



ALLTERCO JSCo

EXEMPTION DOCUMENT

**for admission to trading on a regulated market –the Frankfurt Stock Exchange –
of 17 999 999 ordinary dematerialized shares of Allterco JSCo,
ISIN BG1100003166**

**on the basis of the exemption from the obligation to publish a prospectus under Article 1,
paragraph 5, point(j) of REGULATION (EU) 2017/1129 of the European Parliament and of the
Council of 14 June 2017 on the prospectus to be published when securities are offered to the
public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
(the “Prospectus Regulation”)**

2 November, 2021

This Document is prepared in execution of the Decision of the Board of Directors (BoD) of Allterco JSCo dated 13.01.2021 for listing of the Company’s shares for trading on additional regulated market beside the Bulgarian Stock Exchange and namely – at Frankfurt Stock Exchange (XFRA).

This Document is not a subject of approval by any regulatory body in the home member state (Bulgaria) nor in the member state where admission to trading is sought (Germany).

The purpose of this Document is the admission of share registered for trading on a regulated market - Bulgarian Stock to trading on another regulated market - Frankfurt Stock Exchange (XFRA), Prime Standard, based on Article 1, paragraph 5, point (j) of the REGULATION (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

The present Document provides the key information that investors need in order to understand the nature and the risks of the issuer and the securities that are being admitted to trading on a regulated market, when considering whether to invest in the securities that are subject thereto.

The present Document is prepared in Bulgarian, English and German language and is available on the website of Allterco JSCo on the following address:

- In Bulgarian at: <https://allterco.com/за-инвеститорите/публично-предлагане/2021-година/>
- In English and German at: <https://allterco.com/en/for-investors/public-offering/year-2021/>

SECTION 1. INTRODUCTION AND WARNINGS

1.1. Name and ISIN of the securities

The subject of the Admission to trading are 17 999 999 ordinary, dematerialized (book-entry form), registered, freely transferable shares, of a nominal value of BGN 1 each from the capital of Allterco JSCo (hereinafter referred to as “Allterco”, “the Issuer”, “the Company”, “the Parent Company”) representing 100 per cent of the capital of Allterco (the “Shares”). The Shares have an International Securities Identification Number (ISIN) BG1100003166.

1.2. Identity and contact details of the Issuer

Allterco JSCo, a Bulgarian joint-stock company registered with the Commercial Register kept by the Bulgarian Registry Agency under Unified Identification Code (UIC) 201047670 and having Legal Entity Identifier (“LEI code”) 8945007IDGKD0KZ4HD95.

Seat, registered office and mailing address: Bulgaria, 1407 Sofia city, 103 Cherni Vrah Blvd.

Contact person: Denitsa Stefanova

Tel.: +359 2 957 12 47, e-mail: investors@allterco.com, website: www.allterco.com (the information on this website is not incorporated by reference in this Document).

1.3. Identity and contact details of the Co-applicant appointed for the purpose of the admission to trading

For the purpose of the admission of the Shares to trading on the Frankfurt Stock Exchange and in accordance with its rules and the applicable German legislation the Issuer uses the services of a designated co-applicant - Wolfgang Steubing AG.

Seat and registered office: Goethestrasse 29, 60313 Frankfurt, Germany

Mailing address: Goethestrasse 29, 60313 Frankfurt, Germany

Contact person: Mr. Roger Bürgin

Tel.: +49 69 297-160, e-mail: info@steubing.com, website: <https://www.steubing.de/en/> (the information on this website is not incorporated by reference in the Document).

1.4. Identity and contact details of the competent authority approving the most recent prospectus

The most recent prospectus with respect to shares issued by Allterco is the Prospectus for public offering of 3,000,000 ordinary dematerialized shares from the capital increase of Allterco dated 23 January 2020, as supplemented by Supplement dated 2 June 2020, Supplement dated 29 July 2020 and Supplement dated 21 October 2020.

The above Prospectus as well as the supplements thereto have been approved by the Bulgarian Financial Supervision Commission (the "FSC")

Address: Bulgaria, 1000 Sofia city, Oborishte area, 16 Budapeshta Street;

Tel.: +359 2 9404 999, website: www.fsc.bg and e-mail: delovodstvo@fsc.bg

1.5. Date of approval of the most recent prospectus

The most recent prospectus with respect to shares issued by Allterco - the Prospectus for public offering of 3,000,000 ordinary dematerialized shares from the capital increase of Allterco dated 23 January 2020 was approved by the FSC by Decision No. 148 – E dated 18.02.2020. The Supplements to the above approved Prospectus dated 02.06.2020, 29.07.2020 and 21.10.2020 were approved by the FSC respectively by Decision No. 405-E dated 11.06.2020, Decision No. 601 – E dated 13 August 2020, Decision No. 791-E dated 29 October 2020.

