

Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

MOTIVATED REPORT

BY THE BOARD OF DIRECTORS OF "ALTERCO" JSCo, city of SOFIA

CONCERNING: TERMS AND PURPOSES OF TRANSACTIONS PURSUANT TO ARTICLE 114(1) OF THE PUBLIC OFFER OF SECURITIES ACT (POSA) PROPOSED FOR APPROVAL AT THE GENERAL MEETING OF SHAREHOLDERS SCHEDULED FOR DECEMBER 13, 2022.

This report has been prepared by the Board of Directors of Allterco JSCo (the "Company") in compliance with the provisions of Article 114a, par. 1 of the Public Offering of Securities Act (the "Securities Act") and Article 46 of Regulation No. 2 of 09.11.2021 of the Financial Supervision Commission on Prospectuses for Public Offerings and Admission to Trading on a Regulated Securities Market and on Disclosure of Information by Public Companies and Other Issuers of Securities ("Regulation 2").

According to Art. 114a, par. 1 of the Securities Act, this report of the Board of Directors of the Company is part of the written materials on the agenda of the Extraordinary General Meeting of Shareholders, scheduled for 13.12.2022, and also in the event of the meeting being held on the alternative date specified in the invitation convening the meeting.

The purpose of this report is to inform the shareholders of Allterco JSCo, city of Sofia, with regard to the essential conditions and the appropriateness of a transaction covered by Art. 114, par. 1 of the Securities Act, namely - **the acquisition in two stages of 100% of the capital of the Slovenian IoT provider GOAP Računalniški inženiring in avtomatizacija procesov d.o.o. Nova Gorica**, hereinafter referred to as "GOAP", proposed for approval by the General Meeting of Shareholders, with a regard to taking an informed decision by the shareholders to authorize the Company's representatives to conclude it.

The Motivated Report contains information on the parties, subject matter, terms, value and timing of the proposed transaction, as well as an analysis of the circumstances determining the need for authorization, in accordance with the provisions of Article 114 et seq. of the Securities Act.

The object of the transaction is the acquisition of a total of 100% of the capital of a foreign trading company through the acquisition of separate packages of shares from the owners of its capital. The Board of Directors, in fulfillment of its commitments to ensure maximum transparency in the conclusion of the above transaction, proposes, on the basis of this reasoned report, that the General Meeting of Shareholders pass an authorization resolution for its conclusion.

In view of the substantial nature of the transaction, the Board of Directors of Allterco JSCo considers that each shareholder of the public company has the right to express its consent or dissent by exercising its voting rights at the General Meeting of Shareholders.

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

ACQUISITION OF 100% OF THE CAPITAL OF GOAP

On 29.07.2022 Allterco JSCo disclosed to the Financial Supervision Commission, the public and the Bulgarian Stock Exchange the conclusion between Allterco JSCo ("Allterco") and the four owners of the capital of GOAP d.o.o. (one legal entity and three natural persons) of a binding preliminary agreement (Term Sheet) on the main terms and conditions for the acquisition of the Slovenian IoT provider in two stages, as follows:

1st stage: Acquisition of 60 % of the shares in GOAP for the amount of EUR 2 million subject to a conclusion of a Share Purchase Agreement (SPA).

2nd stage: The remaining 40% of the shares belonging to the three individual shareholders of GOAP, shall be subject to conclusions of Call and Put Option Agreements under which Allterco shall have a call option to acquire and the sellers have put options to sell the remaining shares. The exercising of the options shall be at the respective option holder's discretion in one or several steps and against a price which shall vary in a predefined range depending on predefined measurable results of GOAP within a predefined period of time. If the results of GOAP within the predefined period of time do not reach a predefined threshold, then the sellers shall have no put option rights but Allterco shall retain call option rights executable against a predefined minimal price. The specific terms of the options, including the price, are subject to further negotiations between the parties.

