation of enterprises over the next six months. The uncertain economic environment and workforce shortages remain the biggest obstacles to business development. As regards of sales prices in the industry, most of the</p>

	<p>managers plan to maintain their level over the next three months.</p> <p>According to the National Statistical Institute, the composite indicator "business climate in retail" increased by 3.2 points, due to the optimistic estimates and expectations of retailers about the business situation of enterprises. At the same time, however, their expectations for both sales volume and supplier orders over the next three months are less favorable. The most serious obstacle for business remains competition in the industry. Over the past month, there has also been an increase in the negative impact of the "insufficient demand" factor, which displaces the "uncertain economic environment" factor at third place. Retailers are projecting sales prices in the sector to remain flat over the next three months<sup>1</sup></p> <p>According to the National Statistical Institute, in December the composite indicator "business climate in the services sector" remains approximately at its November level. With regard to the demand for services, the current trend is declining and the expectations for the next three months are more cautious. With regard to sales prices in the services sector, managers expect them to remain unchanged over the next three months.</p> <p>The European Central Bank's Governing Council's Economy and Finance Assessment as of September 2018 indicates that broad-based economic growth in the eurozone continues despite the slowdown following the high growth in 2017. In the second quarter of 2018, the GDP in the eurozone increased on a quarterly basis by 0.4%, the same rate as in the first quarter.</p> <p>According to the macroeconomic forecasts of ECB experts from December 2018, real GDP is expected to grow on an annual basis by 1.9% in 2018, 1.7% in 2019, 1.7% in 2020, and by 1.5% in 2021. Compared to the ECB macroeconomic projections of September 2018, real GDP growth expectations are slightly revised downwards for 2018 and 2019.</p> <p>According to Eurostat estimates, annual eurozone inflation, measured by the Harmonized Indices of Consumer Prices (HICP), decreased to 2.0% in November 2018 from 2.2% in October. In the future, based on current oil futures prices, overall inflation is likely to decline in the coming months. It is expected that core inflation to increase in the medium term, supported by measures of the ECB monetary policy continuing economic boom and growing wage growth. Eurosystem experts forecast annual HICP inflation of 1.8% in 2018, 1.6% in 2019, 1.7% in 2020 and 1.8% in 2021. Compared to macroeconomic projections ECB experts' September 2018 HICP inflation forecast is slightly revised upwards in 2018 and 2019. HICP inflation, excluding energy and food, is projected to increase from 1.0% in 2018 to 1.4% in 2019, 1.6% in 2020 and 1.8% in 2021. Based on its regular economic and monetary analysis, the Governing Council has taken the following decisions. The Governing Council has decided not to change the ECB's base interest rates and continues to expect them to remain at their current levels until at least the end of summer 2019, and in any case where necessary to ensure that inflation will continue to steadily approach levels lower but close to 2% in the medium term. <sup>2</sup></p>
<b>INTEREST RATE RISK</b>	<p>Interest rate risk is related to possible, eventual, negative changes in interest rates established by the financial institutions of the Republic of Bulgaria.</p>

<sup>1</sup> Business conditions NSI business surveys December 2018,

<sup>2</sup> ECB Economic Bulletin, Issue no. 8 / 2018 <http://www.bnb.bg/ResearchAndPublications/PubECB/index.htm>

The Governing Council of the ECB has decided not to change the ECB's basic interest rates and continues to expect them to remain at their current levels until at least the end of summer 2019 and in any case to the extent necessary to ensure that inflation will continue to steadily approach levels lower but close to 2% in the medium term.<sup>3</sup>

Month	Basic interest rate
January, 2018	0.00%
February 2018	0.00%
March 2018	0.00%
April 2018	0.00%
May 2018	0.00%
June 2018	0.00%
July 2018	0.00%
August 2018	0.00%
September 2018	0.00%
October 2018	0.00%
November 2018	0.00%
December 2018	0.00%

\* Source: BNB

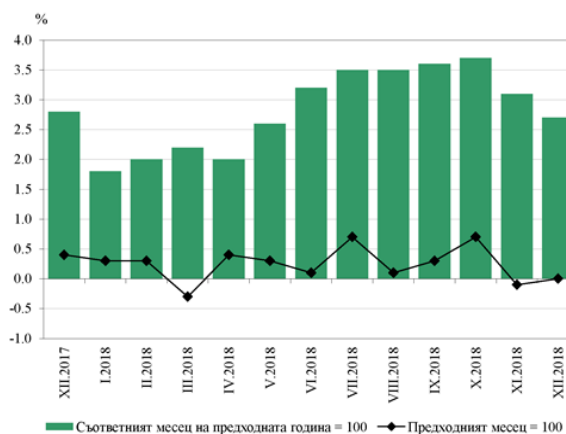
#### INFLATION RISK

Inflation risk is the general increase in prices, whereby money is depreciated and there is a likelihood of suffering losses by households and businesses.

According to NSI data, the consumer price index in December 2018 compared to November 2018 was 100.0%, ie. monthly inflation was 0.0%. Annual inflation for December 2018 compared to December 2017 was 2.7%. The average annual inflation for the period January - December 2018 compared to the period January - December 2017 was 2.8%.

The harmonized index of consumer prices for December 2018 compared to November 2018 was 100.0%, ie. monthly inflation was 0.0%. Annual inflation for December 2018 compared to December 2017 was 2.3%. The average annual inflation for the period January - December 2018 compared to the period January - December 2017 was 2.6%.<sup>4</sup>

Фиг. 1. Инфлация, измерена чрез ИПЦ, по месеци



\*Source: NSI

<sup>3</sup> ECB Economic Bulletin, Issue no. 8 / 2018 <http://www.bnb.bg/ResearchAndPublications/PubECB/index.htm>

<sup>4</sup> <http://www.nsi.bg/bg/content/16918/>

<p>CURRENCY RISK</p>	<p>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.</p> <p>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.</p> <p>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 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 <math>\pm 15\%</math>.</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>Tax risk</p>	<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 arise.</p>

## **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 Bulgarian Association for Information Technology, there is a shortage of about 40,000 IT professionals in Bulgaria, and in Europe the shortage of such staff is about 1 million people. 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 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 issuer 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.

