

Translation from Bulgarian language



ALLTERCO JSCo

SUPPLEMENT
to
SECURITIES NOTE

Part III of the Prospectus for public offering of 3,000,000 (three million) ordinary dematerialized shares from the capital increase of

Allterco JSCo, ISIN BG1100003166

| | |
|---|---|
| Type of the offered securities: | Ordinary, dematerialized, registered, freely transferable shares |
| Number of offered securities: | Up to 3,000,000 (three million) |
| Nominal value per unit: | BGN 1.00 (one) per share |
| Total nominal value: | Up to BGN 3,000,000 (three million) |
| Issue price: | BGN 3.00 (three) per share |
| Total issue price: | From BGN 3,000,000 (minimum subscription) Up to BGN 9,000,000 (maximum subscription) |
| Number of existing shares: | 15,000,000 Not offered in the public offering |
| ISIN of the issue: | BG1100003166 |
| Investment intermediary of the issue | Karoll AD |

This Supplement to Securities Note, part of the Prospectus for public offering of shares of Allterco JSCo together with the Registration Document and the Summary has been drawn up accordance with Article 18, paragraph 1, points (a) and (g) of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 in relation to the publication of the audited annual financial statements of Allterco JSCo for the year 2019 and its intention to carry out public offering of the shares from the capital increase that is the subject of the Prospectus also on the territory of the Federal Republic of Germany and the Italian Republic, whereas relevant information has been included with respect to the offering, expenses related to the issue and dilution. In preparation of this Supplement information under the Securities Note has been updated, insofar and where changes have occurred as at the date of the Supplement, notwithstanding that the respective changes are not grounds for drawing up the same within the meaning of Article 23, paragraph 1 of Regulation (EU) 2017/1129. Except for

the supplements and/or changes to the respective items of the Securities Note explicitly specified herein, no other supplements and/or changes to the information stated in the Securities Note are necessary as the information under the respective items presented as at the date of the Prospectus is up-to-date also as at the date of this Supplement.

This Supplement should be read in conjunction with the Securities Note, whereas it is in the best interests of potential investors to become familiar with the Registration Document and the Securities Note and the supplements thereto in full detail giving particular attention to the risk factors described in the respective parts of the Prospectus.

The members of the Board of Directors of Allterco JSCo are jointly liable for damages caused as a result of any false, misleading or incomplete data contained in this Supplement and the Securities Note as a whole. The compilers of the financial statements of Allterco JSCo are jointly liable with the persons referred to in the preceding sentence for damages caused as a result of any false, misleading or incomplete data in the financial statements of Allterco JSCo, whereas the statutory auditor is liable for damages caused by the Issuer's financial statements, audited by such auditor. The relevant statements by the specified persons concerning the accuracy and completeness of the provided information (see item 2 "Responsible Persons"), as well as a statement by the Executive Director of the Issuer on the compliance of this Supplement with the requirements of the law, are presented as part of the Prospectus as the latter has been supplemented by this Supplement and the supplement of the same date to the Registration Document and the Summary.

This Supplement to the Securities Note has been approved by the Financial Supervision Commission as competent authority pursuant to Regulation (EU) 2017/1129 by Decision No. 405-E of 11 June 2020 as part of the Prospectus for public offering of shares. The Financial Supervision Commission only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. This approval shall not be considered as an endorsement of the quality of the securities that are the subject of this Securities Note.

The Financial Supervision Commission is not responsible for the accuracy and completeness of the information contained in the Prospectus. Investors should make their own judgement as to the suitability of the investment in the offered shares and should make an independent review and assessment of the Issuer's financial position and operations, as well as any other assessment they deem appropriate, before making a final decision to subscribe for the offered shares.

Investment in shares is a risky endeavor, which is associated with taking certain risks and which could result in loss of invested funds. There is no certainty with respect to the future development of such investments and there is no guarantee of profitability.

The information stated in the Prospectus (including the appendices thereto, this Supplement and the respective supplements of the same date to the other parts of the Prospectus) is the

only information with regards to this offering for whose accuracy and completeness the Issuer assumes responsibility. The contents of this document should not be considered legal, financial, business or tax advice. To obtain such advice, each potential investor should consult their own legal, financial or tax advisor.