Notwithstanding that the acquisition has been divided into stages and that in each stage each of the above-described packages of shares will be acquired by a separate person through a separate transfer agreement, the Company has an interest in acquiring 100% of the capital of GOAP and considers the aggregate of the transactions as a single package transaction for the acquisition of 100% of the capital of GOAP (the "Transaction"). In this regard, the selling individuals, who will specifically transfer their respective shareholdings in two stages, are bound by a common SPA as well as a common Call and Put Options Agreement.

Each of the 1st and 2nd stage transactions is below the thresholds of Art. 114 para. 1, section 1 of the Securities Act, but given the interest of Allterco JSCo to acquire 100% of the capital of GOAP, as well as the linkage of the individual transfers, each of which is a condition for the others, these transactions are considered as a single package transaction, the value of which exceeds the thresholds under Art. 114 para. 1, section 1 of the Securities Act.

1.1. SUBJECT OF THE TRANSACTION for acquiring 60 % of the capital of GOAP (1st stage)

Subject of the Transaction in 1st stage is the purchase of company shares and namely - the acquisition by Allterco JSCo of assets - company shares of the capital of GOAP as a result of Share Purchase Agreement (SPA), as follows:

- (i) Acquisition of 60% of the share capital of GOAP on the terms of concluding a SPA, as follows:
- A total of **30%** of the capital of GOAP under a SPA to be entered into between Allterco JSCo as buyer and Leon Kralj, Bojan Sirk and Marko Danevčič as sellers, of which:
 - Company shares representing **22.2420 %** of the capital of GOAP from Mr. Leon Kralj;
 - Company shares representing **6,3511 %** of the capital of GOAP from Mr. Bojan Sirk;
 - Company shares representing **1.4069%** of the capital of GOAP with a total nominal from Mr. Marko Danevčič;
 - **30 %** of the capital of GOAP under SPA to be entered into between Allterco JSCo as buyer and KOLEKTOR MOBILITY Upravljanje naložb d.o.o. (former name: KOLEKTOR GROUP Vodenje in upravljanje družb d.o.o.) as seller.

Pursuant to the Share Purchase Agreements (SPA) on 1st stage, Allterco JSCo will incur an obligation to pay the purchase price agreed between the parties.

Given the different capacity of the selling persons and the different terms under which they will sell, namely in one or two stages, for practicality the stage 1 sale has been divided into two SPAs – one to be

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

signed with the selling entity KOLEKTOR MOBILITY and one is to be signed with the selling individuals Leon Kralj, Bojan Sirk и Marko Danevčič. Notwithstanding of the foregoing, taking into account the interest of Allterco JSCo to acquire all 100% of the capital of GOAP and the interrelation between the SPAs at 1st and 2nd stage, this Report considers these transactions as parts of one package Transaction.

1.2. PARTIES TO THE TRANSACTION:

Buyer: Allterco JSCo

Sellers: the owners of the capital of GOAP

- The Slovenian citizens: Leon Kralj, Bojan Sirk and Marko Danevčič
- the Slovenian commercial entity: KOLEKTOR MOBILITY Upravljanje naložb d.o.o. (former name: KOLEKTOR GROUP Vodenje in upravljanje družb d.o.o.)

1.2.1. Participation of relate parties

"Related parties" under §1, item 13 of the Additional Provisions of POSA are:

- (a) any two persons, of whom one controls the other person or a subsidiary thereof;
- (b) any number of persons whereof the activity is controlled by a third party;
- (c) any number of persons who jointly control a third party;
- (d) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

None of the persons on the seller's side is a related person to Allterco JSCo within the meaning of §1, section 13 of the Additional Provisions of the Securities Act.

1.2.2. Participation of interested persons

Interested persons are the members of the management and control bodies of the public company, its procurator, as well as persons who directly or indirectly hold at least 25 per cent of the votes in the general meeting of the company or control it, when they or persons related to them:

1. are a party to, or an agent or representative of, the transaction, or for whose benefit the transactions or acts are carried out; or
2. own directly or indirectly at least 25 per cent of the votes in the general meeting or control a legal person which is a party, its agent or intermediary to the transaction or for whose benefit the transactions or actions are carried out;
3. are members of management or control bodies or procurators of the legal person referred to in section 2.

