

*Translation from Bulgarian language*



**ALLTERCO JSCo**

## **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**

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

This Securities Note is part of the Prospectus for public offering of shares of Allterco JSCo, consisting of this document, together with the Registration Document and the Summary. This Securities Note comprises consolidated texts, reflecting the supplements and amendments to it, pursuant to the Supplements thereto. The Registration Document, the Securities Note and the Summary include all Supplements, approved by the Financial Supervision Commission, which represent an integral part of these documents.

This Securities Note has been drawn up in accordance with the requirements of Annex 12 of Delegated Regulation (EU) 2019/980 as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129. The Securities Note contains the relevant reduced information, which is necessary to enable investors to understand the rights and key risks associated with the offered shares, the reasons for the issue and its impact on Allterco JSCo, including on its overall capital structure and the use of the proceeds. The relevant reduced

information on the development prospects of Allterco JSCo and the significant changes in its business and financial position, that have occurred since the end of the last financial year, including the key risks associated with the company and its operations, is presented in the Registration Document. It is in potential investors' best interest to become familiar with the Registration Document and the Securities Note 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 the Securities Note including as supplemented. The compiler 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 the Prospectus with the requirements of the law, are presented as part of the Prospectus.



**This Securities Note has been approved by the Financial Supervision Commission as competent authority pursuant to Regulation (EU) 2017/1129 by Decision No. 148 - E of 18 February 2020 as part of the Prospectus for public offering of shares and the same has been supplemented by Supplements to it, approved by the Financial Supervision Commission as competent authority under Regulation (EU) 2017/1129 by Decision No. 405 - E of 11 June 2020, Decision No. 601 - E of 13 August 2020 and Decision No. 791 - E of 29.10.2020. The Financial Supervision Commission only approves this Securities Note 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 hereto) 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 the Securities Note and the other parts of the Prospectus, 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:

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

Each investor, who, before the publication of the Supplement of 21.10.2020, has subscribed for shares in the offering, subject to the Prospectus, part of which is this Security Note, has the right, exercisable within two business days after the publication of the Supplement of 21.10.2020, to withdraw their subscription by filing a written statement to this effect within the said period with the investment intermediary, where the shares were subscribed in the first place. This right is granted insofar as by the time of the circumstance in view of which the said Supplement is prepared, the period of the offer - subject of this Prospectus, has not expired, respectively - the shares, subject of this offer, have not been issued.

23 January 2020

**DEFINITIONS AND ABBREVIATIONS**

For the purposes of this Securities Note, unless otherwise explicitly agreed, the following terms have the corresponding meaning stated below:

**Allterco, Issuer, the Company, the Holding, the Parent Company** – Allterco JSCo

**BSE** – Bulgarian Stock Exchange AD

**the Group** – Allterco JSCo and Allterco Robotics EOOD, Allterco Trading EOOD, Allterco Properties EOOD, Global Teracomm Inc. (DBA Allterco Robotics), Allterco PTE Ltd., Allterco SDN Ltd., Allterco Co Ltd.

**Delegated Regulation (EU) 2019/980** - Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004

[The following definitions are supplemented pursuant to the Supplements of 29.07.2020 and 21.10.2020 to this Securities Note]

**Supplement of 02.06.2020** – Supplement to Prospectus, approved by decision No. 405 – E of 11 June 2020 of the Financial Supervision Commission

**Supplement of 29.07.2020** – Supplement to Prospectus, approved by decision No. 601 - E of 13 August 2020 of the Financial Supervision Commission

**Supplement of 21.10.2020** – Supplement to Prospectus, approved by decision No. 791 - E of 29.10.2020 of the Financial Supervision Commission

**PITA** – Personal Income Tax Act

**CITA** – Corporate Income Tax Act

**POSA** – Public Offering of Securities Act

**MFIA** – Markets in Financial Instruments Act

**ICPA** – Institute of Certified Public Accountants

**II** – Investment Intermediary

**FSC** – Financial Supervision Commission

**Offering** – the initial public offering of the share issue that is the subject of the Prospectus

[The following definition is revised pursuant to the Supplement of 29.07.2020 to this Securities Note]

Prospectus – Prospectus for initial public offering of shares, which comprises 3 parts: a Registration Document, a Securities Note and a Summary, together with the supplements thereto

**Regulation (EU) 2017/1129** - Regulation (EU) 2017/1129 of the European Parliament and of the Council 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

**BGN** – Bulgarian lev

**EUR** – euro (currency)

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## 1. RISK FACTORS

The risk factors presented herein are limited to securities-specific risks, whereas the most material factors, based on probability of occurrence and magnitude of negative impact, are presented first in each category.

### 1.1. PRICE RISK

The issue price of the shares and their market value at the time of the Offering is not an indicator of their market price after the Offering is closed. The risk for potential investors is expressed in the possibility to incur losses resulting from changes in the share prices. These changes could be influenced by a series of factors, including share demand and supply on the stock exchange, news and events announcements, actual or anticipated financial performance of the Issuer and its competitors, changes in the market conditions in the industry, the political situation, legislative amendments and changes in the investment climate etc.

Potential investors should bear in mind that there is a risk of sharp changes in the prices of the Company's shares (volatility) resulting from Company-related factors, as well as from external events, beyond its control, respectively there is a risk of losses for the investors as a result of such sharp changes.

Sales of significant volumes of Company's shares or expectations that such sales may take place could have an unfavourable impact on the price of Company's shares.

### 1.2. LIQUIDITY RISK

The liquidity risk is expressed in the existence of difficulties related to buying or selling certain securities at short notice and at minimal cost. There are no guarantees regarding the future formation and maintaining of a liquid secondary market for the Issuer's shares. Potential investors in the Issuer's shares should bear in mind that the liquidity of the Issuer's securities also depends on the liquidity of the market itself. The Bulgarian Stock Exchange is relatively smaller and less liquid than the securities markets in most countries with a developed market economy. The low liquidity results in price volatility and a possibility for speculative changes from relatively small transactions.

### 1.3. RISK OF A CHANGE IN THE INTERESTS OF THE MAJORITY SHAREHOLDERS

#### **[consolidated text pursuant to Supplement of 21.10.2020]**

[The following text is updated pursuant to Supplements to this Securities Note of 21.10.2020]

As at the date of the Prospectus, the members of the Board of Directors Dimitar Stoyanov Dimitrov and Svetlin Iliev Todorov each hold 38.51% and a total of 77.01% of the shares in the capital and the voting rights in the General Meeting of the Issuer. As majority shareholders, holding more than  $\frac{3}{4}$  of the voting rights in the General Meeting, they may exercise a decisive influence in all decisions within its competence. At the date of the Supplement to the Prospectus of 21.10.2020 the majority shareholders have exercised part of their rights by subscribing a total of 142,000 new shares in the capital increase. Assuming that the full issue is subscribed, their

participation will be reduced down to 32.48% each and a total of 64.96% of the shares and the voting rights in the General Meeting of the Company, which also permits the exercise of significant influence. 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.

