

Translation from Bulgarian language



ALLTERCO JSCo

**SUPPLEMENT
to
SUMMARY**

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

ISIN BG1100003166

2 June 2020

This Supplement to the Summary, part of the Prospectus for public offering of shares of Allterco JSCo, together with the Registration Document and the Securities Note, has been drawn up in 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, dilution, statutory auditors, business and financial information concerning the Issuer.

1. Supplement to the information under Section 1. Introduction and warnings, item 1.5 Date of approval of the Prospectus

The Supplement to the Summary is intended to supplement item 1.5 of the Summary, whereby the provided information shall be updated and the text of the item shall be revised as follows :

The Prospectus was approved by the Financial Supervision Commission by Decision No. 148 – E of 18.02.2020.

The Supplement to the Prospectus dated 2 June 2020 was approved by the Financial Supervision Commission by Decision No. 405-E of 11.06.2020.

2. Supplement to the information under Section 2. Key Information on the Issuer, item 2.1. Who is the Issuer of the securities?

The Supplement to the Summary is intended to supplement item 2.1 of the Summary, whereby the specified sections shall be supplemented as follows:

2.1. The following text shall be added to “Principal activities” section:

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.

2.2. The information in "Statutory auditors of the Issuer" section is updated and the text is revised as follows:

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

3. Supplement to the information under Section 2. Key Information on the Issuer, item 2.2. What is the key financial information regarding the Issuer?

The Supplement to the Summary is intended to supplement item 2.2 of the Summary, whereby the the provided information shall be updated and the text of the item shall be revised as follows:

The information set out below is extracted from the audited annual consolidated financial statement for the years 2018 and 2019 and the unaudited interim consolidated financial statement as at 30.06.2019.

The pro forma financial information, provided in the tables below, has been compiled in connection with the sale of 100% of the interest of the Issuer in a package of subsidiaries, namely Teravoice EAD, Tera Communications AD, Tera Communications DOOEL, Allterpay EOOD and Teracomm Ro SRL that took place in the second half of 2019 and the post-sale change in the goodwill related to the investments in Allterco PTE Ltd., Singapore.

THE POTENTIAL INVESTORS SHOULD BEAR IN MIND THAT THE PRESENTED PRO FORMA FINANCIAL INFORMATION HAS BEEN COMPILED FOR ILLUSTRATIVE PURPOSE ONLY TO DESCRIBE THE IMPACT OF THE OUTLINED EVENTS, AS IF THEY HAD OCCURRED AT AN EARLIER DATE. DUE TO ITS NATURE, THE PRO FORMA FINANCIAL INFORMATION REFLECTS A HYPOTHETICAL SITUATION AND DOES NOT PRESENT THE ISSUER'S ACTUAL FINANCIAL POSITION OR RESULTS.

Statement of comprehensive income on a consolidated basis

| (BGN thousands) | 2019 | 2018 | 2017 | 30.6.2019 | 30.6.2018 | 2018 pro forma | 30.6.2019 pro forma |
|---|---------|--------|--------|-----------|-----------|-------------------|------------------------|
| Sales revenue | 33,318 | 44,880 | 39,186 | 24,044 | 18,155 | 22,415 | 12,398 |
| Operating profit(loss) | 89 | 3,364 | 3,265 | 1,235 | -101 | -2,243 | -3,721 |
| Profit(loss) before interest and tax, EBIT | 8,564 | 3,364 | 3,265 | 1,235 | -101 | -2,243 | -3,721 |
| Net profit(loss) for the owners of the equity of the parent company | 7,169 | 2,648 | 2,685 | 747 | -411 | 5,821 | 4,542 |
| Annual revenue growth | -25.76% | 14.53% | 20.03% | 32.44% | | | |
| EBIT margin | 25.70% | 7.50% | 8.33% | 5.14% | -0.56% | | |
| Net profit margin | 21.93% | 5.81% | 6.93% | 3.57% | -1.36% | | |
| Earnings per share attributable to the owners of the Parent company (BGN) | 0.48 | 0.18 | 0.18 | 0.25 | 0.14 | | |