There are no interested persons involved in the transaction within the meaning of 11(7) of POSA.

1.4. TERMS AND CONDITIONS FOR CONCLUDING THE TRANSACTION:

1.4.1. TRANSACTION VALUE:

The value of the transaction, pursuant to Art. 114, par. 5 of the Securities Act, is the price agreed between the parties for the acquisition of the company shares representing a total of 60% of GOAP's capital.

The total purchase price for the acquisition of the 60% of the capital of GOAP, subject to the 1st stage acquisition amounts to EUR 2,000,000 in total, payable as follows:

- In total EUR 700 000 for the acquisition of company shares representing 30% of the capital of GOAP under SPA to be signed with Leon Kralj, Bojan Sirk и Marko Danevčič

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

- EUR 1 300 000 for acquisition of of company shares representing 30% of the capital of GOAP under SPA to be signed with from KOLEKTOR MOBILITY Upravljanje naložb d.o.o

1.4.2. CONDITIONS OF THE TRANSACTION:

(A) PRICE:

The total purchase price for the acquisition of the 60% of the capital of GOAP, subject to the Transaction at 1st stage is a total amount of EUR 2,000,000 (two million euros), payable as shown under 1.4.1 of this Report:

(B) Payment method:

The price set forth in section 1.4.1 shall be paid into an escrow account of the Notary on the date of concluding of each of the SPAs and shall be credited by wire transfer to the Sellers' accounts after entry of the transfers in the public registry.

(C) Term for concluding the Transaction

The SPAs, pursuant to which the public listed company Allterco JSCo will acquire in total 60% of the capital of GOAP against obligation to pay the agreed price, on the terms set out therein is not time-bound, as the closing of the 1st sage of the Transaction is conditional upon the occurrence of certain conditions, including the necessary approvals for the transaction by the relevant competent regulatory authorities.

1.4.3. Other conditions:

There are no specific conditions other than those standard for this type of transactions.

1.5. PERSONS FOR WHOSE BENEFIT THE TRANSACTION IS CONCLUDED:

The transaction is in favour of both parties and not in favour of third parties.

2.1. SUBJECT OF THE TRANSACTION for acquiring 40 % of the capital of GOAP (2nd stage)

Subject of the Transaction at the 2nd stage are unconditional options for Allterco to purchase an conditional options for the sellers Leon Kralj, Marko Danevčič и Bojan Sirk to sell the following assets: the remaining shares representing in total 40% of the capital of GOAP as a result of an Optios Agreement.

In the 2nd stage of the Transaction, Allterco JSCo will have the option to acquire the remaining company shares, representing in total 40% of the capital of GOAP, belonging to the three owners - the individuals Leon Kralj, Marko Danevčič and Bojan Sirk, through an Option Agreement, under which, in the period from 2023 to 2026, Allterco JSCo will have unconditional options to purchase (call) and the sellers will have conditional options to sell (put) two packages of shares - one of 16% and one of 24% of the remaining company shares, representing in total 40% of the capital of GOAP, for a total price which, depending on the extent to which the criteria set out in the agreement are met, may vary in the range from EUR 699 999. 70 (BGN 1 369 080.41) to EUR 3 499 998.60 (BGN 6 845 403.04), and the exercise of each of the sellers' options is conditional upon the achievement of certain minimum criteria

The exercise of options for each of the shares packages is at the discretion of the option holder, and for a price that varies within a pre-determined range, depending on pre-determined measurable results of GOAP over a pre-determined period of time in the period 2023 - 2025.

Given the interest of Allterco JSCo in acquiring 100% of the capital of GOAP and the possibility that all options may be exercised notwithstanding that the rights thereunder arise in favour of or in respect of individual persons (the sellers), for practicality the options will be subject to a single Options Agreement and will be treated collectively as one package transaction representing part of the whole package Tranaction.