### **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:

1. Risk of increased competition: ALLTERCO JSCo, and in particular the Group companies, operate in the value-added mobile services segment and entered the Internet of Things market through the home automation and management system "SHE" and the "MyKi" children's watch. Both market segments are extremely dynamic, with huge growth potential, which makes them very attractive for competitors. 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 Value-added Services (VAS), 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 Group's business activities are directly related and dependent on the activities of the mobile operators, as value added services are offered through the networks of the mobile operators. The eventual loss of a partnership with a mobile operator in any of the markets in which the Group operates, as well as consolidation processes in the mobile operator sector, could have negative effects on the Group's revenue, financial position and future development. Strong dependence on mobile operators also exposes the Company to risk relates to the mobile market as a whole. Any disruption or negative change in it would adversely affect Allterco as it is dependent on the activity of the mobile operators and their development.
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, TERA COMMUNICATIONS AD, ALLTERPAY EOOD, 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 from services provided to the acquired companies, namely: accounting services (currently provided by

Allterco Finance OOD), management and administrative services (currently provided by ALLTERCO JSCo for management fee), rent of office space in the building of Allterco Properties EOOD. In addition, when those companies leave the Group, ALLTERCO JSCo will not be able to benefit from the dividends distributed by them and the cash deposits provided from time to time. 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.

### **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. Two companies in the group are using bank financing in the form of overdrafts, which can be used in case of problems with liquidity. Also, two of the companies have entered into factoring agreements.

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.

## **V. IMPORTANT EVENTS AFTER THE DATE OF FINANCIAL STATEMENTS**

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

- Based on the approvals provided by ALLTERCO JSCo pursuant to Art. 114, para. 3 of Public Offering of Securities Act, the subsidiary TERA COMMUNICATIONS AD acquired, under the conditions of deferred payment, 100% of the capital of TERA COMMUNICATIONS DOOEL - a sole limited liability company incorporated and operating under Macedonian law, with seat and management address: Republic of Macedonia, city of Skopje October 11, 25, floor 7, office 705, registered with the Macedonian Central Registry under EMBC 6600816 and ALLTERPAY EOOD, a sole limited liability company incorporated and operating under Bulgarian law, with its seat and management address: Sofia 1407, Lozenets District, 103, Cherni Vrah Blvd., entered in the Commercial Register of the Registry Agency with UIC: 203903540. The acquisition was carried out in the context of a restructuring undertaken by the public company management in order to accelerate the processes regarding the sale of the company's telecommunications business in Europe by selling the participation of ALLTERCO JSCo in the capital of its subsidiaries: TERA VOICE EAD, TERA COMMUNICATIONS AD, ALLTERPAY EOOD, TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia). The change in ownership of the capital of TERA COMMUNICATIONS DOOEL and ALLTERPAY EOOD is entered in the local commercial registers by places.
- ALLTERCO JSCo has issued a notice on the financial position of the company on an individual and consolidated basis for the fourth quarter of 2018, in accordance with the requirements of the Public Offering of Securities Act
- ALLTERCO JSCo has announced the annual financial statements of the company on an individual basis for 2018.
- ALLTERCO JSCo has issued a notice on the financial position of the company on an individual basis for the first quarter of 2019, in accordance with the requirements of the Public Offering of Securities Act
- ALLTERCO JSCo has approved and the subsidiary Tera Communications AD (as a joint and several debtor) has concluded Annex No. 3 for amendments (extension until 31 July 2019) under the terms of a revolving bank loan dated 25.08.2015 (“Contract”), amended and supplemented by Annex No. 1 of 27.07.2017. (Annex No. 1) and Annex No. 2 dated July 30, 2018. (Annex No. 2), pursuant to the General Terms and Conditions of Raiffeisenbank (Bulgaria) EAD for corporate lending (“General Conditions”) concluded between Raiffeisenbank (Bulgaria) EAD (Creditor) and “TERA VOICE” EAD (Borrower)

**VI. CURRENT TRENDS AND POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY**

As of 31.12.2018, ALLTERCO JSCo reported on a consolidated basis net sales revenues in the amount of BGN 45 166 thousand, which is an increase of 13.55 % compared to the net sales revenues of the company on a consolidated basis as of December 31, 2017, which are valued at BGN 39 777 thousand.

**Table No. 12**

					in BGN thousand
REVENUES	2016	%	2017	%	2018
a	1		2		3
A. Operating income					
I. Net revenues from sales					
1. Production	0	0.00	0	0.00	0
2. Goods	3 820	93.04	7 374	48.48	10 949
3. Services	28 827	10.35	31 812	6.66	33 931
4. Others	142	316.20	591	-51.61	286
<b>Total Group I</b>	<b>32 789</b>	<b>21.31</b>	<b>39 777</b>	<b>13.55</b>	<b>45 166</b>
II. Revenues for financing					
including by the Government					
<b>Total Group II</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
III. Financial income					
1. Income from interest	4	-75.00	1	2200.00	23
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	0.00	0
4. Positive differences from exchange rate fluctuations	101	-63.37	37	121.62	82
5. Others	0	0.00	0	0.00	0
<b>Total Group III</b>	<b>105</b>	<b>47.89</b>	<b>38</b>	<b>176.32</b>	<b>105</b>
<b>B. Total operating revenue (I + II + III):</b>	<b>32 894</b>	<b>15.39</b>	<b>39 815</b>	<b>13.70</b>	<b>45 271</b>

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

In 2019, 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"> <li>• applying the principles of good corporate governance;</li> </ul>

	<ul style="list-style-type: none"> <li>• organizing conditions for efficient and transparent work;</li> <li>• improving the quality of services/products offered</li> </ul> <ol style="list-style-type: none"> <li>2. Asset transactions of the company and its subsidiaries</li> <li>3. Establishment of the management structure</li> <li>4. Financing of investment activity and working capital of subsidiaries</li> <li>5. Financial and accounting policy and reporting</li> </ol>
Teravoice AD	Provision of technical connection between the mobile operators in Bulgaria and the Bulgarian companies of the group
Tera Communications AD, Bulgaria	Provision of IT and technical services to the Group companies and value added services to third parties on the territory of Bulgaria and Europe for the purposes of: <ul style="list-style-type: none"> <li>- Providing technical connectivity;</li> <li>- Mobile notifications;</li> <li>- Mobile marketing;</li> <li>- Development of technical solutions for the needs of mobile operators aimed at providing content for mobile services.</li> </ul>
Tera Communications DOOEL, Macedonia;	Provision of value-added services in the Northern Macedonia market.
ALLTERCO PTE LTD., Singapore	Provision of value-added services in Singapore.
Teracomm RO Srl, Romania	Provision of value added services in the Romanian market
Allterco Finance OOD	Accounting and financial services for the Group companies as well as for external clients
Allterco Robotics EOOD, Bulgaria	Development and sale of IoT devices Research and development in the field of IoT devices
Allterco Properties EOOD, 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
Allterpay EOOD, Bulgaria	Provision of online payments
Global Teracomm Inc., USA	Provision of mobile marketing services in the US market