Investors who are interested in this Supplement, the Securities Note and the other parts of the Prospectus, including the supplements thereto, may examine the original documents and receive a free copy at their e-mail address and get additional information from the Issuer and from the authorized investment intermediary:

| | Allterco JSCo | Authorized Investment Intermediary: Karoll AD |
|------------------------|---|---|
| |  |  |
| Address: | 1407 Sofia city, 103 Cherni Vrah Blvd. | 1164 Sofia city, 1 Zlatovrah Street |
| Contact person: | Denitsa Stefanova | Angel Rabadzhiyski |
| Telephone: | +359 2 957 1247 | +359 2 400 8 251 |
| Internet: | www.allterco.com | http://www.karollbroker.bg |
| e-mail: | investors@allterco.com | broker@karoll.bg |

2 June 2020

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1. CHANGE TO THE INFORMATION UNDER ITEM 2 RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL, SUB-ITEM 2.1. RESPONSIBLE PERSONS

The Supplement to the Securities Note is intended to amend item 2.1 of the Securities Note, whereby the text shall be replaced as follows:

The members of the Board of Directors of Allterco JSCo (see Table 1 below), who are jointly liable for damages caused as a result of any false, misleading or incomplete data in this Securities note and the Supplement to it, are responsible for the preparation of this document and the Supplements thereto.

Table 1: Members of the Board of Directors (BoD) of Allterco JSCo

| Name | Position |
|---------------------------|---|
| Dimitar Stoyanov Dimitrov | Deputy Chairman of the BoD and Executive Director |
| Svetlin Iliev Todorov | Chairman of the BoD |
| Nikolay Angelov Martinov | Independent member of the BoD |

The compiler of the annual consolidated financial statements of the Company as at 31 December 2018 and of the annual consolidated financial statements of the Company as at 31 December 2019 is Albena Beneva, currently tax advisor of the Issuer. The compiler of the interim consolidated statements of the Issuer as at 30 June 2019 is AVA Partners OOD, Unified Identification Code (UIC) 131477470, having its seat and registered office at 1799 Sofia city, 54 Andrey Lyapchev Blvd., via its manager Varbina Nacheva. The compilers of the annual and interim financial statements are jointly liable with the above-mentioned persons for damages caused by any false, misleading or incomplete data in the Issuer's financial statements, compiled by them. The auditor of the annual consolidated financial statement of the Issuer as at 31 December 2018 and of the annual consolidated financial statement of the Issuer as at 31 December 2019, i.e. Primorska Audit Company OOD, Unified Identification Code (UIC) 103599983, having its seat and registered office at Varna city, 104 General Kolev Street, floor 5, apt. 32, with lead auditor Iliya Nedelchev Iliev, registered with the register kept by ICPA under registration No. 0483, is jointly liable with the above persons for damages caused by the Issuer's financial statements audited by them.

By signing the declarations attached to the prospectus, the members of the Board of Directors of Allterco JSCo declare that, to the best of their knowledge, the information contained in the prospectus and the supplement thereto is true and complete and corresponds to the facts and the prospectus, including this Securities Note and the supplement thereto, as part of the Prospectus, does not make omissions that are likely to affect its import.

In addition, pursuant to Article 81 (2) of POSA, the executive director of the Issuer declares by his signature, placed at the end of this document and the supplement thereto, respectively, that the same complies with the requirements of the law.

By the declarations attached to the prospectus, the compiler of the Issuer's financial statements, as specified above, declare that to the best of their knowledge, the information contained in the Prospectus and the supplement thereto, which is extracted from the financial statements,

compiled by them, is true and complete. By the declaration attached to the prospectus, the Issuer's auditor, as specified above, declares that, to the best of his knowledge, the information provided in the Prospectus and the supplement thereto, presented on the basis of the audited financial statement and the auditor's report prepared on these statements, is true and complete.

2. CHANGE TO THE INFORMATION UNDER ITEM 2 RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL, SUB-ITEM 2.4. STATEMENTS AND APPROVALS

The Supplement to the Securities Note is intended to amend item 2.4 of the Securities Note, whereby the text shall be replaced as follows:

The Securities Note and the supplement thereto have been approved by the Financial Supervision Commission as competent authority under Regulation (EU) 2017/1129, as part of the Prospectus for public offering of shares of Allterco JSCo. The Financial Supervision Commission only approves the Securities Note and the supplement thereto as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. This approval should not be considered an endorsement of the quality of the securities that are the subject of the Securities note. Investors should make their own assessment as to the suitability of investing in the securities offered. The Securities note has been drawn up as part of a simplified prospectus pursuant to Article 14 of Regulation (EU) 2017/1129.