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

2.2. PARTIES OF THE TRANSACTION:

Buyer: ALLTERCO JSCo

Sellers: the owners of the remaining 40% of the capital of GOAP

II. the Slovenian citizens: Leon Kralj, Bojan Sirk and Marko Danevčič

2.1.1. Participation of relate parties

"Related parties" under §1, item 13 of the Additional Provisions of POSA are:

- (a) any two persons, of whom one controls the other person or a subsidiary thereof;
- (b) any number of persons whereof the activity is controlled by a third party;
- (c) any number of persons who jointly control a third party;
- (d) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, and relatives by marriage up to the fourth degree of affinity inclusive.

None of the persons on the seller's side is a related person to Allterco JSCo within the meaning of §1, section 13 of the Additional Provisions of the Securities Act.

2.1.2. Participation of interested persons

Interested persons are the members of the management and control bodies of the public company, its procurator, as well as persons who directly or indirectly hold at least 25 per cent of the votes in the general meeting of the company or control it, when they or persons related to them:

1. are a party to, or an agent or representative of, the transaction, or for whose benefit the transactions or acts are carried out; or

2. own directly or indirectly at least 25 per cent of the votes in the general meeting or control a legal person which is a party, its agent or intermediary to the transaction or for whose benefit the transactions or actions are carried out;

3. are members of management or control bodies or procurators of the legal person referred to in section 2.

There are no interested persons involved in the transaction within the meaning of 11(7) of POSA.

2.3. CONDITIONS AND TERMS FOR CONCLUDING THE TRANSACTION:

2.4.1. TRANSACTION VALUE:

The value of the Transaction, pursuant to Article 114, para. 5 of the Securities Act, is the price agreed between the parties for the acquisition of in total two packages of shares – one of 16% and one of 24% of the GOAP's capital, representing in total 40% of the capital of this company.

The total price for the acquisition of the two packages, representing in total 40% of the share capital in GOAP, subject to the 2nd stage of the Transaction varies within a predefined range depending on the extent to which the condition (targets) detailed in Section 2.4.2 below are met.

Under normal execution of the targets, the estimated total price for the acquisition of the 40% of share capital in GOAP, subject of the 2nd stage of the Transaction is at the amount of EUR 2 699 999.00 (BGN 5 280 739.04).

In case of not meeting the target, the total minimum price for the acquisition of the 40% of share capital in GOAP, subject of the 2nd stage of the Transaction amounts to EUR 699 999,70 (BGN 1 369 080.41).

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

In case of an over-fulfilment of the targets, the total maximum price for the acquisition of the 40% of share capital in GOAP, subject of the 2nd stage of the Transaction amounts to EUR 3 499 998.60 (BGN 6 845 403.04).

2.4.2. CONDITIONS OF THE TRANSACTION:

(A) Price:

Each of the prices referred in the Section 2.4.1 above, or part thereof, corresponding to the degree of implementation, shall be paid according to the result achieved by GOAP under the following indicators:

- 1) KPI (key performance indicator) representing the number of new products to be launched on the market by the end of 2023;
- 2) EBITDA for the period 2023-2025, as per the audited annual financial reports of the company for the relevant financial years of the period in amount of EUR 3 000 000
- 3) Revenue for the period 2023-2025 - in total amount of EUR 15 000 000.

Subject to the degree of execution of the targets under these indicators, the price for purchasing the two packages of shares, accordingly the total price for the Acquisition of the 40% of share capital of GOAP, subject of the 2nd stage of the Transaction, varies within a predefined range as follows:

1. Depending on the fulfilment level of the KPI target, the total price for the acquisition of the package of shares representing 16% of the capital of GOAP ranges from EUR 266 666.50 to EUR 1 066 666 as follows

- EUR 533 333.00, representing the base price for the package of shares, subject to the KPI targets;
- EUR 266 666.50 (50% of the base price) in case of failure to meet the KPI targets;
- EUR 1 066 666 (200% of the base price) in case of over-performance of the KPI targets