1.6. Where the most recent Prospectus can be obtained

The most recent prospectus - the Prospectus for public offering of 3 000 000 ordinary dematerialized shares from the capital increase of Allterco dated 23 January 2020, as well as the Supplements thereto dated respectively 02.06.2020, 29.07.2020 and 21.10.2020 can be obtained from the Issuer upon request and are available in downloadable, printable and searchable electronic format on the Issuer's website (<https://allterco.com/en/for-investors/public-offering/prospectus-2020/>) and on the website of the investment intermediary authorized for the offering under the said Prospectus - Karoll AD (<https://karollbroker.bg/bg/cap-increase-allterco>).

1.7. Warnings

This Document does not constitute a prospectus within the meaning of the Prospectus Regulation nor it is a part of such prospectus. Respectively, this Document has not been approved by any competent authority. This Document has been drawn up for the sole purpose of admission of the Shares to trading on the Frankfurt Stock Exchange (in addition to trading on the Bulgarian Stock Exchange where the Shares have been already admitted) on the basis of the exemption from the obligation to publish a prospectus under Article 1, paragraph 5, point (j) of the Prospectus Regulation. Shares of the capital of Allterco have been admitted to trading on the Bulgarian Stock Exchange (BSE) Main Market, Standard Equities Segment for more than 18 months where initially 15 000 000 Shares (representing the registered capital of Allterco at the time) were admitted to trading in 2016 on the basis of a Prospectus for Initial Public Offering of Securities dated 28 April 2016, approved by the FSC and published in accordance with the applicable legislation transposing Directive 2003/71/EC, while the rest of the Shares (2 999 999 Shares of Allterco's capital increase that took place in 2020) were admitted to trading on the same regulated market in 2020.

This Document should be considered as key information that investors need in order to understand the nature and the risks of the Issuer and its securities that are admitted to trading on a regulated market, when considering whether to invest in these securities.

Any decision to invest in the Issuer's securities should be based on a thorough consideration of the information in this Document by the investors, as well as any information publicly disclosed by the Issuer, an independent review and assessment of the financial condition and performance of the issuer, as well as any other assessment the investors deem appropriate. The investors should bear in mind that the price of the offered shares may drop and they could lose all or part of the invested capital in these shares.

Where a claim in relation to information contained in the Document is brought before a court the plaintiff investor might, pursuant to the respective national legislation, have to bear the costs of translating of the Document prior to the initiation of the legal proceedings.

Only the persons responsible for drafting the Document, including its translation, shall bear civil liability for damages, if the information contained in it is misleading, inaccurate or fails to provide key information in order to aid the investors in their decision whether to invest in the offered securities.

SECTION 2. KEY INFORMATION ON THE ISSUER

2.1. Who is the Issuer of the securities? *(Text updated on 12.11.2021 due to corrected technical mistake)*

The Issuer of the shares is Allterco JSCo – a joint stock company, incorporated and operating pursuant to the Bulgarian legislation, seat and registered office: Republic of Bulgaria, Sofia Region, Stolichna [Sofia] Municipality, 1407 Sofia city, 103 Cherni Vrah Blvd., registered with the Commercial Register kept by the Bulgarian Registry Agency under Unified Identification Code under Unified Identification Code (UIC) 201047670 and LEI code 8945007IDGKD0KZ4HD95.

The Issuer is part of an economic group consisting of the Parent Company Allterco JSCo and its subsidiaries: Allterco Robotics EOOD, Bulgaria, registered with the Commercial Register kept by the Bulgarian Registry Agency under Unified Identification Code under Unified Identification Code (UIC) 202320104, Allterco Trading EOOD, Bulgaria, registered with the Commercial Register kept by the Bulgarian Registry Agency under Unified Identification Code under Unified Identification Code (UIC) 203348672, Allterco Properties EOOD, Bulgaria, registered with the Commercial Register kept by the Bulgarian Registry Agency under Unified Identification Code under Unified Identification Code (UIC) 204639442, Global Teracomm Inc. (DBA Allterco Robotics), USA, number NV20051456902 (“the Group”). The Company has a minority participation in a newly incorporated Chinese Company – Allterco Asia Ltd, holding 30 % of the capital. At discretion of the company under the condition of good development of the Chinese business, it has the option to acquire additionally up to 50 % and reaching a controlling stake of up to 80%.