3. CHANGE TO THE INFORMATION UNDER 3 ESSENTIAL INFORMATION, SUB-ITEM 3.2. REASONS FOR THE OFFERING AND USE OF PROCEEDS

The Supplement to the Securities Note is intended to amend item 3.2 of the Securities Note, whereby the text of the second paragraph and table 2 shall be replaced as follows:

The raised net proceeds depend on the results of the Offering. The estimated net proceeds, if the maximum size of the issue is subscribed, will amount to BGN 8 604 thousand and to BGN 2 859 thousand in case of a minimum size of the issue. The following table presents the intended use of the proceeds in each of these scenarios, according to the hierarchy of use. In case of an interim option, the surplus of the net proceeds above their value in the minimum issue case will be distributed between the proposed uses in proportion to their share in the maximum issue case.

Table 2: Expenditure of the raised net proceeds

| Investment projects | Minimum size of the issue | | Maximum size of the issue | |
|---|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Size of the investment, BGN | % of the net proceeds | Size of the investment, BGN | % of the net proceeds |
| Widening and development of the distribution network: increasing the sales team and trade representatives by region; participation in local and international exhibitions | 1,715,668 | 60% | 2,581,334 | 30% |
| Working capital to establish regional logistics centres to optimize deliveries and redirect the sales channels | 714,861 | 25% | 3,441,778 | 40% |
| R&D: increasing of IT and engineering personnel; device certification | 428,917 | 15% | 2,581,334 | 30% |
| Total invested funds | 2,859,446 | 100% | 8,604,446 | 100% |

Source: Allterco JSCo

4. SUPPLEMENT TO THE INFORMATION UNDER ITEM 3 ESSENTIAL INFORMATION, SUB-ITEM 3.4. CAPITALIZATION AND INDEBTEDNESS

The Supplement to the Securities Note is intended to supplement the information under item 3.4 of the Securities Note, whereby the text shall be supplemented as follows:

In addition to the aforesaid the following table contains information on the Issuer's capitalization and indebtedness as at 31 March 2020 whereas the information is based on a notice regarding the Issuer's financial position on a consolidated basis for the first quarter of 2020.

Table 3: Capitalization and indebtedness of the Issuer on a consolidated basis

| Indicators (BGN thousands) | 31.03.2020* |
|--|---------------|
| Non-current liabilities | 2,589 |
| Guaranteed liabilities | - |
| Secured liabilities | 2,589 |
| <i>Bank loans</i> | <i>2,449</i> |
| <i>Finance lease</i> | <i>140</i> |
| Unsecured and unguaranteed liabilities | - |
| Current liabilities | 3,524 |
| Guaranteed liabilities | - |
| Secured liabilities | 452 |
| <i>Current share of bank loans</i> | <i>366</i> |
| <i>Current share of finance lease</i> | <i>86</i> |
| Unsecured and unguaranteed liabilities | 3,072 |
| <i>Trade liabilities</i> | <i>1,075</i> |
| <i>Payables to personnel and social security liabilities</i> | <i>76</i> |
| <i>Tax liabilities</i> | <i>1,160</i> |
| <i>Other payables</i> | <i>761</i> |
| Liabilities related to non-current assets, classified as held for sale and assets included in a disposal group classified as held for sale, including | 1,993 |
| Current liabilities | 1,993 |
| <i>Guaranteed liabilities</i> | <i>-</i> |
| <i>Secured liabilities</i> | <i>-</i> |
| <i>Unsecured and unguaranteed liabilities</i> | <i>1,993</i> |
| Indirect indebtedness | - |
| Contingent indebtedness | 880 |
| Equity | 31,962 |
| Registered capital | 15,000 |
| Reserves | 1,866 |
| Retained earnings | 14,995 |
| Equity attributable to the owners of the equity of the Parent Company | 31,861 |
| Minority interest | 101 |

* The data is unaudited

Source: Allterco JSCo

As at 2 June 2020 the Group has no indirect liabilities. The Group has contingent liabilities amounting to BGN 880 thousand in relation to a preliminary contract for purchase and sale of a real estate entered into by the subsidiary Allterco Properties EOOD. From 31 March 2020 to 2 June 2020 no material change has occurred in the capitalization and indebtedness of the Issuer.

5. SUPPLEMENT TO THE INFORMATION UNDER ITEM 4 INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING, SUB-ITEM 4.1. DESCRIPTION OF THE SECURITIES

The Supplement to the Securities Note is intended to supplement the information under item 4.1 of the Securities Note, whereby the text shall be supplemented as follows:

Under minutes of 3 June 2020 the Board of Directors of Allterco JSCo adopted a resolution to carry out public offering of the issue of shares from the capital increase being the subject of this Prospectus also on the territory of the Italian Republic and on the territory of the Federal Republic of Germany in addition to the territory of the Republic of Bulgaria, whereas in relation to this resolution and in view of the publishing of the annual consolidated financial statements of the Company for the year 2019 it adopted a resolution to approve a supplement to the approved Prospectus.