*Please note that the following companies: Allterpay EOOD, Tera Communications AD, Teravoice EAD, Teracomm RO Srl, Romania and Tera Communications DOOEL, Northern Macedonia are part of a deal (not finalized yet) for the sale of 100% of the participation of ALLTERCO JSCo in their capital to Link Mobility Group.*

## **VII. ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT**

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 2018. It is: Allterco Robotics EOOD

### **VIII. INFORMATION ABOUT THE ACQUISITION OF OWN SHARES REQUIRED IN ACCORDANCE WITH ART. 187e (д) 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 2018, 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 31.12.2018, 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 2018.

- According to the Remuneration Policy adopted by a resolution of the General Meeting of Shareholders, in 2018 the members of the Board of Directors received a total gross remuneration of BGN 93 thousand as follows:

<b>Full name</b>	<b>Title</b>	<b>Gross/thousand BGN</b>
Dimitar Stoyanov Dimitrov	Executive Director	36
Svetlin Iliev Todorov	Executive Director	36
Viktor Georgiev Atanasov (Member of the Board of Directors until 20.12.2018)	Member of the Board of Directors	7
Rashko Kostov Kostov (Member of the Board of Directors until 20.12.2018)	Independent member	7
Nikolay Angelov Martynov	Independent member	7

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.

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

As of 31 December 2018, the shares held by members of the Board of Directors of ALLTERCO JSCo are:

**Table No. 14**

Name	PERCENTAGE OF THE CAPITAL
Dimitar Stoyanov Dimitrov	38.51%
Svetlin Iliev Todorov	38.51%
Viktor Georgiev Atanasov (Member of the Board of Directors until 20.12.2018)	7.47 %
Nikolay Angelov Martynov	0 %
Rashko Kostov Kostov (Member of the Board of Directors until 20.12.2018)	0 %

### 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 in the capital of the company on a regulated market of securities in strict observance of the provisions of the Market Abuse with Financial Instruments Act and the Public Offering of Securities Act.

On the basis of the provision of Art. 16, para. 1 and 3 of the Market Abuse with Financial Instrument Act, 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

**Table No. 15**

Dimitar Dimitrov - Member of the Board of Directors as of 31.12.2018		
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
DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code 130554234, with seat and management address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, fl. 1	DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code 130554234, with seat and management address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, fl. 1	DVR Review EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code 130554234, with seat and management address in the town of Samokov, 1, ZHITNA CHARSHIYA Street, fl. 1 - direct;

Auto Lex Consult EOOD 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 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 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 - direct;
Allterpay EOOD entered in the Commercial Register at the Registry Agency under Unified Identification Code 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd.	Teracomm OOD, UIC 131267949, with seat and management address in the city of Sofia 1782, Studentski District, 113A, Tsarigradsko shose Blvd.,	Tera Communications AD, UIC 131384920, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
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;	Web Engine OOD, UIC 200303120, with seat and management address in the city of Sofia, Sofia 1619, Lozenets District, 5A, Nikola Petkov Blvd.:	Allterco Robotics EOOD, UIC 202320104, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Teravoice EAD, UIC 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterpay EOOD, UIC 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Finance OOD, UIC 203348672, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Robotics EOOD, UIC 204639442, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		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 – indirect;
		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 - direct;

		Tera Communications DOOEL Skopje, a company incorporated under the laws of Macedonia, EDB 4057010507053, EMBS 6600816, with seat and management address: Skopje 11-ti Oktomvri Str., br. 25 kat 7 705 - indirect;
		TERACOMM RO SRL, a company incorporated under the laws of Romania, UIC 17811503, with seat and management address in 28A Delea Veche Str., int. 22, 1st fl., District 2, Bucharest - indirect;
		Global Teracomm Ltd., USA, with seat and management address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect;
		Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - indirect;

Svetlin Todorov - Member of the Board of Directors as of 31.12.2018		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Direct participation in the capital of other companies</b>	<b>Companies in which the person exercises control</b>
Teracomm OOD, UIC 131267949, with seat and management address in the city of Sofia, 113A, Tsarigradsko shose Blvd.,	FF Film Hauz OOD, UIC 130627604, with seat and management address in the city of Sofia, 60, Osogovo Street - direct;	Tera Communications AD, UIC 131384920, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
FF Film Haus OOD, UIC 130627604, with seat and management address in the city of Sofia, 60, Osogovo Street	Teracomm OOD, UIC: 131267949, having its seat address and management address at: city of Sofia, 113A, Tsarigradsko shose Blvd. - 20%	Teravoice EAD, UIC 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Global Teracomm Ltd., USA, with seat and management address in 5851 W. Charleston Blvd, Las Vegas, NV 89146, USA	Web Engine OOD, UIC: 200303120, having its seat address and management address at: city of Sofia, 5A, Nikola Petkov Blvd. - 20%	Allterco Robotics EOOD, UIC 202320104, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Teravoice EAD entered in the Commercial Register at the Registry Agency under Unified Identification Code 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd.		Allterpay EOOD, UIC 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect

		Allterco Properties EOOD, UIC 204639442, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Finance EOOD, UIC 203348672, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		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 – indirect;
		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 - indirect;
		Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - indirect;
		Tera Communications DOOEL Skopje, a company incorporated under the laws of Macedonia, EDB 4057010507053, EMBS 6600816, with seat and management address: Skopje 11-ti Oktomvri Str., br. 25 kat 7 705 - indirect;
		TERACOMM RO SRL, a company incorporated under the laws of Romania, UIC 17811503, with seat and management address in 28A Delea Veche Str., int. 22, 1st fl., District 2, Bucharest 22 - indirect;
		Global Teracomm Ltd., USA, with seat and management address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA;
		FF Film Hauz OOD, UIC 130627604, with seat and management address in the city of Sofia, 60, Osogovo Street