Principal activities

The principal activities of the Issuer consist of acquisition, management, evaluation and sale of equity participation in Bulgarian and foreign entities. From 2015 onwards, the Group entered the Internet of Things sector (IoT). Since then, the Group has been growing organically in this segment by development and sales of two main product categories – tracking devices under the brand name *MyKi* and home automation systems under the brand name *Shelly*. In addition to the IoT sector, until 2019 the Group works in the field of telecommunications, offering value-added mobile services and mobile notifications. In 2019 Allterco JSCo completed the sale of its telecommunications business in Europe to LINK Mobility Group AS and in September 2021 has signed a Share Purchase Agreement for the sale of its telecommunications business in Asia. As a result, as of 2019 to the present date, the main activity of the Issuer’s economic group is primarily focused on the development, manufacturing and sale of IoT devices.

The IoT product portfolio of the Group includes devices with two types of connection: WiFi, currently sold on the market, and NarrowBand IoT (NB-IoT), whose release on the market is planned in the near future. Under the brand *Shelly* the Group offers smart devices for home automation compatible with the home management systems Amazon Alexa and Google Home (relays, lightening, plugs, cameras, sensors and devices for environmental control). Under the brand *MyKi* the Group offers wearables, tracking devices for movable items, health and care devices (self-care devices).

In order to extend its product portfolio, in 2020 the Group has taken steps towards development, certification and distribution of medical devices for remote and personal diagnostics as well as product developments in the field of air and surface disinfection and sanitization.

Major shareholders and control

At the date of this document, the persons who directly or indirectly own 5% or more than 5% of the capital, whose participation is subject to disclosure according to the under the Issuer’s national law and has been disclosed accordingly, are:

- Svetlin Iliev Todorov owning directly 5 847 120 shares, each of a nominal value of BGN 1, comprising 32.48% of the Issuer’s capital; and
- Dimitar Stoyanov Dimitrov owning directly 5 847 120 shares, each of a nominal value of BGN 1, comprising 32.48% of the capital of Allterco.

Insofar as the Issuer’s national law does not contain obligation for disclosure of participation in the amount of 3% or more than 3%, but less than 5% of the capital, according to the list of the shareholders, as of the date of this Document there are no other persons directly holding 3% or more than 3 %, but less than 5% of the Issuer's capital.

No persons exercise control over Allterco. The Issuer is not aware of any arrangements, the effect of which could result in a change in control of the Company.

Key managing directors of the Issuer

Allterco is a company with a one-tier governance system. The Company management body is its Board of Directors (“BD”), consisting of three members:

- Dimitar Stoyanov Dimitrov – Vice Chairman of the BoD of Allterco and Executive Director;
- Svetlin Iliev Todorov – Chairman of the BoD of Allterco;
- Nikolay Angelov Martinov – independent member* of the BoD of Allterco.

In the meaning of Art. 116a1, para. 2 of the Bulgarian Public Offering Act “independent member of the BoA” shall mean a person, who may not be:

1. an officer in the public company;
2. a shareholder who owns directly or through related persons at least 25 percent of the votes at the general meeting or is a person related to the company;
3. a person who has lasting trade relations with the public company;

4. a member of a management or supervisory body, procurator or officer in a company or another legal entity under items 2 and 3;

5. a person related to another member of a management or supervisory body of the public company.

Statutory auditors of the Issuer

The auditor of the annual consolidated financial statement of the Issuer as at 31.12.2018, 31.12.2019 and as at 31.12.2020 is Primorska Audit Company OOD, UIC 103599983, seat and registered office in Varna city, 104 General Kolev Street, floor 5, apt. 32, registration No. 0483 in the register of the Institute of Certified Public Accountants.

2.2. What is the key financial information regarding the Issuer?

The information set out below is extracted from the audited annual consolidated financial statements for the years 2018, 2019 and 2020, as well as non-audited consolidated interim financial statements. The financial information presented for 2021 and for the same period of the previous financial year is based on non-audited interim reports for the reference periods. The audited consolidated annual financial statements for 2020 are approved by the General Meeting of the Shareholders pursuant to the requirement of the Bulgarian Commercial Act. The audited consolidated annual financial reports are prepared in compliance with the International Financial Reporting Standards and International Accounting Standards, as well as in the format requested by the Bulgarian financial regulator – Financial Supervision Commission. The non-audited consolidated interim financial reports are prepared in compliance with the requirements of Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards according to the International Financial Reporting Standards and International Accounting Standards, as well as according to the format requested by the Bulgarian financial regulator – Financial Supervision Commission. The audited consolidated annual financial statements for 2018, 2019 and 2020, as well as the non-audited consolidated interim financial statements for 2020 and 2021 are available on the Website of the Company as follows:

- i. audited consolidated annual financial statements for 2018– available at <https://allterco.com/documents/CONSOLIDATED/Annual%20audited%20consolidated%20financial%20statements%202018.pdf>
- ii. audited consolidated annual financial statements for 2019 – available at <https://allterco.com/documents/CONSOLIDATED/Annual%20audited%20consolidated%20financial%20statements%202019.pdf>
- iii. audited consolidated annual financial statements for 2020 – available at <https://allterco.com/documents/CONSOLIDATED/Audited%20Consolidated%20Annual%20Financial%20Statements%202020.pdf>
- iv. non-audited consolidated interim financial statements for 2020 – available at <https://allterco.com/documents/CONSOLIDATED/Interim%20Consolidated%20Financial%20Statements%20Allterco%20JSCo%202020.pdf>
- v. non-audited consolidated interim financial statements for 2021- available at <https://allterco.com/documents/CONSOLIDATED/Interim%20Consolidated%20Financial%20Report%206%20D0%9C%202021.pdf>

Statement of comprehensive income on a consolidated basis

(BGN thousands)	2018 ¹⁾	2019 ²⁾	2020 ³⁾	H1 2020 ⁴⁾	H1 2021 ⁵⁾
Total sales revenue	44 880	33 318	46 342	18 536	28 329
Revenue from sale of devices	10 949 ⁶⁾	21 039 ⁷⁾	39 117 ⁸⁾	14 862 ⁹⁾	26 170 ¹⁰⁾
Operating profit	3 364	89	12 351	3 327	7 848
Profit before interest and tax, EBIT	3 364	8 564 ¹¹⁾	15 797 ¹²⁾	3 327	7 848
Net profit for the owners of the equity of the Parent Company	2 648	7 169	13 857	2 858	6 999
Net profit	2 606	7 305	13 438	2 785	6 855
Annual revenue growth	14.53%	-25.76%	39.08%	-22.91%	52.83%
EBIT margin	7.49%	25.70%	34.09%	17.95%	27.70%
Net profit margin	5.81%	21.93%	29.00%	15.02%	24.20%
Earnings per share attributable to the owners of the Parent Company (BGN) ⁴⁾	0.18	0.48	0.9	0.19	0.41

1) See audited consolidated annual financial statements for 2018, (see (i))

2) See audited consolidated annual financial statements for 2019 (see (ii))

3) See audited consolidated annual financial statements for 2020 (see (iii))

4) See non-audited consolidated interim financial statements for 2020 (see (iv))

5) See non-audited consolidated interim financial statements for 2021 (see (v))

6) See note 4.1. of the audited consolidated annual financial statements for 2018, (see (i))

7) See note 4.1. of the audited consolidated annual financial statements for 2019, (see (ii))

8) Includes revenues from sale of goods and sale of production. See note 4.1. of the audited consolidated annual financial statements for 2020, (see (iii)).

9) Includes revenues from sale of goods and sale of production. See note 4.1. of the non-audited consolidated interim financial statements for 2020, (see (iv))

10) Includes revenues from sale of goods and sale of production. See note 4.1. of the non-audited consolidated interim financial statements for 2021, (see (v)).

11) Derived from the sum of operating profit and financial income (positive differences from the sale of investments in subsidiaries). See audited consolidated financial statements of the comprehensive income for 2019, (see (ii))

12) Derived from the sum of operating profit and financial income (positive differences from the sale of investments in subsidiaries). See audited consolidated financial statements of the comprehensive income for 2020, (see (iii))

13) Calculated as a ratio of total revenue for the period to total revenue for the previous period and the result is presented as a %

14) Calculated as a ratio of the EBIT to total revenue for the respective period and the result is presented as a %

15) Calculated as a ratio of the net profit to the total revenue for sales for the respective period and the result is presented as a %

16) Not derived directly from the financial statements. Calculated as net profit attributable to owners of the parent (excluding minority interest) divided by the weighted average number of shares for the period.