2. Depending on the fulfilment level of the EBITDA and Revenue target, the total price for the acquisition of the package of shares representing 24% of the capital of GOAP ranges from EUR 433 333,20 to EUR 2 383 333,20 as follows

- EUR 1 083 333 representing the base price for the package of shares, subject to the EBITDA and Revenue targets;
- EUR 433 333,20 (200% of the base price) in case of failure to meet the EBITDA and Revenue targets;
- EUR 2 383 332.60 (110% of the base price) in case of over-performance of the EBITDA and Revenue targets

(B) Payment method:

Upon the exercise of the relevant Call or Put Options, the price, corresponding to the specified degree of implementation, shall be paid upon registration of the transfer of the company shares subject to the Option. The terms within which the relevant Options may be exercised are as follows:

- For 16 % of the share capital of GOAP, the Call Option may be exercised until 29 February 2024 at the latest and the Put Option until 30 April 2024;
- For 24 % of the share capital of GOAP, the Call Option may be exercised until 30 June 2026 at the latest and the Put Option until 31 September 2026.

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

(C) Term for conclusion of the Transaction

The Option Agreement under which the public company Allterco JSCo would be entitled or obliged (depending on the type option exercised) to acquire totally 40 % of the share capital in GOAP in consideration for an obligation to pay the agreed price, on the terms set out therein, is not time-bound. The closing of the Transaction on the 2nd stage is subject to the occurrence of certain conditions, including the Transaction on 1st stage and the necessary approvals from the relevant competent regulatory authorities.

1.4.3. Other conditions:

As the price of the Transaction on the 2nd stage is subject to the performance of GOAP, the selling option (put option) is conditional and cannot be exercised in the event of a default of the targets. Notwithstanding the foregoing Allterco JSCo will retain its rights under the call option, exercisable for the minimum price specified here above and namely – EUR 699,999.70

1.5. PERSONS FOR WHOSE BENEFIT THE TRANSACTION IS CONCLUDED

The transaction is in favour of both parties.

6. ASSESSMENT OF THE CONDITIONS UNDER ART. 114 OF SECURITIS ACT

6.1. ASSESMENT OF THE EXISTENCE OF THE EXEMPTING CONSITIONS UNDER ART. 114 OF SECURITIS ACT

Pursuant to Article 114, para. 1, section 1, b. "a" of the Securities Act, the persons who manage and represent a public company, including the persons - representatives of a legal person who is a member of the management body of the public company, without being expressly authorized to do so by the general meeting of the public company, may not carry out transactions as a result of which the company acquires, transfers, receives or makes available for use or as collateral in any form assets with a total value exceeding one third of the lower value of the assets, according to the last two prepared accounting balances, at least one of which has been audited, and which have been disclosed to the public in accordance with the procedure under Art. 100t of the Securities Act. Art. 114, para. 10 of the Securities Act provides for an exception by regulating that, insofar as the transaction does not involve interested parties, the provisions of paragraphs 1 and 3 shall not apply to the conclusion of bank loan agreements and the provision of collateral thereunder, as well as to transactions carried out in the ordinary course of the company's business.

The special provision of Art. 114, para 11. of the Securities Act explicitly specifies that ordinary commercial activity under para. 10, item 1 is the set of acts and transactions carried out by the company within the scope of its business and in accordance with its usual commercial practice, excluding the transactions and acts arising from extraordinary circumstances.

The public listed company Allterco JSCo is registered in the Commercial Register as a holding company within the meaning of Art. 277 of the Commercial Act, entered with scope of business under Art. 278, para. 1 of the Commercial Act, that includes at first place: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies;[...].

The Transactions which is the subject of this Report falls within both the scope of business of Allterco JSCo and the usual commercial practice for a holding company. Furthermore, evident from the financial reports published by the Company during the period 2019-2021, the Company has entered into other transactions with the same subject matter, namely the acquisition and sale of interests in other companies, such as:

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

- Acquisition of the shares up to 100 % of the share capital in the subsidiary companies Allterco Trading Ltd. and Allterco Robotics U.S. in 2019 as part of restructuring of the business of the Company.;
- Sale of the telecommunication business of the Allterco JSCo in Europe in 2019 to Link Mobility Group by the sale of the subsidiaries Tera Communications AD and Teravoice EAD
- Sale of the telecommunication business of the Allterco JSCo in Asia in 2021 to Skylight Venture Capital Pte. Ltd.