<b>Viktor Atanasov (Member of the Board of Directors until 20.12.2018)</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Direct participation in the capital of other companies</b>	<b>Companies in which the person exercises control</b>
Alltreco PTE Ltd, Singapore, with seat and management address 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879;	Alltreco PTE Ltd, Singapore, with seat and management address 422 Orchard Road, #03-01 Claymore Connect, Singapore 238879;	Tera Communications AD, UIC 131384920, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Allterco Co Ltd., Thailand, with seat and management address 240/37 Ayotaya Tower Building, 19th Floor, Ratchadapiseak Road, Hwai Kwang District, Bangkok, Thailand;		Allterco Robotics EOOD, UIC 202320104, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR;		Teravoice EAD, UIC 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Tera Communications DOOEL with seat and management address in 11-th October St. No 25, office 705, Skopje, Macedonia (released from office in 2017)		Allterpay EOOD, UIC 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Properties EOOD, UIC 204639442, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Finance EOOD, UIC 203348672, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		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 – 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 - direct;

		Tera Communications DOOEL Skopje, a company incorporated under the laws of Macedonia, EDB 4057010507053, EMBS 6600816, with seat and management address: Skopje 11-ti Oktomvri Str., br. 25 kat 7 705 - direct;
		TERACOMM RO SRL, a company incorporated under the laws of Romania, UIC 17811503, with seat and management address in 28A Delea Veche Str., int. 22, 1st fl., District 2, Bucharest - indirect;
		Global Teracomm Ltd., USA, with seat and management address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect;
		Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - indirect;

<b>Nikolay Martinov - Member of the Board of Directors as of 31.12.2018</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Direct participation in the capital of other companies</b>	<b>Companies in which the person exercises control</b>
Unicom Consult EOOD, UIC 121082655, with seat and management address in the city of Sofia 1619, district of Vitosha, 271, Tsar Boris III Blvd., fl. 5, apt. 9;	Unicom Consult EOOD, UIC 121082655, with seat and management address in the city of Sofia 1619, district of Vitosha, 271, Tsar Boris III Blvd., fl. 5, apt. 9;	Tera Communications AD, UIC 131384920, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Online Media OOD, UIC 117004285, with seat and management address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., entr.. B (2), floor 1, apt. 1;	Online Media OOD, UIC 117004285, with seat and management address in the town of Ruse 7000, 6a, Pridunavski Blvd., entr.. B (2), floor 1, apt. 1;	Allterco Robotics EOOD, UIC 202320104, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
Inbro OOD, UIC 121003506, with seat and management address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., fl. 5;	Inbro OOD, UIC 121003506, with seat and management address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., fl. 5;	Teravoice EAD, UIC 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect

Housmeister AD, UIC 203037803, with seat and management address in Sofia Region, Kostinbrod Municipality, town of Kostinbrod 2230, 1 Detelina Street;	Impetus Capital OOD, UIC 203592737, with seat and management address in the city of Sofia 1784, Mladost District, r.a. Mladost 1, bl. 29A, entr. A, fl., 8, apt.	Allterpay EOOD, UIC 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
BIOSEEK JSC, UIC: 204790412, having its seat address and management address at: city of Sofia 1505 Oborishte District, 42, Ilarion Dragostinov Street, apt. 37		Allterco Properties EOOD, UIC 204639442, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
BIODIT GLOBAL TECHNOLOGY AD UIC: 203854303, having its seat address and management address at: city of Sofia 1756, Studentski District, 125 Kliment Ohridski Blvd. - via IMPETUS CAPITAL OOD, UIC/PIC 203592737		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 - indirect;
IMVENTURE KDA, UIC: 204870431 Sofia 1784, Mladost District, r.a. Mladost 1, bl. 29A, entr. A, fl., 8, apt. 38 - as a representative representing legal entity - IMPETUS CAPITAL OOD, UIC/PIC 203592737		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 - indirect;
UNITED COMMERCIAL OUTLETS UIC: 205329927, having its seat address and management address at: city of Sofia 1618, Ovcha Kupel District, r.a. Ovcha Kupel, bl. 48, entr. B(2) apt. 47		Tera Communications DOOEL Skopje, a company incorporated under the laws of Macedonia, EDB 4057010507053, EMBS 6600816, with seat and management address: Skopje 11-ti Oktomvri Str., br. 25 kat 7 705 - indirect;
		TERACOMM RO SRL, a company incorporated under the laws of Romania, UIC 17811503, with seat and management address in 28A Delea Veche Str., int. 22, 1st fl., District 2, Bucharest - indirect;
		Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - indirect;
		Global Teracomm Ltd., USA, with seat and management address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect;
		Allterco Finance OOD, UIC 203348672, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect

		Unicom Consult EOOD, UIC 121082655, with seat and management address in the city of Sofia 1619, district of Vitosha, 271, Tsar Boris III Blvd., fl. 5, apt. 9 - direct;
		Online Media OOD, UIC 117004285, with seat and management address in the town of Ruse 7000, 6a, PRIDUNAVSKI Blvd., entr.. B (2), floor 1, apt. 1 - direct;
		Inbro OOD, UIC 121003506, with seat and management address in the city of Sofia 1619, Vitosha District, 271, Tsar Boris III Blvd., fl. 5;
		Impetus Capital OOD, UIC: 203592737, having its seat address and management address at: city of Sofia city, r.a. Mladost 1, bl. 29A, entr. A, fl., 8, apt. 38 - direct;
		BIODIT GLOBAL TECHNOLOGY AD UIC: 203854303, having its seat address and management address at: city of Sofia 1756, Studentski District, 125 Kliment Ohridski Blvd. - via IMPETUS CAPITAL OOD, UIC/PIC 203592737
		BIOSEEK JSC, UIC: 204790412, having its seat address and management address at: city of Sofia 1505 Oborishte District, 42, Ilarion Dragostinov Street, apt. 37
		IMVENTURE KDA, UIC: 204870431 Sofia 1784, Mladost District, r.a. Mladost 1, bl. 29A, entr. A, fl., 8, apt. 38 - via IMPETUS CAPITAL OOD, UIC/PIC 203592737
		UNITED COMMERCIAL OUTLETS UIC: 205329927, having its seat address and management address at: city of Sofia 1618, Ovcha Kupel District, r.a. Ovcha Kupel, bl. 48, entr. B(2) apt. 47