Statement of financial position on a consolidated basis

(BGN thousands)	2018 ¹⁾	2019 ²⁾	2020 ³⁾	H1 2020 ⁴⁾	H1 2021 ⁵⁾
Total assets	42 297	39 891	65 693	40 714	71 814
Total equity	28 924	30 336	56 836	33 168	58 468
Net financial debt ⁶⁾	3 767	-7 763	-22 915	-8 585	-26 455

- 1) See audited consolidated statement of financial position for 2018, (see (i))
- 2) See audited consolidated statement of financial position for 2019 (see (ii))
- 3) See audited consolidated statement of financial position for 2020 (see (iii))
- 4) See non-audited consolidated statement of financial position for the first six months of 2020 (see (iv))
- 5) See non-audited consolidated statement of financial position for the first six months of 2021 (see (v))
- 6) Calculated as the difference between financial liabilities (long-term and short-term liabilities to banks and leasing companies) and cash at the end of the respective period

Cash flow statement on a consolidated basis

(BGN thousands)	2018	2019	2020	H1 2020	H1 2021
Net cash flow from operating activities	592	6 358	4 057	1 856	3 932
Net cash flow from investment activities	-2 329	8 273	1 927	-868	-121
Net cash flow from financing activities	1 325	-3 729	9 205	-263	-375

- 1) See audited consolidated cash flow statement for 2018, (see (i))
- 2) See audited consolidated cash flow statement for 2019 (see (ii))
- 3) See audited consolidated cash flow statement for 2020 (see (iii))
- 4) See non-audited consolidated cash flow statement for the first six months of 2020 (see (iv))
- 5) See non-audited consolidated cash flow statement for the first six months of 2021 (see (v))

Description of all qualifications in the 2018 audit report

The 2018 audit report prepared by Primorska Audit Company OOD regarding the audit of the consolidated financial statement reflects a qualified audit opinion. The basis for the expressed qualified audit opinion concerns the goodwill amounting to BGN 15,581 thousand presented in the consolidated financial statement as at 31 December 2018. This goodwill was recorded as a result of performed business combinations related to acquiring control over subsidiaries in different prior periods. In the course of the audit, the auditor was unable to obtain sufficient and convincing evidence concerning the evaluation of identifiable assets and liabilities at their fair value at the acquisition date, acquired through the separate business combinations in the preceding periods. As a consequence, the auditor was unable to confirm the value of the goodwill presented in the consolidated statement of financial position as at 31 December 2018.

Description of all qualifications in the 2019 audit report

The 2019 audit report prepared by Primorska Audit Company OOD regarding the audit of the consolidated financial statement reflects a qualified audit opinion. The basis for the expressed qualified audit opinion concerns the goodwill amounting to BGN 3,281 thousand presented in the consolidated financial statement as at 31 December 2019. This goodwill was recorded as a result of performed business combinations related to acquiring control over subsidiaries in different prior periods. In the course of the audit, the auditor was unable to obtain sufficient and convincing evidence concerning the evaluation of identifiable assets and liabilities at their fair value at the acquisition date, acquired through the separate business combinations in the preceding periods. As a consequence, the auditor was unable to confirm the value of the goodwill presented in the consolidated statement of financial position as at 31 December 2019.

The 2019 audit report prepared by Primorska Audit Company OOD regarding the audit of the consolidated financial statement reflects an emphasis of matter concerning the declaration of state of emergency declared in Bulgaria due to the coronavirus (COVID-19) pandemic disclosed in the statements. The effects on the country's economy as a result of the imposed anti-epidemic measures may have a negative impact on the Group's activity. Due to the existing uncertainty with respect to the development of the pandemic, it is not possible to make reliable measurements and assessments of such negative consequences. The auditor's opinion has not been modified with respect to that matter.

Description of all qualifications in the 2020 audit report

The 2020 audit report prepared by Primorska Audit Company OOD regarding the audit of the consolidated financial statement reflects a qualified audit opinion. The basis for the expressed qualified audit opinion concerns the goodwill amounting to BGN 2,801 thousand presented in the consolidated financial statement as at 31 December 2020. This goodwill is formed as a result of performed business combinations carried out in relation to the acquisition of subsidiaries in different prior periods. In the course of the audit the auditor was unable to obtain sufficient and convincing evidence of the assessment of the identifiable assets acquired during prior periods in the individual business combinations at their fair value as at the date of their acquisition thereof. As a consequence, the auditor was unable to confirm the value of the goodwill presented in the consolidated statement of financial position as of 31 December 2020.