#### **1.4. RISK OF DILUTION OF THE SHARE VALUE**

Investors should bear in mind that in the future, the Company might increase its capital, in view of the needed funding. Under Bulgarian legislation, the increase of the capital of a public company may take place only by issuing rights to existing shareholders to subscribe for shares from the capital increase, commensurate with their share in the capital prior to the increase (save for the special hypothesis of offering in favour of managers and employees pursuant to Article 112 (3) of POSA). Dilution of shareholder participation may occur in cases when for one reason or another, the existing shareholders do not exercise their right to proportional subscription of newly issued shares. There is also a risk of reduction of the value of the assets per Company share if in case of a future capital increase, the number of issued Company shares increases more rapidly than the size of its assets.

#### **1.5. RISK OF A CHANGE IN THE TAXATION OF INVESTMENT IN SECURITIES**

As at the date of the Prospectus, the capital earnings from securities trading on a regulated market are exempt from taxation. A potential increase of the tax burden may have a negative impact on the realized returns on the investment in the shares.

#### **1.6. RISK RELATED TO LIMITED INFORMATION**

It is possible that the investors have less information concerning the Bulgarian securities market compared to more developed markets, despite of compliance with the regulations on disclosure of information, which may reflect on the price of the Issuer's shares. Moreover, investors should bear in mind the limited coverage of the activities and trading in the shares of the Company by independent analysts. Negative or insufficient analyses may have an unfavourable effect on the share price or the volume of their trade.

#### **1.7. INFLATION RISK**

Inflation risk is the likelihood that inflation will lead to a depreciation of BGN denominated assets and thus affect the real return on investment in securities. Although in the long term returns on shares have significantly outpaced inflation in Bulgaria and other advanced market economies, there is no guarantee for investors that their investment in the Issuer's shares will be a real protection against inflation.

#### **1.8. CURRENCY RISK**

This issue is denominated in Bulgarian leva. Investors assuming a currency risk when purchasing this issue, would reduce or increase the effective return on their investment because of changes in the BGN or EUR exchange rate against the currency, in which their funds are

denominated. On the other hand, decline in returns would result in a drop in investor interests and respectively, to a decline in share prices. The monetary board mechanism functioning in Bulgaria largely limits the existence of currency risk, by determining the movement of the Bulgarian lev against the other international currencies depending on the behaviour of the euro.

### **1.9. NO GUARANTEE FOR PAYMENT OF ANNUAL DIVIDENDS**

Distribution of dividends depends on the achievement of a positive financial result and a resolution of the General Meeting of Shareholders of the Issuer. There is no guarantee that the Company will be in a state to and/or will pay dividends.

## 2. RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL

### 2.1. RESPONSIBLE PERSONS [consolidated text pursuant to Supplements of 02.06.2020, 29.07.2020 and 21.10.2020]

[The following text is supplemented and updated pursuant to Supplements to this Securities Note of 02.06.2020, 29.07.2020 and 21.10.2020]

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 including as supplemented, 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, of the annual consolidated financial statements of the Company as at 31 December 2019 and the interim consolidated statements as at 30 June 2020 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 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 statements of the Company 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, including as supplemented, is true and complete and corresponds to the facts and the prospectus, including this Securities note and the supplements thereto, makes no omissions that are likely to affect its import.

In addition, the executive director of the Issuer declares by his signature, placed at the end of this document and the supplements 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 supplements 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 supplements thereto, presented on the basis of the audited financial statement and the auditor's report prepared on these statements, is true and complete.

## **2.2. EXPERTS' REPORTS**

Statements or reports written by a given individual in their capacity as an expert have not been included in this Securities Note.

## **2.3. THIRD PARTY INFORMATION**

Third party information has not been used in this Securities note.

## **2.4. STATEMENTS AND APPROVALS [consolidated text pursuant to Supplements of 02.06.2020 and 29.07.2020]**

[The following text is amended and updated pursuant to Supplements to this Securities Note of 02.06.2020 and 29.07.2020]

This Securities note and the supplements thereto has been approved by the Financial Supervision Commission as competent authority under Regulation (EU) 2017/1129, as part of the Prospectus on public offering of shares of Allterco JSCo. The Financial Supervision Commission approves the Securities Note as well as the supplements thereto only if they meet 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 this 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. ESSENTIAL INFORMATION

#### 3.1. INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFERING

##### [consolidated text pursuant to Supplement of 21.10.2020]

MM Consult EOOD, Unified Identification Code (UIC) 121345602 is the Issuer's financial consultant in connection to the issue that is the subject of this Securities note. The remuneration of MM Consult EOOD has been determined depending of the success of the offering, namely a premium payment of respectively (a) 3 % of the gross proceeds from the subscribed shares (the 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. Additionally, it should be kept in mind that the majority shareholders of the Issuer – the members of the Board of Directors Dimitar Dimitrov and Svetlin Todorov, have undertaken to issue an option in favour of MM Consult EOOD for purchase the rights within the meaning of § 1, item 3 of the Supplementary Provisions of POSA, which will be issued to the respective member of the Board of Directors in his capacity of shareholder in the Issuer for the increase of the capital of the Company within the offering, at a price of BGN 0.001 per right, with a period of exercise of the option that is equal to the period for transfer of the rights, whereas the respective option shall be provided by execution of contracts between the respective majority shareholder and the financial consultant on the day of registration of the rights under § 1, item 3 of the Supplementary Provisions of POSA with the Central Depository pursuant to Article 112b (2) of POSA and may be exercised once or several times, for all or part of the rights that are the subject of the respective option contract.

[The following text is supplemented pursuant to Supplement to this Securities Note of 21.10.2020]

To the Issuer's best knowledge, as at the date of the Supplement to the Prospectus of 21.10.2020 such option has not been issued.

The remuneration of the investment intermediary, to whom the servicing of this offering is assigned, will not depend on the size of the subscription within the offering, if the offering is successful, but will be determined as a fixed amount (see item 8 below).

There are no other interests relevant to this offering, including remuneration or other benefits due to any person (consultant, board member or employee of the Issuer, etc.) depending on the outcome of the offering. The Issuer considers that all shareholders in the Company, have an interest in the successful implementation of the offering, including the members of the Board of Directors and the senior management (see item 8 of the Registration Document) in their capacity.

### 3.2. REASONS FOR THE OFFERING AND USE OF PROCEEDS [consolidated text pursuant to Supplements of 02.06.2020 and 21.10.2020]

The offering is aimed at raising funds, which the Issuer will use for investments to accelerate the expansion of the markets for its products and its research and development activities. The Issuer plans entry into new geographic markets by expanding the distribution network and redirecting an increasing share of sales to business customers and distributors. To optimize supplies, the Company intends to establish regional distribution centers. In relation to the development and certification of new devices, financing of part of the costs for remuneration, materials and external services is projected.