<b>Rashko Kostov (Member of the Board of Directors until 20.12.2018)</b>		
<b>Participation in the governing and supervisory bodies of other companies, their participation as procurators and unlimited partners</b>	<b>Direct participation in the capital of other companies</b>	<b>Companies in which the person exercises control</b>
Jar EOOD, UIC 131418803, seat address and management address in city of Sofia 1231, Nadezhda District, r.a. Svoboda, bl. 5, apt. 22;	Jar Computer OOD, UIC 131418778, with seat and management address in the city of Sofia 1231, Nadezhda District, r.a. Svoboda, bl. 5, apt. 22;	Tera Communications AD, UIC 131384920, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect

Jar Computer OOD, UIC 131418778, with seat and management address in the city of Sofia 1231, Nadezhda District, r.a. Svoboda, bl. 5, apt. 22;	Cool Clima UIC 200813874, having its seat address and management address at: Sofia 1220, Nadezhda District, r.a. Nadezhda, bl. 419, entr. A, fl., 1, apt. 1;	Allterco Robotics EOOD, UIC 202320104, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
	Jar Clima OOD, UIC 175424843, with seat and management address in the city of Sofia 1231, Nadezhda District, r.a. Nadezhda, bl. 419, entr. A, fl., 1, apt. 1;	Teravoice EAD, UIC 200724639, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterpay EOOD, UIC 203903540, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Properties EOOD, UIC 204639442, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		Allterco Finance OOD, UIC 203348672, with seat and management address in the city of Sofia, 103, Cherni vrah Blvd. - indirect
		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 – indirect;
		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 - indirect;
		Tera Communications DOOEL Skopje, a company incorporated under the laws of Macedonia, EDB 4057010507053, EMBS 6600816, with seat and management address: Skopje 11-ti Oktomvri Str., br. 25 kat 7 705 - indirect;
		TERACOMM RO SRL, a company incorporated under the laws of Romania, UIC 17811503, with seat and management address in 28A Delea Veche Str., int. 22, 1st fl., District 2, Bucharest 22 - indirect;
		Allterco SDN Bhd., Malaysia, with seat and management address in A-3-35B IOI BOULEVARD, JALAN KENARI 7, BANDAR PUCHONG JAYA, 47170 PUCHONG, SELANGOR - indirect;

	Global Teracomm Ltd., USA, with seat and management address in 5851 W.Charleston Blvd. Las Vegas, NV 89146, USA - indirect; Jar EOOD, UIC 131418803, seat address and management address in city of Sofia 1231, Nadezhda District, r.a. Svoboda, bl. 5, apt. 22 - direct; Jar Computer OOD, UIC 131418778, with seat and management address in the city of Sofia 1231, Nadezhda District, r.a. Svoboda, bl. 5, apt. 22 - direct;
--	--

**5. Agreements signed in 2018 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 2018, 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 2019 are not foreseen in connection with the decision of ALLTERCO JSCo to sell its participation in the capital to some of its subsidiaries operating in the field of telecommunications in the territory of Europe. Revenues will continue to be generated mainly from management services to other subsidiaries and from dividends.

## 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 2018 to hedge risks from changes in exchange rates, interest rates or uncertainty of cash flows. During the reporting year, the Company did not perform any foreign exchange hedging transactions, as there are not large enough and long-term transactions in USD or other floating currencies.

The Group companies did not use financial instruments in 2018 to hedge from amendment the exchange rate risks

The Company could have exposure to liquidity, market, interest rate, foreign exchange and operational risks arising from the use of financial instruments, in case it used such instruments.

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

**1. 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 year.**

ALLTERCO JSCo does not carry out direct manufacturing activities. The manufacturing activity is carried out by the issuer's subsidiaries.

**2. Information on revenue broken down by category, 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 activity category

Table No. 16

in BGN thousand					
REVENUES	2016	%	2017	%	2018
a	1		2		3
A. Operating income					
I. Net revenues from sales					
1. Production	0	0.00	0	0.00	0
2. Goods	3 820	93.04	7 374	48.48	10 949
3. Services	28 827	10.35	31 812	6.66	33 931
4. Others	142	316.20	591	-51.61	286
<b>Total Group I</b>	<b>32 789</b>	<b>21.31</b>	<b>39 777</b>	<b>13.55</b>	<b>45 166</b>

II. Revenues from financing					
including by the Government					
<b>Total Group II</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
III. Financial income					
1. Income from interest	4	-75.00	1	2200.00	23
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	0.00	0
4. Positive differences from exchange rate fluctuations	101	-63.37	37	121.62	82
5. Others	0	0.00	0	0.00	0
<b>Total Group III</b>	<b>105</b>	<b>47.89</b>	<b>38</b>	<b>176.32</b>	<b>105</b>
<b>B. Total operating revenue (I + II + III):</b>	<b>32 894</b>	<b>15.39</b>	<b>39 815</b>	<b>13.70</b>	<b>45 271</b>

As of 31.12.2018, ALLTERCO JSCo reported on a consolidated basis net sales revenues in the amount of BGN 45 166 thousand, which is an increase of 13.55 % compared to the net sales revenues of the company on a consolidated basis as of December 31, 2017, which were at the amount of BGN 39 777 thousand.

### **3. Information about concluded significant deals.**

In 2018, ALLTERCO JSCo and the companies in its economic group did not conclude significant transactions within the meaning of Ordinance 2 of the FSC, other than those specified in this activity report.

**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 2018, 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. For the period 01.01.2018 - 31.12.2018 ALLTERCO JSCo has concluded related party transactions in the form of collateral - assuming joint and several liability in connection with credit and factoring contracts concluded by the subsidiary Allterco Robotics EOOD. Details of these transactions are provided in Section 8 of this report.

All transactions between ALLTERCO JSCo and its subsidiaries are eliminated in the preparation of the audited annual financial statements.