The supplement to the Prospectus was approved by Decision No. of of the Financial Supervision Commission.

6. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. TERMS AND CONDITIONS OF THE OFFERING, SUB-ITEM 5.1.1. CONDITIONS OF THE OFFERING

The Supplement to the Securities Note is intended to supplement item 5.1.1 of the Securities Note, whereby the text shall be supplemented as follows:

Territories on which the offering will be carried out. Applicable national requirements.

The shares from the Company's capital increase will be subject to an initial public offering, which will be carried out on the territory of the Republic of Bulgaria, on the territory of the Italian Republic and on the territory of the Federal Republic of Germany.

The offering is carried out as per the requirements of Regulation (EU) 2017/1129 and Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 as well as the specific requirements of the Bulgarian legislation applicable for public offering of shares in case of capital increase by a Bulgarian public company such as the Issuer. In case that there are specific mandatory national requirements applicable in the territories of offering outside the Republic of Bulgaria, e.g. regarding publications in relation to the offering, the Company will ensure that such requirements are complied with in addition to the national requirements applicable in the Republic of Bulgaria as stated in the Securities Note.

7. CHANGE TO THE INFORMATION UNDER ITEM 5. TERMS AND CONDITIONS OF THE OFFERING, SUB-ITEM 5.1.2. OFFER PERIOD

The Supplement to the Securities Note is intended to amend item 5.1.2 of the Securities Note, whereby text under sub-sections "Date of issue of the new shares" and "Expected Timetable of the Offering" shall be amended as follows:

Date of issue of the new shares

The capital increase shall take effect as of the date, on which it is recorded in the commercial register. The new shares shall be issued upon registration of the capital increase in Central Depository AD, whereas this is expected to take place on or around 18 August 2020.

Expected Timetable of the Offering

| | |
|---|---------------------------|
| Confirmation of the Prospectus by FSC | 18.02.2020 |
| Confirmation of the Supplement by FSC | (on or around) 11.06.2020 |
| Publication of the notice of public offering (start date of the offering) | (on or around) 17.06.2020 |
| Start date of the trading of rights and subscription of new shares | (on or around) 30.06.2020 |
| Last day of trading of rights on the regulated market | (on or around) 09.07.2020 |
| Last day for transfer of rights | (on or around) 13.07.2020 |
| Official auction for sale of the unexercised rights | (on or around) 20.07.2020 |
| Last day for subscription of shares and for their payment | (on or around) 03.08.2020 |
| Registration of the capital increase in the commercial register | (on or around) 11.08.2020 |
| Registration of the new share issue at Central Depository AD | (on or around) 18.08.2020 |
| Recording the new share issue in the register kept by the FSC | (on or around) 25.08.2020 |
| Start date of the trading of new shares on Bulgarian Stock Exchange AD | (on or around) 08.09.2020 |

The time limits above are provisional and are based on the following assumptions: (1) the periods of the offering will not change; (2) the time limits indicated in the timetable shall be observed without any delay and (3) the procedures before the relevant institutions shall run in the shortest possible time as per their practice. The exact date could be before or after the indicated date.

8. SUPPLEMENT TO THE INFORMATION UNDER ITEM 6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS, SUB-ITEM 6.1. ADMISSION TO TRADING

The Supplement to the Securities Note is intended to supplement item 6.1 of the Securities Note as follows:

Regardless of the territory of the public offering (simultaneously on the territories of the Republic of Bulgaria, Federal Republic of Germany and the Italian Republic) the shares will not be registered for trading on another regulated market except in Bulgaria.

9. SUPPLEMENT TO THE INFORMATION UNDER ITEM 6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS, SUB-ITEM 6.3. SIMULTANEOUS PUBLIC OR PRIVATE PLACING OF THE SAME OR A DIFFERENT CLASS OF SECURITIES

The Supplement to the Securities Note is intended to supplement item 6.3 of the Securities Note as follows:

The shares of this issue are offered simultaneously on the territories of the Republic of Bulgaria, Federal Republic of Germany and the Italian Republic.