[The following text and table 2 are amended and updated pursuant to Supplements to this Securities Note of 02.06.2020 and 21.10.2020]

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 8,579 thousand and to BGN 2,834 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 thousands	% of the net proceeds	Size of the investment, BGN thousands	% 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	1,700	60%	2,574	30%
Working capital to establish regional logistics centres to optimize deliveries and redirect the sales channels	709	25%	3,431	40%
R&D: increasing of IT and engineering personnel; device certification	425	15%	2,574	30%
<b>Total invested funds</b>	<b>2,834</b>	<b>100%</b>	<b>8,579</b>	<b>100%</b>

Source: Allterco JSCo

The proceeds from the issue will not be used for direct or indirect acquisition of assets other than in the ordinary course of business of the Company, for financing of announced acquisitions of other businesses or for discharge, reduction or retirement of debt.

In the event of maximum issue subscription, the proceeds from the issue will be enough to cover all specified proposed uses. In case of subscription below the maximum, the Issuer will use internally generated funds for the specified objectives. This will enable it to make, respectively over a longer period, the investments for the projected purposes in its maximum issue case investment plans. Additionally, the Group has received bank financing in the form of an overdraft and a working capital loan, which it could use up to their full amount.

### 3.3. WORKING CAPITAL STATEMENT

The working capital of the Issuer is calculated by deducting the current liabilities from the current assets. The Board of Director states that, in its opinion, the working capital is sufficient for the Issuer's present requirements. The funds from this Offering will be used for the development of the operations of the Issuer's Group.

### 3.4. CAPITALIZATION AND INDEBTEDNESS [consolidated text pursuant to Supplements of 02.06.2020, 29.07.2020 and 21.10.2020]

The following table contains information on the Issuer's capitalization and indebtedness as at 31 December 2019, whereas the information is based on preliminary consolidated financial data of the Issuer.

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

Indicators (BGN thousands)	31.12.2019*
<b>Non-current liabilities</b>	<b>2,599</b>
Guaranteed liabilities	-
Secured liabilities	2,599
<i>Bank loans</i>	<i>2,515</i>
<i>Finance lease</i>	<i>84</i>
Unsecured and unguaranteed liabilities	-
<b>Current liabilities</b>	<b>3,135</b>
Guaranteed liabilities	-
Secured liabilities	480
<i>Current share of bank loans</i>	<i>416</i>
<i>Current share of finance lease</i>	<i>64</i>
Unsecured and unguaranteed liabilities	2,655
<i>Trade payables</i>	<i>313</i>
<i>Payables to personnel and social security liabilities</i>	<i>142</i>
<i>Tax liabilities</i>	<i>1,177</i>
<i>Other payables</i>	<i>1,023</i>
<b>Liabilities related to non-current assets, classified as held for sale and assets included in a disposal group classified as held for sale, including</b>	<b>2,850</b>
Current liabilities	2,850
<i>Guaranteed liabilities</i>	<i>-</i>
<i>Secured liabilities</i>	<i>-</i>
<i>Unsecured and unguaranteed liabilities</i>	<i>2,850</i>
<b>Indirect indebtedness</b>	<b>-</b>
<b>Contingent indebtedness</b>	<b>-</b>
<b>Equity</b>	<b>30,513</b>
Registered capital	15,000
Reserves	1,498
Retained earnings	13,869
<b>Equity attributable to the owners of the equity of the Parent Company</b>	<b>30,367</b>
Minority interest	146

\*The data is preliminary

Source: Allterco JSCo



As at the date of the Prospectus, the group has no indirect or contingent liabilities. As of 31 December 2019 until the date of the Prospectus, no material change has occurred in the capitalization and indebtedness of the Issuer.

[The following text is supplemented and revised pursuant to Supplements to this Securities Note of 02.06.2020, 29.07.2020 and 21.10.2020]

In addition to the above the following table contains information on the Issuer's capitalization and indebtedness as at 30 September 2020 whereas the information is based on preliminary consolidated financial data of the Issuer.

**Table 3.1: Capitalization and indebtedness of the Issuer on a consolidated basis**

<b>Indicators (BGN thousands)</b>	<b>30.09.2020*</b>
<b>Non-current liabilities</b>	<b>2,387</b>
Guaranteed liabilities	-
Secured liabilities	2,387
<i>Bank loans</i>	2,316
<i>Lease</i>	71
Unsecured and unguaranteed liabilities	-
<b>Current liabilities</b>	<b>4,166</b>
Guaranteed liabilities	-
Secured liabilities	378
<i>Current share of bank loans</i>	299
<i>Current share of lease</i>	79
Unsecured and unguaranteed liabilities	3,788
<i>Trade payables</i>	2,430
<i>Payables to personnel and social security liabilities</i>	89
<i>Tax liabilities</i>	130
<i>Dividends payable</i>	428
<i>Other payables</i>	711
<b>Liabilities related to non-current assets, classified as held for sale and assets included in a disposal group classified as held for sale, including</b>	
Current liabilities	1,997
<i>Guaranteed liabilities</i>	-
<i>Secured liabilities</i>	-
<i>Unsecured and unguaranteed liabilities</i>	1,997
<b>Equity</b>	<b>37,157</b>
Registered capital	15,000
Reserves	1,693
Retained earnings	20,449
<b>Equity attributable to the owners of the equity of the Parent Company</b>	<b>37,142</b>
Minority interest	15

\*The data is preliminary and includes dividend distribution pursuant to a Resolution of the General Meeting of Shareholders of 21.09.2020.

Source: Allterco JSCo

As at 21 October 2020 the Group has no indirect liabilities.

/CONSOLIDATED SUPPLEMENTS OF 02.06.2020, 29.07.2020 AND 21.10.2020/

As at 21 October the Group has contingent liabilities amounting to EUR 2,899 thousand (EUR 5,699 thousand) in relation to a receipt of an extrajudicial claim from Link Mobility Group AS in relation to the Share Purchase Agreement between Link Mobility Group AS and the Company, concluded in 2019 for the acquisition of the telecommunication business of Allterco JSCo in Europe, as described in the Supplement to item 6. and item 11.4 of the Registration Document.

With the completion of the sale of the shares held by the Company in the capital of Link Mobility Group Holding ASA, described in detail in item 11.4 of the Registration Document, the Company will realize a profit, which, according to preliminary calculation amounts to between BGN 2,722 thousand and BGN 3,424 thousand, depending on whether and what part the option granted pursuant to the Placing Agreement to the manager of the offering of Link Mobility Group Holding ASA - ABG Sundal Collier ASA, will be exercised.

In addition the above from 30 September 2020 to 21 October 2020 no material change has occurred in the capitalization and indebtedness of the Issuer.

#### **4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING**

##### **4.1. DESCRIPTION OF THE SECURITIES [consolidated text pursuant to Supplements of 02.06.2020, 29.07.2020 and 21.10.2020]**

###### *Type and class of the offered securities, currency and size of the issue*

The subject of the public offering is 3,000,000 ordinary, dematerialized, registered, freely transferable shares, each of them with a par value of BGN 1 from the capital increase of the Company, the same class as the already issued shares in the Company capital and they will grant their holders rights identical to the rights of the other shares issued by Allterco JSCo.

The currency of the issue is Bulgarian leva.

The ISIN of the Allterco JSCo share issue is BG1100003166. The shareholders register of Allterco JSCo is kept by the Central Depository AD, Unified Identification Code (UIC) 121142712, seat and registered office in Sofia city, 6 Tri Ushi Street.