**5. 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 2018, there were no events or indicators in unusual nature for ALLTERCO JSCo.

In February 2018, ALLTERCO JSCo announced a decision of the Board of Directors to conclude a binding agreement with LINK Mobility Group ASA ("Term Sheet") on the key terms for the sale of participations of ALLTERCO JSCo in subsidiaries: TERA VOICE EAD, TERA COMMUNICATIONS AD, ALLTERPAY EOOD, TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia), continued with an annex from October that year. At an extraordinary meeting held on December 20, 2018, the General Meeting of Shareholders approved the sale of the said subsidiaries and authorized the Board of Directors to conclude a Share Purchase Agreement (SPA) on behalf of the company) with LINK Mobility ASA, pursuant to which ALLTERCO JSCo will transfer to LINK 100% of its participation (directly or indirectly) in the capital of its subsidiaries: TERA VOICE EAD, TERA COMMUNICATIONS AD, ALLTERPAY EOOD, TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia) under the conditions set out in the written materials for the meeting.

In 2018, ALLTERCO JSCo commenced a process of restructuring its telecommunications companies, namely the transfer of 100% of the capital of its subsidiaries Allterpay Ltd., TERACOMM RO SRL (Romania) and TERA COMMUNICATIONS DOOEL (Macedonia) to its subsidiaries Tera Communications AD and Teravoice EAD, for which it duly notified FSC in accordance with Art. 114, para. 3 of the POSA. At present, due to the requirements of the local legislation, the transfer process has not been completed and there has been no change of ownership of the capital of TERACOMM RO SRL (Romania). In January 2019, ALLTERCO JSCo announced a change in ownership of the capital of the other two subsidiaries - Allterpay EOOD and TERA COMMUNICATIONS DOOEL (Macedonia), which at the date of this report were 100% owned by Tera Communications. AD,

As a result of the restructuring, ALLTERCO JSCo holds 100% of the capital of the listed companies Tera Communications DOOEL, Macedonia and Allterpay EOOD, Bulgaria through its subsidiaries as the owner of 99.98% of the capital of Tera Communications AD and 100% of the capital of Teravoice EAD.

**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 2018, there are no off-balance-sheet transactions in the companies of ALLTERCO JSCo's economic group.

**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 31.12.2018, the economic group of ALLTERCO JSCo D consists of the following

subsidiaries:

- 100% of the capital of Teravoice AD;
- 99.98% of the capital of Tera Communications AD, Bulgaria;
- 100 % of the capital of Tera Communications DOOEL, Macedonia;
- 100 % of the capital of Allterco PTE Ltd., Singapore;
- 100% of the capital of Teracomm RO Srl, Romania;
- 67% of the capital of Allterco Finance OOD;
- 100% of the capital of Allterco Robotics EOOD; Bulgaria;
- 100% of the capital of Allterco SDN Bhd., Malaysia;
- 49% of the capital of Allterco Ltd., Thailand;
- 100% of the capital of Allterpay EOOD, Bulgaria;
- 100% of the capital of Allterco Properties EOOD;
- 67% of the capital of Global Teracomm Inc., CAIII

ALLTERCO JSCo indirectly controls, through Teravoice EAD, 0.02% of Tera Communications AD's capital

As of 11.01.2019, Allterco controls 100% of the capital of Tera Communications DOOEL, Macedonia and 100% of the capital of Allterpay EOOD, Bulgaria through its subsidiary Tera Communications AD.

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

The Company receives cash deposits from its subsidiaries. The balance of the received deposits as of 31.12.2018 is BGN 375 thousand. Accrued interest expenses on these deposits for 2018 amount to BGN 21 thousand.

The Company has assumed joint and several liability and a guarantee obligation for securing bank financing contracts concluded by the subsidiary ALLTERCO ROBOTICS EOOD.

The subsidiaries Tera Communications AD, Teravoice EAD, Allterco Properties EOOD, Allterco Robotics EOOD are parties to new and annexed 2018 bank financing agreements.

Subsidiaries Tera Communications AD, Teravoice EAD, Allterco Properties EOOD have jointly and severally assumed the responsibility on bank financing agreements concluded with other subsidiaries in 2018

Contract	Annex	Creditor	Debtor	Joint debtor/Guarantor	Amount/Limit	Financial conditions	Term	COLLATERAL provided by the borrower
Factoring 09.11.2016	Annex 1 dated 27.07.2017 Annex 2 dated 12.11.2018	Raiffeisenbank Bulgaria EAD	ALLTERCO ROBOTICS EOOD	Tera Communications AD (excluded) ALLTERCO JSCo - joint debtor, replacing Tera	BGN 600 000	Reference interest rate and a margin of 2 points but not less than 2% of the aggregate	09.02.2020	Contract for special pledge of receivables on bank accounts; Promissory note for the value of the limit plus 10% interest per