In view of the foregoing, it may be assumed that irrespective of the value of the Transaction on 1st and 2nd stage described above in this Report, insofar as it does not involve interested parties and do not arise from exceptional circumstances, this Transaction falls within the scope of the statutory exception of Art. 114, par. 11 of the POSA and may be concluded by persons who manage and represent a public company without being expressly authorized to do so by the general meeting of the shareholders of the Company.

6.2. ASSESSMENT OF THE CONDITIONS UNDER ART. 114, par. 1 OF THE SECURITIES ACT

Notwithstanding the above, given the significant total value of the Transaction described above in this Report, and due to the existence of a controversial practice on the application of the exception under Art. 114, par. 11 of the Securities Act, it is necessary to assess the conditions under Art. 114 para. 1, item 1 and 2 of POSA.

6.2.1 CONDITIONS UNDER ART. 114, par. 1, item 1, letter „A” and item 2 OF THE SECURITIES ACT

The transaction falls within the scope of the provision of Art. 114, par. 1, section 1, letter (a) of the Securities Act, when the company acquires assets with a total value exceeding one third of the lower value of the assets according to the last two balance sheets of the company, at least one of which is audited, and which are disclosed to the public pursuant to Art. 100t of the Securities Act.

Notwithstanding that the acquisition is divided into two stages and that in each stage each of the above-described packages of shares will be acquired by a separate person through a separate transfer agreement, the Company has an interest in acquiring 100% of the capital of GOAP and considers the transaction as one package transaction.

Further, it is evident from what has been stated in paragraph 1.4.1 and paragraph 2.4.1 of this Report, considered as separate transactions, that each of the stage 1 and stage 2 transactions concluded with each of the sellers is below the thresholds under Art.114, par. 1, section 1 of the Securities Act, but given the interest of Allterco JSCo in acquiring 100% of the capital of GOAP, and the interconnectedness of the individual transfers, each of which is a condition of the others, these transactions are considered as a single package transaction, the value of which passes the thresholds of Art. 114, par. 1, item 1, letter “a” of POSA.

Even if it is assumed that these are separate transactions, given the interconnectedness of the transactions between the Company and the separate sellers, as well as of the transactions of stage 1 and stage 2, it is difficult to assess which of them crosses the threshold under Art.114, par. 1, section 1 of the Securities Act. Therefore, an assessment of the conditions under Art. 114, par. 6 of the Securities Act could be inaccurate and this Motivated report seeks approval of the entire package transaction.

In addition, given that the final total price of the Transaction of 2nd stage for the purchasing of 40% of GOAP's capital is dependent on the extent to which certain conditions are met, in assessing the thresholds under Art. 114 of POSA as the reference amount shall be considered its maximum price, as stated under item 2.4.4 here above whereas the maximum total price of the Transaction on 1st and 2nd stage is the sum of the transaction price in the 1st stage, referred to in section 1.4.1. in the amount of

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EUR 2 000 000 and the maximum transaction price at 2nd stage referred to in section 2.4.2 hereinabove in the amount of EUR 3,499,999 (BGN 6 747 610.76) or a total package price of EUR 5 499 999 (BGN 10 757 063.04).

The transaction falls within the scope of the provision of Art. 114, par. 1, section 2 of the Securities Act, when liabilities arise for the company to one person or to related persons with a total value exceeding the value referred to in Art. 114, par. 1, section 1, letter (a) of the Securities Act.