###### *Resolutions and approvals with respect to the offered securities*

The shares that are the subject of the Offering, are offered and will be issued on the basis of a resolution of the Board of Directors of Allterco JSCo of 20 December 2019 to increase the Company's capital from BGN 15,000,000 to BGN 18,000,000 through public offering of 3,000,000 dematerialized ordinary registered voting shares, giving a right to dividends and a liquidation quota commensurate with their par value, each of a par value of BGN 1, as well as a resolution of the Board of Directors of Allterco JSCo of 24 January 2020, determining the remaining parameters of the offering, including the issue price of the offered shares, the terms of the offering and the investment intermediary servicing the capital increase and approving the Prospectus for the public offering. The resolutions were passed pursuant to explicit authorization by the Articles of Association of the company, approved by a resolution of the General Meeting of the Shareholders on 29 January 2018.

The Prospectus has been approved by Decision No. 148 - E of 18 February 2020 of the Financial Supervision Commission.

[The following text is supplemented pursuant to Supplement to this Securities Note of 02.06.2020]

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. 405 - E of 11.06.2020 of the Financial Supervision Commission.

[The following text is supplemented pursuant to Supplement to this Securities Note of 29.07.2020]

In respect to new development and opinion of the Financial Supervision Commission on the need to supplement the Prospectus, including a consolidated version with the supplements prepared to it, under minutes of 31 July 2020 the Board of Directors of Allterco JSCo adopted a resolution to approve the new supplement to the approved Prospectus and the consolidated version of the same with all supplements prepared to it.

The Supplement to the Prospectus and the consolidated version was approved by the Financial Supervision Commission by Decision No. 601 - E of 13 August 2020.

[The following text is supplemented pursuant to Supplement to this Securities Note of 21.10.2020]

In relation to a new circumstance under minutes of 21.10.2020 the BD of Allterco JSCo adopted a resolution to approve the new (third) supplement to the approved Prospectus and the consolidated version of the same with all supplements prepared to it.

The Supplement to the Prospectus and the consolidated version was approved by the Financial Supervision Commission by Decision No. 791 - E of 29.10.2020.

## **4.2. RESTRICTIONS ON THE TRANSFERRABILITY OF THE SECURITIES**

The shares subject to the Offering, as well as shares already issued by Allterco JSCo, will be freely transferrable, subject to the normative provisions in force. Transfer of dematerialized securities, such as the shares subject to the Offering, will be considered completed as of the time of registration with the Central Depository AD.

Restrictions on the free transferability of the shares, held by a specific shareholder, may be imposed pursuant to the Registered Pledges Act (by establishing a registered pledge on the shares), the Financial Collateral Arrangements Act (when providing shares as financial collateral) and the Civil Procedures Code (in case of precautionary attachment on the shares in the course of levying of distraint on shares in interim or enforcement proceedings). Share transfer will be carried out in accordance with the applicable requirements, including those established in the POSA, MFIA, the instruments for the implementation, the rules of the BSE and Central Depository AD.

## **4.3. TAX TREATMENT**

Investors should bear in mind that the tax legislation of the member state of the investor and the member state of incorporation of the Issuer could influence the returns on the securities.

In the Republic of Bulgaria, earnings on the offered securities are subject to taxation under the conditions and in an amount depending on the basis for realizing the profits (capital gain, dividend, liquidation quota) and the features of the recipient of the profits (natural person or

legal entity, local or foreign entity). The description below presents only the main aspects of the taxation as at the date of this Prospectus, without constituting advice on the tax obligations that could arise for an investor. The basis and the amount of the obligations may vary depending on a series of factors, whereas each investor should obtain individual tax advice in view of the specific characteristics of the case.

### *Local and Foreign Entities*

A local natural person is a natural person, having a permanent address in Bulgaria (unless the centre of its vital interests is not in the country) or residing in Bulgaria more than 183 days in each 12-month period (the period of stay in Bulgaria solely for the purposes of training or medical treatment shall not be taken into consideration) or was sent abroad by the Bulgarian state, Bulgarian state authorities, organizations or enterprises and whose family members, or centre of vital interests is in Bulgaria.

A local legal entity shall be a legal entity within the meaning of the CITA, registered in Bulgaria, including non-personified companies and insurance funds established pursuant to Article 8 of the Social Insurance Code.

Foreign entities shall be natural persons, legal entities, and non-personified companies, which do not meet the criteria for being recognized as local.

Some categories of legal entities are exempted from corporate tax (where applicable, they shall be subject to withholding tax), for example collective investment schemes, admitted to public offering in the Republic of Bulgaria, national investment funds and alternative investment funds established for implementation of financial instruments pursuant to financial agreements within the meaning of Article 38, paragraph 7 of Regulation (EU) 1303/2013 of the European Parliament and of the Council of 17 December 2013 under the Activities of Collective Investment Schemes and other Collective Investment Undertakings Act, special purpose vehicles (it is important to what extent it is admissible at all for them to invest in the offered shares) are not subject to corporate tax, whereas such exceptions should be individually analysed and taken into consideration in the context of the general presentation below.

### *Taxation of income from dividends and liquidation quotas*

#### Income from dividends and liquidation quotas distributed by the Company in favour of local legal entities

Income resulting from the distribution of dividends from local legal entities such as the Company is not recognized for tax purposes pursuant to Article 27 (1) item 1 of CITA for the purposes of corporate taxation. Therefore, income from dividends distributed in favour of local legal entities is exempt from corporate taxation. The income from liquidation quotas must be recognized for tax purposes on general grounds.

Pursuant to Article 194 (1) of CITA, a tax withheld at the source shall be levied on dividends and liquidation quotas, distributed (apportioned) by local legal entities, such as the Company, in favour of local legal entities that are not merchants, including municipalities. The tax rate is 5% and is charged on the gross amount of the dividends, accordingly on the difference between the

market price of what the relevant shareholder shall receive and the documented cost of acquisition of their shares, whereas the tax shall be withheld by the income payer. Dividends and liquidation quotas distributed in favour of local legal entities participating in the capital of the company as a state representative, to the extent this is admissible, and in favour of contractual funds, shall not be subject to taxation at the source.

Income from dividends and liquidation quotas distributed by the Company in favour of foreign legal entities

Income from distribution of dividends by local legal entities, such as the Company, shall not be recognized for tax purposes pursuant to Article 27 (1) item 1 of CITA, for the purposes of corporate taxation of the income of foreign legal entities, accrued through a permanent establishment in the country. Therefore, income from dividends distributed in favour of foreign legal entities, when acting through a centre of permanent establishment in the country, shall be exempt from corporate income taxation. Income from liquidation quotas accrued by foreign legal entities through a permanent establishment in the country shall be recognized for tax purposes on general grounds.