The 2020 audit report prepared by Primorska Audit Company OOD regarding the audit of the consolidated financial statement reflects an emphasis of matter concerning the disclosure in the Notes to the consolidated financial statements in relation to the declaration of state of emergency declared in Bulgaria due to the coronavirus (COVID-19) pandemic, specifically "In 2020, the management has successfully implemented certain stabilisation measures, limiting the negative financial effects on Groups' activities. As a result, from these measures, there is no worsening of the financial position of the Group in 2020, quite the opposite in fact, the parent Company and its subsidiaries, operating in sectors which have not been hit by the crisis have improved their financial indicators. The Group is counting on a similar effect in 2021, so that if the emergency epidemic situation is extended, this would not have a negative impact on its ability to continue as a going

concern. During the reporting period, the parent company "Allterco" increased its share capital through public offer of shares which additionally increase the financial stability of the group." The auditors' opinion has not been modified with respect to that matter.

2.3. What are the key risks specific for the Issuer?

Risks related to the sector, in which the Group operates

Risk of shortage of key personnel – insufficient personnel in the subsidiaries may adversely affect the Group's future prospects due to delays in the development of new products/services or the maintaining of established ones. The low competition of personnel in this sector leads to increasing cost of labour and results in higher remuneration expenses.

Risk of strong competition – the Group operates mainly in the IoT segment, which attracts the interest of many tech giants and start-ups. The loss of or inability to gain market share and a drop in the prices of the end products might have a negative impact on the revenues, profit and profit margins.

Risks related to security of personal data and hacker attacks – the sale of devices and the consumers' use of the accompanying mobile applications and cloud services, provided by the Group, are associated with exchange and storage of personal data. A potential information security breach could result in the loss of customers and/or partners; imposing of sanctions and legal proceedings; lost or delayed orders and sales; adverse effect on reputation, business, financial position, profits and cash flows.

Risk of regulatory and specific technical requirements – selling of IoT devices is subject to regulations *in terms of product certification* in the respective country. In addition to the technical safety requirements, personal data protection provisions that are specific for the different markets must be observed. The process of certification of the devices in accordance with the local regulations and in accordance with the requirements of individual contractual partners (especially mobile operators) is time and resources intensive and might delay the Company's entry into new markets or impose additional costs to meet the different standards.

Risk of a change in technologies – there is a risk of delayed adaptation to new technologies due to the lack of knowledge, experience or sufficient financing, which might result in a loss of competitive positions and market shares and in turn might lead to a deterioration in the Group's results.

Risks related to the Groups operations

Operational risk – the companies in the Group are exposed to a risk of loss resulting from inadequate or failed management-related internal procedures. Such risks might occur due to erroneous operational decisions of the management, insufficiently qualified staff, increase in the administrative costs, technical breakdowns leading to a prolonged disruption of the services provided, etc.

Risks related to the business partners – manufacturing operations in the IoT segment are outsourced to external contractors, mainly in China. Potential risks related to key subcontractors are associated with precise and timely performance of supplies or termination of business relations. The Group's operations are also related to the activities of the mobile operators, whereas the services in the telecommunications segment and part of the products of the Group companies in the IoT segment are offered through mobile operators. A possible loss of a partnership with a given mobile operator might lead to some negative consequences for the revenues and the Group's financial position. After sale of the telecommunications business and in view of the diversification of the sale channels in the IoT segment, this risk is of less significance.

Risks related to new projects – development of new products and services by the subsidiaries of Allterco JSCo is related to investments in human resources, software, hardware, materials, goods and services. If the new products and services are not successful on the market, this would have a negative impact on the expenses and assets of the Company and on its operating results.

Systematic risks

Currency risk – exposure to currency risk is the dependence on and the effects of changes in currency exchange rates. The companies in the Issuer's Group operate both in Bulgaria, the EU countries and third countries, mainly in the USA and the Asia-Pacific region. At present, the majority of the revenues from the IoT business are in Bulgarian leva or euro, while costs of goods in this segment are mainly in US dollars and are largely tied to the Chinese Yuan. Therefore, appreciation of the US dollar or the Chinese Yuan may have an unfavourable impact on the business results.

Risk related to general economy and geopolitical issues – The Issuer's operations are subject to potentially unfavourable global and local economic and market conditions, which may have a material effect on the Issuer's business, results of operations, financial condition and prospects. Following a collapse in the first half of 2020 caused by the COVID-19 pandemic, economic activity rebounded in the second half of the year, albeit recovery is projected to be subdued and remain below pre-pandemic trends. The Group's business was not affected by the economic downturn and registered a significant growth in 2020. Nevertheless, a potential prolonged pandemic and hence slower economic recovery could have a negative impact on its performance.