				Communications AD pursuant to Annex 2 dated 12.11.2018.		annual interest rate; Annual management fee; Fee for invoices processing		annum on the amount from the date of issue, with a deadline for submission 09.03.2019;;
Overdraft dated 09.11.2016 - contract in accordance with Art. 114, para. 10 of the Public Offering of Securities Act	Annex 1 27.07.2017; Annex 2 31.10.2018.	Raiffeisenbank Bulgaria EAD	ALLTERCO ROBOTICS EOOD	Tera Communications AD - joint debtor (excluded) Teravoice EAD - joint debtor (excluded) ALLTERCO JSCo - a guarantor under Art. 114, para. 10 of the Public Offering of Securities Act, according to Annex 2 dated 31.10.2018.	EUR 500,000.	overdraft interest rate - the 1-month EURIBOR, increased by 2.7 percentage points on an annual basis, but not less than 2.7% of the aggregate annual interest rate	25.11.2019	Pledge of receivables on bank accounts;
Investment (term) loan dated 06.10.2017 contract according to art. 114, para. 10 of the Public Offering of Securities Act	Annex 1 dated 31.10.2018	Raiffeisenbank Bulgaria EAD	ALLTERCO ROBOTICS EOOD	Tera Communications AD (dropped out) Teravoice EAD - joint debtor (excluded) ALLTERCO JSCo - a guarantor under Art. 114, para. 10 of the Public Offering of Securities Act, according to Annex 1 dated 31.10.2018.	BGN 1 139 590	Reference interest rate and a margin of 2.7 points but not less than 2.7 % of the aggregate annual interest rate; Management fee; Commitment fee	25.09.2022	Pledge of subsidy for EU project; Pledge of receivables on the current accounts of the Borrower; Pledge on machinery and equipment subject to subsidy for EU project;
Investment (term) loan dated 25.08.2017 A contract according to art. 114, para. 10 of the Public Offering of Securities Act	Annex 1 dated 31.10.2018	Raiffeisenbank Bulgaria EAD	ALLTERCO JSCo	Tera Communications AD - joint debtor (excluded) Allterco Robotics EOOD - joint debtor	EUR 1,620,000.	Fixed interest rate for the whole period 3% annually; Management fee	10.05.2029	Mortgage of real estate owned by Allterco Properties EOOD; Pledge of receivables on all group accounts opened at the bank; Pledge under the Financial Collateral Contracts Act;
Contract for revolving bank credit 12 + 12 + 12 of 09.11.2018 Contract under Art. 114, para. 10 of the Public Offering of Securities Act		Raiffeisenbank Bulgaria EAD	ALLTERCO ROBOTICS EOOD	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	25.10.2021	Pledge of receivables on bank accounts of the company in the bank
Term bank loan dated 28.09.2018 A contract according to art. 114, para. 10 of	n/a	Raiffeisenbank Bulgaria EAD	ALLTERCO ROBOTICS EOOD	n/a	BGN 750 000	short-term BNB interest rate, increased by 2.5 percentage points on an annual basis, but not less than 2.5	25.09.2020	Pledge of subsidy for project; Pledge of receivables on the current accounts of the Borrower

the Public Offering of Securities Act						% of the aggregate annual interest rate; Management fee; Commitment fee		
A revolving bank loan	Annex 1: dated 27.07.2017 Annex 2 dated 30.07.2018 Annex 3 dated 25.04.2019	Raiffeisenbank Bulgaria EAD	TERAVOICE EAD	Tera Communications AD	EUR 500,000.	overdraft interest rate - the 1-month EURIBOR, increased by 2.7 percentage points on an annual basis, but not less than 2.7% of the aggregate annual interest rate	31.07.2019	Pledge of receivables on bank accounts; Pledge of receivables under contracts with the mobile operators;
Factoring contract. 28.08.2015 Attachment 1 for receivables from Orange Romania SA	Annexes: 1/14.03.2016 2/30.08.2016 3/ 3.12.2016; 4/07.03.2017 5/12.04.2017 6/12.01.2018	UniCredit Bank SA (Romania)	TERACOM M RO SRL	n/a	RON 800.000	0.12% of the value of each advance invoice ROBOR 1M + 0.75% annual interest rate on the used portion of the limit	31.03.2019	Pledge of TERACOMM RO SRL receivables of Orange Romania SA Pledge on bank accounts; Personal responsibility of the manager Irina Zamfir
Factoring contract. 28.08.2015 Attachment 1 for receivables on Vodafone Romania SA	Annexes: 1/30.08.2016 2/18.08.2017 3/28.09.2017 4/25.09.2018	UniCredit Bank SA (Romania)	TERACOM M RO SRL	n/a	Ron 1.000.000	0.35% of the value of each advance invoice ROBOR 1M + 0.75% annual interest rate on the used portion of the limit	31.03.2019	Pledge of TERACOMM RO SRL receivables of Orange Romania SA Pledge on bank accounts; Personal responsibility of the manager Irina Zamfir

**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. The balance of the received deposits as of 31.12.2018 is BGN 375 thousand. Interest expenses on these deposits for 2018 amount to BGN 21 thousand.

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

The subsidiaries have not entered into any other loan agreements in their capacity as lenders,

It can be assumed that the 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 2018, 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 individual basis for the reporting year 2018.

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.

**Table No. 17**

	Forecast	Actual Result*	Difference	
	2018	2018	BGN thousand	%
Revenue from sale	42 868	44 880	2 012	4.7%
Cost price of sales	-29 538	-32 130	2 592	8.8%
Gross profit	13 330	12 750	-580	-4.4%
Profit from operating activities/EBIT	2 950	3 364	414	14.0%
Profit before taxes/EBT	2 883	3 079	196	6.8%

\* Audited consolidated statement for 2018 based on IFRS

### 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.

### 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 2019 in Internet of Things R&D through its subsidiaries.

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

### 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 2018, 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

The company has 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, as well as an Audit Committee. The system is established and functioning in order to identify the risks that accompany the activities of the company and support 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, carried out in this context, as a responsibility of the senior management, takes into account the priorities of the company. 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 major deviations identified and corrective actions adopted or implemented accordingly.

The Audit Committee assists the Board of Directors in the exercise of their control functions regarding the company's financial reporting process, internal control system, audit process and the process of monitoring the compliance of ALLTERCO JSCO with the relevant provisions of the effective national and European legislation and internal policies of the company. 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 top and middle management, as well as the attitude, awareness and actions of the corporate management responsible for the internal control system.

- **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 company's board of directors 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 internal controls.

- **Philosophy and operational style of the management.** The philosophy and operational style of the management cover a wide range of characteristics. The intentions of the members of the Board of Directors and their actions in relation to financial reporting are manifested through a conservative choice from the available alternative accounting principles.
- **Organizational structure** Establishing an appropriate organizational structure involves taking into account the main areas of authority and responsibility, as well as appropriate hierarchical levels of reporting. The Board of Directors assesses the appropriateness of the organizational structure of the company, taking into consideration the size and nature of the company's activities.
- **Assignment of powers and responsibilities.** When assigning powers and responsibilities to the employees of the company, the management shall take in account the business practices, knowledge and experience of the employees and the 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. In this way, the commitment of corporate management to appoint competent and reliable employees is also expressed.

### **Risk assessment process for the Company**

The process of risk assessment by the corporate management provides the basis for the methods by which the Board of Directors of the Company determined the risks to be managed.

The Board of Directors of the Company identifies the following types of risk relevant to the Company and its business activities: general (systematic) and specific (non-systematic) risks.

Systematic risks are related to the macro environment in which the company operates. Such risks in most cases are not subject to management by the Company.