Pursuant to Article 194 (1) of CITA, tax withheld at the source shall be levied on the dividends and liquidation quotas distributed (apportioned) by local legal entities, such as the Company, in favour of foreign legal entities, except for the cases where the dividends are distributed in favour of a contractual fund, a foreign legal entity, which is a local entity for tax purposes of a European Union member state or of another state - party to the European Economic Area Agreement, except for cases of hidden distribution of profits or if income from dividends was accrued by a foreign legal entity through a permanent establishment in the country. The tax rate is 5% and is calculated on the gross amount of the dividends, respectively on the difference between the market price of what the relevant shareholder shall receive and the documented cost of acquisition of their shares, whereas the tax shall be withheld by the income payer.

Income from dividends and liquidation quotas distributed by the Company in favour of local natural persons

Pursuant to Article 38 (1) of the PITA, a final tax shall be levied on income from dividends and liquidation quotas from participation in local legal entities, such as the Company, distributed in favour of local natural persons. The tax rate is 5% and is calculated on the gross sum, determined in the resolution on distribution of dividends (on the gross amounts comprising hidden distribution of profits, in case of a dividend in the form of hidden distribution of profit), respectively on the positive difference between the value of the liquidation quota and the documented price of acquisition of their stake in the company, whereas the tax shall be withheld by the income payer.

Natural persons – sole proprietors, pursuant to Article 47 of PITA, shall be subject to taxation at the source for their income from a dividend and liquidation quotas, distributed by the Company, in accordance with CITA, with a tax of 5% calculated on the gross amount of the dividends, accordingly on the difference between the market price of what the relevant shareholder shall receive and the documented cost of acquisition if their stake, whereas the tax shall be withheld by the income payer.

Income from dividends and liquidation quotas distributed by the Company in favour of foreign natural persons

Pursuant to Article 38 (1) of PITA, a final tax shall be levied on the income from dividends and liquidation shares from participation in local legal entities, such as the Company, distributed in favour of foreign natural persons. The tax rate shall be 5% and shall be calculated on the gross amount determined in the resolution for distribution of dividends (on the gross amounts comprising hidden distribution of profits, in case of a dividend in the form of hidden distribution of profit), respectively on the positive difference between the value of the liquidation quota and the documented price of acquisition of their stake in the company, whereas the tax shall be withheld by the income payer.

*Taxation of income from disposal of shares and rights*Income of local legal entities from disposal of shares and rights issued by the Company

The profit realized on disposal of shares of the Company made on a regulated market of financial instruments (at present the shares of the Company are accepted on the regulated market of financial instruments organized by BSE) or under the terms and conditions of the tender offering under POSA, shall not be subject to corporate taxation pursuant to Article 44 CITA (in determining the taxable financial results, the profits from disposal of financial instruments made on a regulated market within the meaning MFIA determined as a positive difference between the sale price and the documented price of acquisition of these financial instruments, shall be deducted from the accounting financial results). When determining the taxable financial results, the accounting financial results shall be increased by the loss from disposal of financial instruments, determined as a negative difference between the sale price and the documented price of acquisition of these financial instruments.

The profit from disposal of financial instruments outside the regulated market is taxed in accordance with the general procedure, respectively the realized profit or loss is recorded in the tax base.

The specified rules on taxation shall also apply with respect to the income from disposal of rights under § 1, item 3 of the Supplementary Provisions of the POSA, which shall be issued for the purposes of the capital increase that is the subject of the current public offering.

Income of foreign legal entities from disposal of shares and rights issued by the Company

The profit from disposal of Company shares on a regulated financial instruments market (currently the Company shares are accepted on the regulated financial instruments market organized by the BSE) or under the conditions and procedure for tender offering under POSA, shall not be subject to taxation at the source pursuant to Article 196 CITA.

The profit from disposal of financial instruments outside of a regulated market shall be subject to taxation at the source in the amount of 10%.

The specified rules on taxation shall also apply with respect to income from disposal of the rights under § 1 item 3 of the Supplementary Provisions of POSA, which shall be issued for the purposes of the capital increase that is the subject of the current public offering.



### Income of local natural persons from disposal of shares and rights issued by the Company

Income from disposal of Company shares on a regulated financial instruments market (currently the Company shares are accepted on the regulated financial instruments market organized by the BSE) or under the conditions and procedure for tender offering under POSA, shall not be subject to taxation at the source pursuant to Article 13 (1) item 3 of PITA.

Income earned from disposal of Company shares outside of a regulated market shall be subject to taxation on an annual basis, whereas the taxable income from sale or exchange of shares, stakes, compensation instruments, investment vouchers and other financial assets, as well as from foreign currency trade, is the sum of the profit made during the year, determined for each specific transaction, reduced by the sum of the loss incurred over the year, determined for each specific transaction. A tax rate of 10% of the total annual tax base, determined by including also the specified income, shall apply.

These rules on taxation shall also apply with respect to income from disposal of rights under § 1, item 3 of the Supplementary Provisions of POSA, which shall be issued for the purposes of the capital increase that is the subject of the current public offering.

### Income of foreign natural persons from disposal of shares and rights issued by the Company

Pursuant to Article 37 (1) item 12 of PITA, income of foreign natural persons from sale, exchange or other transfer of shares, issued by the Company, for consideration, shall be subject to taxation by withholding a tax of 10% at the source. An exception from this rule has been established for income earned from disposal of Company shares on a regulated financial instruments market (currently, the Company shares are accepted in the regulated financial instruments market organized by the BSE) or under the conditions and procedure for tender offering under POSA, in favour of foreign natural persons established for tax purposes in a European Union member state or in another member state of the European Economic Area.

### *Treaties for the avoidance of double taxation*

In cases where the Republic of Bulgaria and the respective foreign country, whose local person has earned an income in Bulgaria, have entered into a treaty for avoidance of double taxation, its provisions shall have priority over Bulgarian tax legislation. The procedure for application of these treaties is contained in Chapter XVI, Section III of the Tax Insurance Procedures Code.

## **4.4. OFFEROR. PERSONS ASKING FOR ADMISSION TO TRADING.**

The shares from the capital increase are offered by the Company as their issuer, under the conditions of initial public offering. There is no offeror, other than the Issuer, nor another person, asking for admission of the securities to trading.

## **4.5. RIGHTS ATTACHED TO THE SECURITIES [consolidated text pursuant to Supplement of 29.07.2020]**

The offered shares are from the same class and accordingly, will give the same rights as the shares of which the capital of the Company currently consists, as envisaged pursuant to the



Articles of Association of Allterco JSCo, the Commerce Act and POSA, namely ordinary, registered dematerialized shares, each of which gives the following basic rights: right to one vote in the general meeting of the shareholders of the Company, right to dividends and right to a liquidation quota. To the extent that the Issuer has not issued securities of another type or class, including preferred stock, bonds or other, each of the shares in the capital, including the shares that are the subject of the Offering, shall give its holder rights, identical to the rights attached to any other share in the Company capital, whereas these rights shall not be restricted or depend on the exercise of rights provided under other securities.

### *Right to dividends*

Each share gives its holder the right to a dividend commensurate with its par value.