2.4. Where is the financial information published by the Issuer pursuant to ongoing disclosure obligations available

The financial information published by the Issuer pursuant to ongoing disclosure obligations is available in electronic format on the Issuer's website <https://allterco.com/en/for-investors/financial-results/consolidated-2020/> and is on the website of the media http://www.x3news.com/?page=Company&target=FinancialReport&BULSTAT=201047670&MESSAGE_TYPE=1

SECTION 3. KEY INFORMATION ON THE SECURITIES

3.1. What are the main features of the securities?

Type, class and ISIN of the shares

The subject of the present Document is the listing on the Frankfurt Stock Exchange of 17 999 999 Shares of Allterco, representing 100% of its capital. The Shares are of the one class, namely – ordinary, registered, dematerialized, voting shares, with a par value of BGN 1 each. The ISIN of the Shares is BG1100003166. Currently the Shares are admitted to trading on a regulated market – Bulgarian Stock Exchange.

Currency, par value, total nominal value and number of shares

The shares are denominated in Bulgarian leva and have a par value of BGN 1 each.

Rights attached to the shares

The Shares are of one and the same class and accordingly will give the same rights. The main rights of the shareholders are as follows:

Dividend right and right to a share in the profits – each share gives its holder the right to receive a dividend commensurate with its par value. The dividend shall be distributed by a decision of the General Meeting of Shareholders, whereas the Articles of Association of the Company provide for the possibility to distribute annual and six-month dividends, subject to the conditions laid down by the law. Persons listed in the central securities register as such having right to dividend 14 days following the date of the general meeting that has approved the respective annual and semi-annual financial statements and has decided on the profit distribution are entitled to dividend. The Articles of Association of the Company do not provide for the right to a share in the profits, different than the described dividend right.

Voting right – each share entitles its holder to one vote in the General Meeting of Shareholders of the Company. The voting right shall be exercised by the persons listed in the central securities register as entitled to a voting right 14 days prior to the date of the general meeting. The voting right may be exercised personally (accordingly, through the legal representative of the shareholder) or through a proxy.

Pre-emptive right – in case of capital increase of the Company, the shareholders shall be entitled to acquire part of the new shares, corresponding to their capital share prior to the increase.

Right to a liquidation quota – each share gives its holder the right to a liquidation quota commensurate with its par value from the residual assets of the Company upon its dissolution.

Conditions for redemption – as ordinary shares, the Shares do not provide redemption privileges.

Other rights

- Management rights: each shareholder is entitled to participate in the governance of the Company, including to elect and to be elected in its management bodies;
- Control rights: right of the shareholders to information, including the right to review all written materials related to the agenda of the convened general meeting, to receive these materials upon request free of charge and to receive the minutes and annexes to them from past general meetings.
- Protective rights, including the right to request the competent court to revoke a resolution of the general meeting when it contravenes mandatory provisions of the law or of the Articles of Association, right of action for the protection of the right to membership and individual membership rights in case of their violation by bodies of the Company, right to request the appointment of registered auditors by the Registry Agency in the event that such have not been elected, minority rights (exercised by shareholders holding at least 5% of Company capital), including the right to bring the Company's actions in case of failure of the management bodies to act, action for damages caused to the Company by members of its bodies, right to request convening of the general meeting or authorization of their representative to convene it, the right to include items and propose resolutions on items in the agenda of the general meeting.

Relative seniority of the shares in the Issuer's capital structure in the event of insolvency

In case of Issuer's insolvency, shareholders' claims (provided there are assets available) shall be after satisfaction of the claims of all creditors.

Restrictions on the free transferability of the shares

The Shares are freely transferable, subject to the normative provisions in force. Transfer of dematerialized securities, shall be considered completed as of the time of registration with the central securities register.

Dividend policy

The Issuer has no formal policy on distribution and payment of dividends in place. The General Meeting of Shareholders shall pass a resolution on distribution of profits in accordance with the future development plans and the financing needs for the operations. The Company shall distribute dividends in accordance with the procedure and under the conditions stipulated in the Bulgarian Commercial Act, the Bulgarian Public Offering of Securities Act and the Articles of Association of the Company.

3.2. Where will the securities be traded

The Shares are currently traded on a regulated market – Bulgarian Stock Exchange Main Market, Standard Equities Segment of the Bulgarian Stock Exchange. Allterco's shares issue is a constituent of the SOFIX benchmark index of the Bulgarian Stock Exchange (ISIN: BG92SOFI4086). The issue was added to the index on 22 March 2021 – the date of the last rebalancing of the index.