10. CHANGE TO THE INFORMATION UNDER ITEM 8. EXPENSES OF THE OFFERING

The Supplement to the Securities Note is intended to amend item 8 of the Securities Note, whereby the text shall be replaced as follows:

Table 4: Issuer's expenses for the offering in case of minimum and maximum subscription

| Type of costs (estimated) | Minimum size of the issue | Maximum size of the issue |
|---|---------------------------|---------------------------|
| Number of subscribed shares | 1,000,000 | 3,000,000 |
| | BGN | |
| Fee for confirmation of the Prospectus by FSC | - | - |
| Central Depository AD* fees, including: | 2,519 | 2,519 |
| - fee for assigning an ISIN to the rights issue | 72 | 72 |
| - fee for assigning CFI and FISN to the rights issue | 144 | 144 |
| - fee for registration of the rights issue | 1,263 | 1,263 |
| - fee for registration of the new shares | 1,000 | 1,000 |
| - fee for information on exercised and unexercised rights | 20 | 20 |
| - fee for certification of proceeds from the sale of rights | 20 | 20 |
| Publishing and announcing notices on the public offering | 100 | 100 |
| Admission to trading on BSE | 500 | 500 |
| Remuneration of the investment intermediary | 59,400 | 59,400 |
| Remuneration of the financial consultant ** | 45,000 | 300,000 |
| Remuneration of the legal consultant | 22,000 | 22,000 |
| Costs for translation services | 11,000 | 11,000 |
| Recordation of the capital increase and announcing new Articles of Association in the Commercial Register | 35 | 35 |
| TOTAL EXPENSES | 140,554 | 395,554 |
| Gross proceeds | 3,000,000 | 9,000,000 |
| Net proceeds | 2,859,446 | 8,604,446 |
| Issue price per share | 3.000 | 3.000 |
| Expenses of the offering per share | 0.141 | 0.132 |
| Net proceeds per share | 2.859 | 2.868 |

*The registration fee for rights and newly issued shares will be formed on the basis of a basic price of BGN 1,000 and an additional BGN 1 for each account, but no more than BGN 5,000. As at this stage, it is not possible to estimate the number of future shareholders, the registration fee for newly issued shares will be recorded at its basic price, and for the rights issue – based on the estimated number of shareholders as at the Prospectus date.

** The remuneration of the Issuer's financial consultant for the issue – MM Consult EOOD, UIC 121345602 (the Consultant) will be determined based on an agreement for financial consultation and intermediation in the process of financing of Allterco JSCo through a public offering. The remuneration has two components 1) a fixed component to the amount of BGN 30,000 and 2) a bonus component amounting, respectively, to (a) 3 % of gross proceeds from the subscribed shares (total issue value of the subscribed shares before deduction of fees and expenses), if shares comprising 85% or more of the entire offered issue are subscribed and paid; (b) 1.5 % of the gross proceeds from the subscribed shares if shares comprising no less than 50% and no more than 85% of the entire offered issue are subscribed and paid; or (c) 0.5 % of the gross proceeds from the subscribed shares if shares comprising up to 50% of the entire offered issue are subscribed and paid;

11. CHANGE TO THE INFORMATION UNDER ITEM 9. DILUTION

The Supplement to the Securities Note is intended to amend item 9 of the Securities Note, whereby the paragraph immediately following table 5 and table 6 shall be replaced as follows:

The book value of the equity (net asset value) of the Issuer as at 31 December 2019 on a consolidated basis is BGN 30,213 thousand (equity attributable to the owners of the shareholders' equity of the Parent Company), and on an individual basis it is BGN 19,942. Accordingly, the book value of one share prior to the Offering on a consolidated basis is BGN 2.01 and on an individual basis it is BGN 1.33.

Table 6: Comparison of the book value and the issue price per share

| | Prior to the increase (as at 31.12.2019) | |
|--|--|------------------|
| | Consolidated basis | Individual basis |
| Number of shares issued as at the Prospectus date | 15,000,000 | |
| Issue value per share in BGN | 3.00 | |
| Equity (in BGN thousands) | 30,336 | 19,942 |
| Equity attributable to the owners of the shareholders' equity of the Parent Company (in BGN thousands) | 30,213 | |
| Book value per share in BGN | 2.01 | 1.33 |

Source: Audited consolidated and individual financial statement of the Issuer as at 31 December 2019.

THE UNDERSIGNED, IN HIS CAPACITY AS EXECUTIVE DIRECTOR OF THE ISSUER, DECLARES BY HIS SIGNATURE THAT THE SUPPLEMENT TO THE SECURITIES NOTE COMPLIES WITH THE REQUIREMENTS OF THE LAW.

DECLARATIONS FROM THE RESPONSIBLE PERSONS IN ACCORDANCE WITH THE STATEMENTS IN ITEM 2 OF THE SECURITIES NOTE, ARE ATTACHED TO THE PROSPECTUS.

For the Issuer:

Dimitar Dimitrov – Executive Director

The undersigned, Atanas Svetlozarov Igov, do hereby certify the fidelity of the foregoing translation of the enclosed document from Bulgarian into English. The translation consists of 12 (twelve) pages.

Translator: Atanas Svetlozarov Igov

See official translation 