The dividend shall be distributed by a resolution 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. The offered shares, as ordinary shares, do not give a right to a guaranteed dividend, respectively, the Company is not obliged to make dividend payments, there is no defined periodicity of dividend payment and respectively, the obligations for due, but undistributed, dividends shall not accumulate. Whether a dividend shall be distributed or not, as well as the specific amount of the distributed dividend, depends on the results of the Company (there must be available funds, which may be distributed to the shareholders, namely the net value of Company assets, reduced by the dividends subject to payment, shall be at least equal to the registered capital of the Company, reserve fund and other funds, which the Company must establish, if such, whereas for payment of an interim dividend, there is also a profit requirement for the respective six-month period) and on the assessment of the General Meeting of Shareholders, which must resolve on distribution of the dividend.

The resolution to distribute dividend may be taken by the regular annual general meeting of shareholders, which has adopted the audited annual financial statement (for payment of annual dividend), or the extraordinary general meeting of shareholders, which has adopted the six-month report, in compliance with the requirements of the Commerce Act, while for distribution of an interim dividend – also the special requirements of Article 115c (2) of POSA apply. Persons recorded in the registers of Central Depository AD as having a dividend right shall be entitled to receive a dividend on the 14<sup>th</sup> day after the date of the General Meeting that adopted the annual, accordingly the six-month, financial statement and passed a resolution to distribute the profit.

The Company must ensure payment to the shareholders of the dividend voted at the General Meeting of Shareholders within a period of 60 days after it was held. Persons entitled to a dividend may exercise this right before the expiration of the general 5-year statute of limitations thereafter the right shall be extinguished and non-received dividends shall be retained by the Company.

Costs related to payment of the dividends shall be covered by the Company.

The Company's Articles of Association does not provide for restrictions related to payment of a dividend. No special provisions have been provided with respect to foreign persons entitled to a dividend.

*Voting right*

Each share shall give its holder one vote in the General Meeting of the Shareholders of the Company.

The voting right shall be exercised by the persons listed in the registers of the Central Depository AD as entitled to a voting right 14 days prior to the date of the general meeting. Central Depository AD shall provide to the Company a list of the persons as at the above-specified date and of the foreign persons under Article 136 (1) of POSA, holding on their behalf the securities of other persons.

The voting right may be exercised personally (accordingly, through the legal representatives of the shareholder) or through a proxy. A shareholder shall be entitled to authorize any natural person or legal entity to participate and vote in the general meeting on their behalf, including a member of the Company's board of directors, if the shareholder has explicitly indicated the manner of voting on each of the agenda items of the relevant general meeting. The authorization must be made in writing, including by electronic means in the form of an electronic document, digitally signed, made for the specific general meeting, explicitly and containing the requisites listed in Article 116 (1) POSA. The conditions and procedure for voting via proxy, including the manner of receiving of powers of attorney via electronic means and notifications for withdrawal of such, shall be laid down in rules of the board of directors and published on the Company website ([www.allterco.com](http://www.allterco.com)) for each specific meeting. The Company must provide a template for the written power of attorney on paper and electronically, if applicable, with the materials for the General Meeting of Shareholders or upon request after it is convened.

Under the Articles of Association of the Company, the board of directors may allow absentee voting prior to the date of the general meeting by mail and also exercising of the voting right via electronic means, according to rules established by it, whereas this possibility must be indicated in the invitation for convening of the specific general meeting.

In certain cases provided for by the law, the exercise of the voting right may be restricted, for example: a shareholder may not participate in the voting on resolutions allowing transactions in the hypotheses of Article 114 (1) of POSA, if the shareholder qualifies as an interested party under Article 114 (7) of POSA in relation to the respective transaction; in case of surpassing a threshold of voting rights resulting in an obligation to carry out a tender offer, the persons whose voting rights are taken into consideration when determining the participation, by which the threshold was surpassed, as provided for in Article 149 (5) of POSA, shall not be entitled to exercise their voting right until the tender offer is released, respectively until the participation is reduced below the threshold (or until the control over the related party, through the share rights of which the threshold was surpassed, is lost); a shareholder may not vote on matters concerning the bringing of actions against that shareholder or in relation to that shareholder's liability towards the Company.

*Pre-emptive rights*

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, whereas one right shall be issued against each existing share and the proportion between issued rights and new

shares shall be determined in the respective resolution on capital increase. The requirement for capital increase with issue of rights shall not apply in case of capital increase, in which only the members of the management and/or control bodies and/or its workers or employees are entitled to participate, whereas such a capital increase may be carried out by up to 1 percent within one year and by up to 3 percent in consecutive capital increases, unless in the meantime a successful capital increase was carried out with the issue of rights, where the registered capital was increased by at least 10 percent, and whereas at no point in time shares issued in this manner may exceed 5 percent of Company's capital. In addition, as an exception, Company's capital may be increased under Article 195 of the Commerce Act, provided that the new shares are subscribed for by specific persons, this being permissible only for the purposes of merger, tender offering for share exchange or for exercise of the rights of the holders of warrants or convertible bonds.

Pre-emptive rights shall also apply to securities giving the right to acquire shares from the same class as those held by the respective shareholder by converting them or exercising the rights attached to them (convertible bonds, warrants).

[The following text is supplemented pursuant to Supplements to this Securities Note of 29.07.2020]

The right to acquire the newly-issued securities belong to /vest with those persons who have acquired shares no later than 5 business days after the publication date of the notice under Article 89r (1) (former Article 92a (1) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020).

#### *Right to a share in the profits*

The Articles of Association of the Company do not provide for the right to a share of the profits, other than the dividend right described above in item 4.5 hereof.

#### *Right to a liquidation quota*

Each share gives its holder the right to a liquidation quota commensurate with its par value. This is a conditional right – it arises and may be exercised only if (and to the extent that) in case of Company dissolution, after satisfaction of the claims of all creditors, there are residual assets for distribution among the shareholders and it is up to the size of these assets. The right belongs to the shareholders registered as such upon termination of the Company and it shall be extinguished upon expiration of the general 5-year limitation period.

#### *Conditions for redemption*

As ordinary shares, the shares subject of the Offering, do not provide redemption privileges.

The acquisition of more than 3 percent of own voting shares in case of capital reduction through redemption within one calendar year shall be possible only under the conditions and the procedure for tender offering under Article 149b of POSA.

It is not necessary to make a tender offering, if the acquisition of own shares is up to 3 percent within one calendar year, whereas under the Articles of Association, share redemption shall be

carried out by a resolution of the General Meeting of Shareholders (by a majority of the capital represented) and by a resolution of the board of directors (by a majority of 2/3 of the board members) explicitly authorized for this purpose under the Articles of Association of the Company, whereby this authorization shall be for a period of 5 years as of 15 August 2019. The resolution shall determine the minimum and maximum number of shares subject to redemption; the conditions and the procedure, according to which the board of directors shall carry out the redemption within a period that is not longer than 18 months as of the date of the resolution; the minimum and maximum value of one share for redemption, as well as the investment intermediary through which the redemption shall be carried out.

#### *Conditions for conversion*

No conditions for conversion of the shares subject of the Offering have been provisioned.

#### *Other rights*

##### Management rights

In addition to the voting right, as defined above in item 4.5 hereof, each shareholder shall be entitled to participate in the governance of the Company, including to elect and to be elected in its management bodies.