Currently the shares are subject to an application for admission to trading on a regulated market - the Frankfurt Stock Exchange (XFRA) and upon successful procedure of listing on the Frankfurt Stock Exchange they should be traded on both markets.

3.3. Is there a guarantee in relation to the shares?

No

3.4. What are the key risks that are specific to the securities?

Risk of limited free float and potential price volatility in response to various factors –expressed in the possibility for potential investors to incur losses resulting from changes in share prices due to factors related to the Company and to external events beyond the Company's control, as well as in the difficulty of buying or selling certain securities at short notice and at minimal cost. There are no guarantees regarding the future formation and maintaining of an attractive trading market for the Issuer's shares.

Risk of a change in the interests of the majority shareholders – the members of the BoD Dimitar Dimitrov and Svetlin Todorov hold 32.48 % of the shares each and the corresponding voting rights in the Issuer's General Meeting, which also permits the exercise of significant influence. Under the condition of the successful registration of the capital increase, performed in October 2020, the majority shareholders have signed a Lock-up Agreement, according to which each of them locked up 5 776 120 of his shares for a period of 3 years and the option under certain conditions to dispose of up to 7 % of these shares after the expiry of 6 months as of the registration of the capital increase. Since the majority shareholders are also members of the BoD they are limited in trading with shares of the company in the closed periods defined under Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse. For the investors, there is a risk of possible changes in the major shareholders' interests, which could have an unfavourable impact both on the Company's activities and with respect to the interests of the minority shareholders.

Risk of a change in the taxation of investment in securities – the capital earnings from securities trading on a regulated market might be subject to local taxation depending on the tax residence of the investor and the local applicable law. A potential tax burden applicable according to the local tax law in the place of investor's residence may have a negative impact on the realized returns on the investment in the shares.

Risk related to restrictions on the acquisition of shares by investors in certain jurisdictions – In accordance with the applicable law in the member states or the rules of the specific regulated market where the shares are registered for or are being admitted to trading certain investors might be limited in trading or participation in future capital increases. The securities subject to admission for trading have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or under any applicable securities laws of any state, province, territory, county or jurisdiction of the United States. Accordingly, unless an exemption under relevant securities laws is applicable, any such securities may not be offered, sold, pledged or otherwise transferred, directly or indirectly, in or into the United States or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration of such securities in, the relevant jurisdiction.

SECTION 4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

4.1. Under which conditions and timetable can I invest in this security?

Admission to trading on a regulated market

Allterco JSCo shares are currently traded on a regulated market – Bulgarian Stock Exchange Main Market, Standard Equities Segment of the Bulgarian Stock Exchange.

The shares are subject to an application for admission to trading on a regulated market - the Frankfurt Stock Exchange (XFRA) and upon successful procedure of listing on the Frankfurt Stock Exchange they should be traded on both markets. The admission to trading on the Frankfurt Stock Exchange is expected within the regulatory terms for approval of the Issuer's application by local regulatory bodies. In its application for admission to trading the Issuer has indicated as first date of trading 1 September, 2021

4.2. Why is this Document being produced?

The present Document is carried out based on a decision of the BD of Allterco of 13.01.2021 for dual listing of the Company's Shares and namely on the Bulgarian Stock Exchange (where the Shares are currently traded) and on another regulated market - Frankfurt Stock Exchange (where admission to trading is sought).

The dual listing will increase the liquidity of the shares because it will provide access to them to a wider range of investors. Next, the choice of the Frankfurt Stock Exchange, where the admission of shares is sought, is provoked by the significant interest in the Company and its products by German investors, which in turn will provide access to more sources of financing and investments.

The Issuer is seeking for admission to trading on the Frankfurt Stock Exchange without a Prospectus based on the exemption under Art. 1, paragraph 5, point (j) of the Prospectus Regulation. In compliance with the requirement of the cited provision the Issuer seeking for admission to trading shall make available to the public in the Member State of the regulated market where admission to trading is sought (namely Germany) a document the content of which complies with Article 7 (“Prospectus summary”) of the Prospectus Regulation. Therefore, this document is intended to provide the key information that investors need in order to understand the nature and the risks of the Issuer and the securities which admission to trading on a regulated market is sought, and that is to be read to aid investors when considering whether to invest in these securities

THE UNDERSIGNED, IN HIS CAPACITY OF EXECUTIVE DIRECTOR OF THE ISSUER, DECLARES BY HIS SIGNATURE THAT THE DOCUMENT COMPLIES WITH THE REQUIREMENTS OF THE LAW.

For the Issuer:

Dimitar Dimitrov – Executive Director