Non-systematic risks are directly related to the activities of the Company and depend mainly on corporate governance. To minimize such risk the management relies on increasing the effectiveness of internal company planning and forecasting, which provide opportunities for overcoming the possible negative consequences of a risk event.

The general risk management of Company 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 comprehensive picture of the main economic indicators, market conditions and competition in the country where a company carries on its business.

A detailed description of the risks inherent in the activity 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 2018 r.**

In 2018, changes were made to the Board of Directors of the company by a resolution of the General Meeting of Shareholders held on 20.12.2018.

As of 31 December 2018, 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 2018, the members of the Board of Directors received cash remuneration (gross) in the total amount of BGN 93 thousand in accordance with the effective Remuneration Policy.

- Dimitar Stoyanov Dimitrov - BGN 36 thousand
- Svetlin Iliev Todorov - BGN 36 thousand
- Nikolay Angelov Martinov - BGN 7 thousand
- Victor Georgiev Atanasov - Member of the Board of Directors until 20.12.2018 - BGN 7 thousand
- Rashko Kostov Kostov - Member of the Board of Directors until 20.12.2019 - BGN 7 thousand

The members of the Board of Directors did not receive any non-cash benefits in 2018.

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 897 thousand.

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

As of 31 December 2018, ALLTERCO JSCo has no contingent or deferred wages arising during the year, including remuneration that is due 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 31.12.2018, the company has no 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 31 December 2018, 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%
Viktor Atanasov (dismissed from the Board of Directors by decision of the General Meeting of Shareholders of 20.12.2018)	7.47 %
Nikolay Martinov	0 %
Rashko Kostov (dismissed from the Board of Directors by decision of the General Meeting of Shareholders of 20.12.2018)	0 %

**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.

**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**

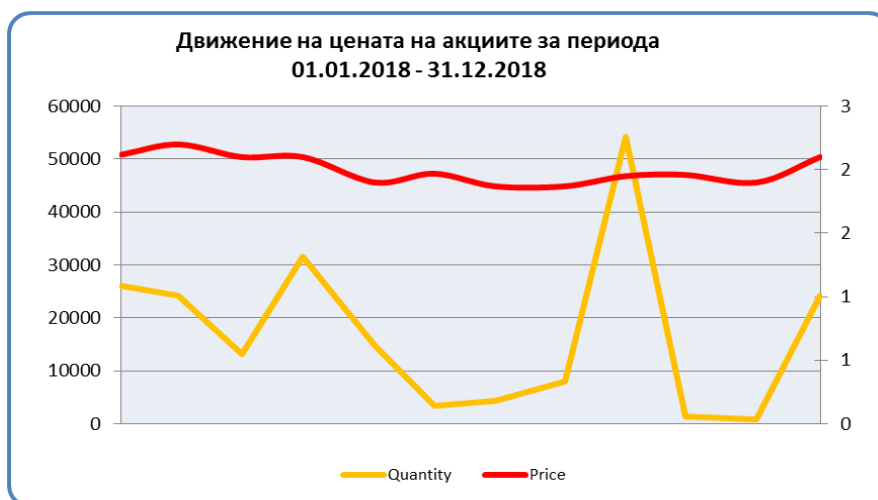
**Denitsa Stefanova**

Tel: +359 2 9571247 e-mail: [investors@allterco.com](mailto:investors@allterco.com)

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

Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
28.12.2018	24233	47,642.96	2.100	1.900	1.930	2.100
28.11.2018	844	1,603.60	1.900	1.900	1.900	1.900
25.10.2018	1440	2,863.50	2.000	1.960	1.990	1.960
27.09.2018	54226	104,994.26	2.000	1.900	1.930	1.950
29.08.2018	7999	15,517.23	2.000	1.870	1.940	1.870
27.07.2018	4396	8,580.75	2.000	1.860	1.980	1.870
28.06.2018	3410	6,386.89	2.000	1.730	1.760	1.970
31.05.2018	14720	29,332.12	2.100	1.900	2.100	1.900

Date	Volume	Turnover	Highest value	Lowest value	Opening value	Closing value
27.04.2018	31510	66,203.04	2.180	2.080	2.140	2.100
29.03.2018	13224	28,154.08	2.200	2.100	2.140	2.100
27.02.2018	24168	50,093.54	2.200	2.000	2.040	2.200
31.01.2018	26094	54,550.18	2.200	2.040	2.120	2.120



*\*<https://www.investor.bg/companies/A4L/history/monthly/1/2017-01-01/2017-12-31/>*

#### **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 31.12.2017, the capital of ALLTERCO JSCo is the amount of the Company's registered capital as of 31.12.2017 is 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 31.12.2017 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.

As of December 31, 2018, the capital structure of ALLTERCO JSCo is as follows:

**Table No. 19**

<b>SHAREHOLDER NAME</b>	<b>PERCENTAGE OF THE CAPITAL</b>
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 “AD, 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 01.12.2016. The blocking of the indicated number of shares has been entered at the Central Depository

**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 19. 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**

On November 30, 2016, the shareholders 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 of the capital of ALLTERCO JSCo, concluded among themselves and for the benefit of the company, with which they undertake not to dispose of their shares for a period of 3 (three) years from 01.12.2016. The blocking of the indicated number of shares is entered in the Central Depository

No other agreements between shareholders are known to the Company that may result in restrictions on the transfer of shares or the right to vote.

**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**

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 of the Company 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 of the company 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 and granting licenses, concluding credit agreements with third parties, 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, para. 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.

According to Art. 18 the Articles of Association of the company may acquire more than 3% of voting shares in 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.

The Company may repurchase its own shares without making a tender offer if it acquires no more than 3% of voting shares in one calendar year, at the decision of the General Meeting of Shareholders. The decision of the General Meeting of Shareholders shall determine: (a) the maximum number of shares to be repurchased; (b) the terms and conditions under which the Board of Directors makes the purchase, including specifying the period for the purchase within the limits of the law; (c) the minimum and maximum purchase price. The decision of the General Meeting of Shareholders to repurchase shares shall be taken by a majority of the capital presented at the meeting.

**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.

Date 30 April 2019

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 49 (forty-nine) pages.*

Sworn translator: See official translation   
*Djeylian Ahmed Mancheva*