##### Control rights

The control rights of the shareholder include the shareholder's right to information. The right of information expresses the ability of shareholders to review all written material 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. The right of information also includes the right of the shareholder to receive comprehensive answers from the members of the board of directors of the Company on questions raised during the General Meeting of Shareholders. At any time, shareholders have the right to request and receive information on the financial and economic state of the Company from the Investor Relations Director.

##### Protective rights

Each shareholder may bring an action against the Company before the district court at its seat to revoke a resolution of the general meeting, when it contravenes mandatory provisions of the law or of the Articles of Association (Article 74 of the Commerce Act).

Each shareholder may bring an action before the district court at the seat of the Company to protect their membership right and individual membership rights, when these have been violated by bodies of the Company (Article 71 of the Commerce Act).

Each shareholder may request appointment of registered auditors by the Registry Agency, if such have not been elected by the general meeting of shareholders by the end of the calendar year (Article 249 of the Commerce Act).

Shareholders holding at least 5% of the Company capital are entitled to the following rights under POSA:

- In case of failure of the Company management bodies to act, which endangers its interest, to bring Company actions against third parties before court;
- To bring an action before the district court at the Company seat for compensation for damages caused to the company from actions or omissions by the members of the management and control bodies (currently – of the board of directors) and of Company procurators (no such have been appointed at this time);
- To requests the general meeting or the district court to appoint controllers to review complete bookkeeping records of the company and to prepare a report on their findings;
- To make requests to the district court to convene a general meeting or to authorize their representative to convene a general meeting with an agenda determined by them;
- To request the inclusion of items and to put forward resolutions on items already included in the agenda for the general meeting under Article 223a of the Commerce Act (does not apply to inclusion of items or putting forward resolutions on matters within the scope of Article 114 (1) of POSA);
- In the event of a joint venture agreement, to bring an action before the district court at the Company seat for compensation for damages caused to the Company because of actions or omissions by the persons managing the joint venture.

Moreover, pursuant to the Commerce Act, shareholders holding at least 5% (five percent) of the Company capital over the course of more than three months, may make a request to the board of directors to convene the General Meeting of Shareholders whereas if this request is not satisfied within a one-month period or if the general meeting is not held within a period of 3 months as of the request, the district court shall convene a general meeting or shall authorize the shareholders who requested the convening or their representative to convene the meeting (as indicated, POSA provides for eased conditions for convening, insofar as the request may be made directly before the district court).

#### **4.6. TENDER OFFERINGS**

Company shares may be the object of a mandatory and of a voluntary tender offering. Pursuant to the applicable national legislation, an obligation to make a tender offering shall occur in case of direct acquisition, acquisition through related parties (within the meaning of Article 148h of POSA) and/or acquisition/holding under Article 149 (2) of POSA (persons who have entered into an agreement for a common management policy through joint exercising of voting rights or holding of voting shares by one person at the expense of another) of more than (1) 1/3 of the votes in the general meeting of the Company (in the event that there is no person or persons holding directly or through related parties more than 50 percent of the votes in the general meeting); (2) ½ of the votes in the general meeting of the Company, or (3) 2/3 of the votes in the general meeting of the Company, unless subsequently within the time limit for making the tender offering, the liable person transfers the necessary number of shares so as to hold directly

or through related parties votes under the thus surpassed threshold. The obligation shall be fulfilled within 14 days as of the acquisition (execution of the agreement or acquisition of the shares on the person's behalf), accordingly, within a one-month period as of entry in the commercial register of the transformation or reduction of the capital, when the threshold has been surpassed as a result of transformation or as a result of share cancellation. Moreover, an individual holding more than 1/3 but not more than 2/3 of the votes in the general meeting of the Company in one of the listed hypotheses, may not acquire within the course of one year a quantity of voting shares exceeding 3 percent of the total number of Company shares, unless this results from a tender offering made under Article 149b of POSA, unless the threshold is exceeded in case of capital increase with rights. At the same time, POSA provided for certain cases where the obligation to make a tender offering does not occur, despite of surpassing the threshold (mainly in relation to a prior tender offering or surpassing of the threshold as a result of a tender offering, and in case of surpassing of the threshold of 2/3 of the votes as a result of capital increase with a rights issue, if prior to the capital increase the individual held more than 50 percent of the votes in the general meeting).

Company shares may be subject to a voluntary tender offering, made by a person that has acquired directly, through related parties or indirectly in the cases under Article 149 (2) of POSA more than 90 percent of the votes in the general meeting of the Company (Article 149a of POSA) or a person holding at least 5 percent of the votes in the general meeting of the Company and wishing to acquire (directly, through related parties or indirectly) more than 1/3 of the votes in the general meeting of the Company (Article 149b of POSA).

The national legislation on tender offerings applicable to the Issuer does not contain provisions, which might impede these tender offerings. Nevertheless, it should be considered that there are specific statutory requirements concerning the principles for tender offering, the contents of the offerings and price setting, whereby tender offerings are subject to review by the Financial Supervision Commission and accordingly, their publishing may be delayed in case of inconsistency with the legal requirements or infringement of shareholder interests.

Company shares may be subject to compulsory repurchasing pursuant to Article 157a of POSA (within three months after a tender offering made to all shareholders took place, by a person who acquired at least 95 percent of the votes in the general meeting of the Company). Accordingly, pursuant to Article 157b of POSA, each minority shareholder shall be entitled to request from the person who acquired at least 95% of the Company voting shares as a result of a tender offering, to buy their shares within a period of three months of the closing of the tender offering.

Until now, the Company has not been the object of tender offerings.



## **5. TERMS AND CONDITIONS OF THE OFFERING**

### **5.1. TERMS AND CONDITIONS OF THE OFFERING, EXPECTED TIMETABLE AND ACTION REQUIRED TO APPLY FOR THE OFFERING**

#### **5.1.1. CONDITIONS OF THE OFFERING [consolidated text pursuant to Supplement of 29.07.2020]**

##### *Offered shares*

Subject of this offering are 3,000,000 (three million) new shares from the capital increase of Allterco JSCo . The offered shares are of the same class as the existing Allterco JSCo shares, namely – ordinary, registered dematerialized voting shares, each of a par value of BGN 1 (one).

The shares will be offered at an issue price of BGN 3.00 (three).

The maximum amount of the new issue shall be 3,000,000 (three million) shares. The Offering will be considered successful, if at least 1,000,000 (one million) shares (the minimum size of the issue) are subscribed and paid. The capital will be increased by the subscribed shares, if the minimum size of the issue is subscribed.

##### *Rights issue*

When issuing shares from the capital increase of a public company pursuant to Article 112 (2) of POSA, rights will be issued within the meaning of § 1, item 3 of the Supplementary Provisions of POSA.

1 (one) right shall be issued against 1 (one) share held by the shareholders in the Company, accordingly, in the framework of this offering of 3,000,000 (three million) new shares, 15,000,000 (fifteen million) rights shall be issued, whereby against each 5 (five) rights, the shareholders or the third parties who acquire rights in the period for transfer of rights or at the organized public auction for rights not exercised within the period of transfer, shall be entitled to subscribe for 1 (one) share from this issue, at an issue price of BGN 3.00 (three).