It may be assumed that by entering into the SPAs and upon exercise of the options pursuant to the Option Agreement, Allterco JSCo will incur an obligation to pay the price for the acquired Shares to related parties within the meaning of clause 13, letter (c) of the Additional Provisions of the Securities Act, namely "persons who jointly control a third party". As such persons could be considered the sellers Leon Kralj, holding in total 45.4325 % of the capital of GOAP and KOLEKTOR MOBILITY Upravlenie investi d.o.o. (formerly with company name: KOLEKTOR GROUP Vodenje in upravljanje družb d.o.o.), holding 30% of the capital of the same company or in total 75.4325% of the capital of GOAP and voting rights in the General Meeting. Furthermore, according to the currently valid Articles of Association of GOAP KOLEKTOR MOBILITY has the right of veto on all matters within the competence of the Slovenian company.

The following two balance sheets of the company, at least one of which has been audited and which have been publicly disclosed pursuant to Art. 100t of the Securities Act, are relevant for the assessment of whether both thresholds have been passed.

- the latest audited annual financial report of the company for 2021, submitted to the FSC and the public on 25.03.2022, according to which the value of the assets of Allterco JSCo is BGN 34 236 000;
- Quarterly financial report of the company for the third quarter of 2022, submitted to the FSC and the public on 31.10.2022, according to which the value of the assets of Allterco JSCo is BGN 27 673 000.

In view of this, in determining the basis for calculating the thresholds, the company's quarterly financial report as at 30 September 2022 is applicable, where the net asset value is BGN 27,673,000.

There are no interested persons involved in the transaction so the hypothesis under Art. 114, par. 1, section 1, letter „a” of the Securities Act.

Assessment of the threshold under Art. 114 para. 1, section 1, letter "a" of the Securities Act

Value of the assets of Allterco JSCo <i>as per balance sheet as of 30.09.2022 according to unaudited quarterly individual report</i>	Value of the assets of Allterco JSCo <i>As per balance sheet as of 31.12.2021 according audited individual annual financial report</i>	Total value of the assets subject to the transaction - the agreed maximum aggregate price	Threshold under Art. 114, par. 1, section 1, letter "a" of POSA
(in BGN)	(in BGN)	(in BGN)	(in BGN)
27 673 000	34 236 000	10 757 063,04	9 224 333.333
The total maximum value of the Transaction are above the threshold under Art. 114 para. 1, section 1, letter "a" of POSA			

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

Assessment of the threshold under Art. 114 para. 1, section 1, letter "a" in conjunction with Article 114, par. 2, proposal first of the Securities Act

Value of the assets of Allterco JSCo on the balance sheet as of 30.09.2022 according to unaudited quarterly individual report	Value of the assets of Allterco JSCo on the balance sheet as of 31.12.2021 according to audited individual annual financial report	Total value of liabilities to related persons based on the agreed maximum price that each can receive	Threshold under Art. 114, par. 1, section 1, letter "a" in conjunction with 114, par. 1, section 2 of the POSA
(in BGN)	(in BGN)	(in BGN)	(in BGN)
27 673 000	34 236 000	8 560 294.37*	9 224 333.333
The total amount of liabilities to be incurred to related persons is below the threshold under Art. 114 para. 1, section 1, letter "a" in conjunction with Article 114, par. 1, section 2, proposal first of the POSA			

*A total amount based on a maximum price calculated as the sum of the individual prices that the persons indicated will receive on the sale of their shares-

- EUR 1 300 000.00 (BGN 2 542 579) for the acquisition of company shares representing 30% of the capital of GOAP under the SPA with KOLEKTOR MOBILITY Upravljanje naložb d.o.o;

- EUR 518,980.03 (BGN 1 015 036.712) for the acquisition of company shares representing 15.7765% of the capital of GOAP under a SPA with Leon Kralj

- EUR 2,557,828.98 (BGN 5 002 678.654) for the acquisition of company shares representing 29.656% of the capital of GOAP under the SPA with Leon Kralj

RELEVANCE OF THE PROPOSED TRANSACTION

The object of activity of the acquired Slovenian company GOAP fully coincides with the object of activity of the main subsidiaries of the Allterco JSCo group, namely - development, manufacturing and sale of IoT devices and related with them services. With the acquisition of GOAP, Allterco JSCo will expand its product portfolio and the markets in which it operates. Last but not least, after the acquisition Allterco JSCo will have additional technical facilities and human resources for the development and distribution of IoT products. The price agreed between the parties is largely result-based and deferred in time in order to ensure the sustainable development of the acquired company and the business it develops. Last but not least, splitting the acquisition into two stages is a kind of guarantee against company's poor performance. The price range set is fully in line with the company's performance and is expected to have an additional incentive effect on its business.