Statement of financial position on a consolidated basis

| (BGN thousands) | 2019 | 2018 | 2017 | 30.06.2019 | 2018 pro forma | 30.6.2019 pro forma |
|--------------------|--------|--------|--------|------------|-------------------|------------------------|
| Total assets | 39,891 | 42,297 | 39,644 | 41,469 | 38,508 | 37,182 |
| Total equity | 30,336 | 28,924 | 26,247 | 29,560 | 29,697 | 30,178 |
| Net financial debt | -7,763 | 3,767 | 1,132 | 1,495 | -6,876 | -8,872 |

Cash flow statement on a consolidated basis

| (BGN thousands) | 2019 | 2018 | 2017 | 30.06.2019 | 30.06.2018 |
|--|--------|--------|--------|------------|------------|
| Net cash flow from operating activities | 6,358 | 592 | 1,328 | 4,299 | -1,001 |
| Net cash flow from investment activities | 8,273 | -2,329 | -5,020 | -297 | -915 |
| Net cash flow from financing activities | -3,729 | 1,325 | 3,146 | -1,157 | 849 |

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.

4. Supplement to the information under Section 4. Key Information on the Offer of Securities to the Public and the Admission to Trading on a Regulated Market, item 4.1. Under which conditions and timetable can I invest in this security

The Supplement to the Summary is intended to supplement item 4.1 of the Summary, whereby the provided

information shall be updated and the specified sections shall be supplemented as follows:

4.1. The following text shall be added to “Terms, conditions and expected timetable of the offering” section:

The shares from the capital increase of the Company 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. In case that there are specific mandatory national requirements applicable in the territories of offering outside the Republic of Bulgaria, the Company will ensure that such requirements are complied with in addition to the national requirements applicable in the Republic of Bulgaria.

4.2. The information in “Admission of the shares to trading on a regulated market” section shall be updated and the text shall be revised as follows:

In accordance with the expected timetable, subscription for the shares in the Offering shall start on or around 30.06.2020 and will end on or around 03.08.2020. If the Offering is closed successfully, immediately after the increase of the Company capital is recorded in the Commercial Register, registration of the new shares in Central Depository AD and recording of the new issue in the register kept by the Financial Supervision Commission, an application shall be filed with the BSE to admit the newly-issued shares to trading in a regulated market. The execution of such transactions may begin as of the date set by the Board of Directors of BSE, expected to be on or around 08.09.2020.

4.3. The information in “Capital dilution resulting from the offering” section shall be updated and the text shall be revised as follows:

The immediate dilution of the share participation and the voting rights of the shareholders not participating in the capital increase, shall be equal to the portion of the newly-issued shares within the total number of shares after the increase. Any shareholder who does not subscribe for new shares, shall dilute their participation by between 6.25% and 16.67%, respectively, at the minimum and maximum size of the issue. The issue price of one newly-issued share of BGN 3.00 is higher than the book value (net asset value) of one share of the Issuer prior to the Offering which amounts to BGN 1.33 on an individual basis.

4.4. The information in “Costs related to the offering” section shall be updated and the text shall be revised as follows:

Upon subscription of the minimum and maximum amount of the issue, the total costs related to the Offering for the Issuer are expected to be around BGN 140,554 and BGN 395,554, respectively.

5. Supplement to the information under Section 4. Key Information on the Offer of Securities to the Public and the Admission to Trading on a Regulated Market, item 4.2. Why is this Prospectus being produced?

The Supplement to the Summary should make a supplement to item 4.2 of the Summary by updating the provided information and the text under the item shall be revised as follows:

The present initial public offering is carried out based on a decision of the BD of Allterco JSCo of 20.12.2019 to increase the Company capital from BGN 15,000,000 to BGN 18,000,000 as well as a decision of the BD of 24.01.2020, defining the remaining parameters of the Offer. In addition, under minutes of 03.06.2020 a resolution was adopted to carry out public offering of the issue from the capital increase 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. The decisions were passed pursuant to

the explicit authorization under the Articles of Association of the Company, adopted by a resolution of the General Meeting of Shareholders on 29.01.2018. The raised net proceeds will be used for the following intended purposes depending on the results of the Offering:

| 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% | 2,81,334 | 30% |
| Total invested funds | 2,859,446 | 100% | 8,604,446 | 100% |

The offered shares are not subject to an underwriting agreement on a firm commitment basis.
The Issuer is not aware of potential conflicts of interest related to the Offering.

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

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 5 (five) pages.

Translator: Atanas Svetlozarov Igov

See official translation 