

*Appendix to the Written Materials in connection with a proposal for a resolution under item 18 of the agenda of the Ordinary Annual General Meeting of Shareholders of Allterco JSCo scheduled for 28.06.2021: Adoption of a decision for approval of the accomplishing of an incentives program for employees of the company and its subsidiaries based on shares from the capital of the ALLTERCO JSCO*

## **ADOPTION OF OF A DECISION FOR APPROVAL OF REMUNERATION SCHEME BASED ON SHARES OF THE COMPANY FOR THE MEMBERS OF THE BOARD OF DIRECTORS FOR 2021**

This scheme determines the terms and conditions for granting remuneration based on shares of Allterco JSCo ("the Company") to the executive members of the Board of Directors for 2021 (the "Scheme").

This Scheme has been drafted in accordance with the Remuneration policy, subject to voting by the General Meeting of Shareholders scheduled for 28.06.2021, ("The Remuneration policy")

The rules and the basic principles of the Remuneration Policy were fully taken in account when drawing up the Scheme, as well as the long-term business development plans of Allterco's Group.

This Remuneration Scheme sets the criteria for evaluating the performance of the executive members of the Board of Directors on an annual basis for the calendar year 2021, on the basis of which it shall be determined the provision and amount of the remuneration in shares.

Wherever "remuneration in shares / provision of shares" is indicated in this Scheme, is to be interpreted that the transfer of ownership or the arising of rights to subscribe shares according to the specific way of their provision - transfer of the Company's own shares, purchase of shares (including redemption) or the issuance of new shares through a capital increase.

### **1. Maximum number of shares subject to remuneration**

The maximum number of shares of the Company, which may be provided as remuneration to the executive members of the Board of Directors is in total 80 000 shares, which at the date of approval of this plan represents 0, 444 % of the capital. The shares are granted depending on the fulfillment of the criteria for the achieved results in items 3.1 and 3.2.

### **2. Order for the provision of remuneration in shares**

The remuneration in shares is provided by a Decision of the General Meeting of Shareholders on the proposal of the Board of Directors within the maximum amount.

The shares subject to the remuneration will be provided to the executive members of the Board of Directors representing the Company, namely:

- Dimitar Dimitrov - Executive Director and Deputy Chairman
- Svetlin Todorov - Chairman

The specific number of shares that are granted depends on the degree of realization of the set financial and non-financial criteria.

### **3. Conditions for providing remuneration in shares**

In order to provide remuneration in shares for 2021, the following criteria for achieved results should be met:

3.1. Financial criteria - the achieved average market capitalization of the company based on statistics of the Bulgarian Stock Exchange at the end of the financial year 2021, which until the date preceding the date of the decision of the Board of Directors to convene a General Meeting of Shareholders, including agenda item for the provision of remuneration in shares, has remained relatively unchanged and has not fallen by more than 10% ( *When calculating the capitalization for the purpose of implementing the Scheme, capital increases*

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occurred during the period will not be taken into account. (excluding capital increases for the purposes of incentive programs for provision of shares to employees), and if any, these are eliminated in calculating the capitalization ).

The parameters of the financial criterion (the respective number of shares for each stage of execution) are listed in Table 1 here below.

3.2. The Non-financial criteria includes the accomplishment of any of the following strategic projects alternatively:

- i.listing of the shares of Allterco JSCo on a foreign regulated market ; or
- ii.sale of the Asian telecommunications business of the Company ; or
- iii.placing new devices on the market .

The parameters of the non-financial criterion (the respective number of shares for each stage of execution) are given in Table 1 here below.

3.3. The conditions for implementation of the Scheme are determined in view of the development strategy of the Group and are the same for all executive members of the Board of Directors given their functions, their cooperation and the overall result achieved by them for the Company and the companies of its Group;

3.4. The fulfillment of the conditions for granting the remuneration in shares is reported by the Board of Directors and is approved by the General Meeting of Shareholders, and the specific number of shares to be granted is determined according to the degree of fulfillment of the criteria.

The specific number of shares in order to achieve the financial criteria depends on the stage (" Level") of performance. The number of shares for each stage of fulfillment of the financial criteria is added to the number of shares from the previous stage of execution. The overall result is shown in column 4 of Table 1, hereafter.

*For example, upon reaching a minimum market capitalization of 58 5 000 000 ( Level I) Executive Board of Directors will be entitled to receive 18,000 shares, while at reaching a minimum market capitalization of BGN 1 170 000 000 ( Level II) - 28,000 shares ( 18,000 + 10,000)*

In order to determine the annual amount of remuneration in shares for each executive member, the number of shares, which meet the criteria set out in column 4 of Table 1 here below are added together.

*For example, upon reaching a minimum market capitalization of BGN 585 000 000 (Level I) and has implemented some of the projects (Level I) each member of the Board of Directors will be entitled to receive the relevant number of shares in column 4, namely: 20,000 shares = 18,000 shares for the fulfillment of the first criteria + 2,000 shares for the fulfillment of the second criteria.*

**Table 1**

1	2	3	4
Criteria	Performance level	Number of shares according to the level of performance	Total number of shares for the achievement of the criteria
Minimum market capitalization BGN	I.585 000 000 BGN	18 000	<b>18000</b>
	II.1 170 000 000 BGN	+ 10,000	<b>28000</b>
	III.1 955 000 000 BGN	+ 10,000	<b>38000</b>
Implementation of any of the strategic projects	I.completed Project	2000	<b>2000</b>

*\* The specified number of shares applies to each executive member of the Board of Directors separately, and not in together.*

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#### **4. Provision of remuneration in shares**

The transfer of shares in ownership of the executive members of the Board of Directors shall be carried out as early as three years after the date of the decision of the General Meeting of Shareholders for their provision. In fact, the shares are provided to the executive members of the Board of Directors by transferring ownership or granting rights for subscription of shares depending on the method approved by the General Meeting of Shareholders for their provision - transfer of shares owned by the Company, purchase of shares (including redemption) or issue of new shares by increasing the capital.

#### **5. Conditions for keeping the shares after their acquisition**

Conditions for keeping the shares after their acquisition are not determined and do not apply.

#### **6. Deadline for providing remuneration based on shares**

By 31.12.2022, after reviewing the achieved results, the General Meeting of the Shareholders approves the fulfillment of the criteria under the current Scheme for 2021 and decides on the provision of the specific remuneration in shares. The actual provision of the shares is carried out within the legally established terms.