AUTHORIZATION

Taking into account the interest of Allterco JSCo to acquire 100% of the capital of GOAP Računalniški inženiring in avtomatizacija proces d.o.o. Nova Gorica, with registered office and registered address at Ulica Klementa Juga 7, 5250 Solkan, Slovenia, reg. Number : 5414083000, by separate transfers in two stages by all four owners of the capital of this company against total package price not exceeding 5 499 999 evro (BGN 10 757 063,04), with the information provided in this report, authorisation is sought from the General Meeting of Shareholders to the representatives of Allterco JSCo for the following:

1. to enter into, on behalf of and for the account of the Company, as buyer, SPA on the terms and conditions set out in this report and such other terms and conditions as it may deem appropriate, pursuant to which Allterco JSCo shall acquire a total of 60% of the capital of GOAP

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Written Materials to item 3 and 4 of the agenda of the Extraordinary General Meeting of the Shareholders of ALLTERCO JSCo planned for 13.12.2022

Računalniški inženiring in avtomatizacija proces d. o.o. Nova Gorica, of which 30% from the sellers Leon Kralj, Bojan Sirk and Marko Danevčič against the total price of EUR 700 000 (BGN 1 369 081) and 30 % from KOLEKTOR MOBILITY Upravljanje naložb d.o.o. against the price of EUR 1 300 000 (BGN 2 542 579) or against **payment of a total price of EUR 2,000,000 (BGN 3 911 660);**

2. to enter into a Call and Put Option Agreement with Leon Kralj, Bojan Sirk and Marko Danevčič, pursuant to which Allterco will have a call option to acquire and the sellers a put option to transfer the remaining 40% of GOAP's capital in tranches, subject to the satisfaction of certain conditions relating to the operations and performance of the target company, for a total determinable price, depending on the extent to which the conditions are satisfied, of a total package price **in the range of EUR 699,999. 70 (BGN 1 369 080.413) to EUR 3 499 998.60 (BGN 6 845 403.04);**
3. to carry out all legal and factual actions in connection with the execution of the SPA and the Option Agreement in connection with the transfer of ownership of the shares subject to the sale, including by signing separate Share Transfer Agreements for each of the companies, in accordance with the requirements of local law in the country of their registered office and registered address.

CONCLUSION

The Board of Directors of Allterco JSCo, city of Sofia, considers that the transaction proposed by this report is in the best interest of the Company and its shareholders. The Board of Directors notes the high competition in the sector and the ever-increasing demand for new technologies in the field of Internet of Things. The fulfillment of the objectives set out in the Company's Prospectus and the need to secure additional resources for their implementation and development, as well as the pace of development of the IoT sector and increasing competition, make the continuous development of new products and services and their successful distribution a condition for success. The Board of Directors considers the purchase of the Slovenian company to be appropriate, thus providing additional resources for the development of IoT products and services. In view of this, and following a thorough analysis by the management of the company of all the benefits of concluding the transaction referred to in this motivated report, the same is not expected to have a negative impact on the financial position of the company.

In connection with the foregoing, the Board of Directors proposes that the Shareholders adopt a resolution to approve the closing of the proposed transaction, subject to the conditions set forth in this motivated report.

An integral part of this report are:

1. Annual Financial Report for 2021, available at <http://www.x3news.com/download/?id=542180>
2. Quarterly financial report for the third quarter of 2022, available at <http://www.x3news.com/download/?id=566720>

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