Each rights holder may subscribe at least 1 (one) share from the current issue (provided that they hold at least 5 rights) and maximum such a number of new shares, equal to the number of rights held by them, divided by five.

##### *Subscription of shares*

Each rights holder (acquired at their initial distribution among the shareholders, within the period for transfer of rights or at the organized public auction for unexercised rights), may acquire a respective number of the offered shares (against each 5 held rights, one new share may be subscribed) by filing within the period specified in 5.1.2 below, an application to subscribe for shares and pay the issue price of the subscribed shares. The request shall be made directly to the authorized investment intermediary or through the investment intermediary of the respective investor.

The issue price of the subscribed shares must be paid latest by the final date for subscription, to an escrow account in a bank, which shall be indicated in the notice of public offering.

*Authorized investment intermediary*

Karoll AD, UIC 831445091, seat and registered office: 1303 Sofia city, Vazrazhdane area, 57 Hristo Botev Blvd.

[The following section is supplemented pursuant to Supplement to this Securities Note of 02.06.2020]

*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.

**5.1.2. OFFER PERIOD [consolidated text pursuant to Supplements of 29.07.2020 and 21.10.2020]**

*Start of the public offering*

[The following text is amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

The initial date of the public offering that is the subject of this Prospectus shall be the publication date of the notice Article 89r (1) of POSA (former Article 92a (1) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020) of public offering, which shall be published in the information agency [www.x3news.com](http://www.x3news.com), on the Issuer's website (<http://www.allterco.com>) and on the website of the authorized investment intermediary Karoll AD (<https://karollbroker.bg>).

*Issuing of rights, start and end date, terms and conditions for transfer/acquisition of rights*

[The following texts are amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

The rights shall be issued in favour of the shareholders who acquired shares latest 5 business days after the date of publishing of the notice of public offering.



The initial date, as of which the period for transfer of rights starts running and accordingly, the period for subscription of new shares, shall be the third business day following the expiration of 5 business days as of the initial date of the public offering (publishing of the notice of public offering).

The end date for transfer of rights shall be 14 days as of the initial date for transfer of rights, it included. If the period expires on a non-business day, the next business day shall be considered the end date for transfer of the rights.

The transfer of rights shall take place on the regulated market organized by BSE, main market, subscription rights segment.

[The following texts are amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

On the second business day after expiration of the period for transfer of rights, the Company shall offer for sale on a regulated market in a public auction all rights unexercised in the period for their transfer through the authorized investment intermediary Karoll AD.

All persons wishing to subscribe shares from the new issue of Allterco JSCo shall first acquire rights. Current shareholders (shareholders who acquired shares latest 5 business days after the date of publishing of the notice of public offering) shall acquire the rights free of charge. All other investors may purchase the rights through a transaction on the main market, subscription rights segment, organized by the BSE, within the period for transfer of the rights or at the public auction organized by BSE for rights unexercised within the period for their transfer, after expiration of the period for transfer of the rights.

If the Company shareholders wish to subscribe for more shares in addition to the shares, for which rights have been distributed to them free of charge, they may purchase the rights within the period for transfer of the rights or at the organized public auction for unexercised rights after expiration of the period for transfer of rights.

In the event that a rights holder does not wish to subscribe shares from this offering against all or part of the rights held by them, they may offer the unused rights for sale within the period for their transfer, whereas rights that have not been exercised within the period for their transfer shall be offered subsequently at a public auction.

Any person may offer rights held by them for sale, accordingly, they may purchase rights by making a request for sale to a relevant investment intermediary to submit the respective order and to execute a transaction on the subscription rights segment. Pursuant to the General Rules of Bulgarian Stock Exchange AD, the final date for trading of rights on the stock exchange shall be two business days before the end date for transfer of the rights. The provisions of the Rules of Procedure of Central Depository AD shall apply in case of acquisition of rights by other means.

#### *Subscription of shares – start and end date, terms and conditions for subscription*

[The following text is amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

The start date for subscription of shares shall be the same as the date, as of which the period for the transfer of rights starts – the third business day after the expiration of 5 business calendar days as of the initial date of the public offering. The start of the period for subscription of shares shall coincide with the start of the period for transfer of rights.

Shareholders wishing to exercise rights issued in their favour, accordingly persons who have purchased rights within the period for their transfer, may make a request to subscribe shares before the expiration of the period set for transfer of the rights. Rights unexercised within this period shall be offered for sale at a public action after expiration of the period for transfer of the rights, accordingly, persons not wishing to exercise the rights held by them, may sell them within the period for their transfer or their rights will subsequently be offered at a public auction.

Any person who has purchased rights at the auction may exercise them by making a request to subscribe shares, up to the expiration of the period set for subscription of shares.

In the event that not all offered rights are sold at the auction held, pursuant to the Rules of Procedure of Central Depository AD, unsold rights shall be distributed to accounts of their holders in accordance with an algorithm described in instructions published on the website of Central Depository AD, whereas their holders should bear in mind that they cannot exercise their reassigned rights by subscribing from the offered shares.

[The following text is amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

The period for subscription of shares shall expire 7 business days as of expiration of the period for transfer of the rights.

Locations for subscription of the new shares – through the authorized investment intermediary Karoll AD, every business day from 09.00 to 17.00 h. at the following addresses:

City	Address	Telephone number
Sofia	1 Zlatovrah Street	02 / 400 8 200
Sofia	57 Hristo Botev Blvd.	02 / 400 8 200
Burgas	75 Slavyanska Street, floor 1, office 2	0895 / 559 237
Varna	20 Preslav Street	052 / 617 919

It shall not be allowed to subscribe shares before the start and end date of the period for subscription of shares.

[The following text is amended pursuant to Supplement to this Securities Note of 29.07.2020 in respect of the parts, determining time limits]

The periods for transfer of rights and subscription of shares may be extended once by the Company for up to 60 days, by inserting the relevant amendments in this Prospectus and notifying the FSC. Pursuant to Article 89k (2) of POSA (former Article 84 (2) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020), the Company shall immediately notify the FSC, shall apply for announcement in the Commercial Register and publish a notice for extension of the period for subscription on [www.x3news.com](http://www.x3news.com) and on the

Subscription of new shares shall be carried out by making applications in writing to the investment intermediaries – members of Central Depository AD, with whom client accounts are kept for the rights held by the applicants (in case of registration of rights in a personal account, they should be transferred to the investment intermediary before being exercised). The Issuer shall apply for the issuing of certification documents through the investment intermediary Karoll AD for rights, registered in personal accounts. Certification documents shall be provided to their holders through Karoll AD. Each holder of rights registered in a personal account, may receive a certification document personally, by presenting a valid identity document or through a proxy explicitly authorized by a notary certified power of attorney in the office of Karoll AD at 57 Hristo Botev Blvd. before expiration of the period for transfer of rights. Investment intermediaries, with whom applications for subscription of new shares have been filed, must immediately inform the authorized investment intermediary Karoll AD of the incoming orders, whereas the relevant intermediary must send the order signed by the investor, scanned and signed with a qualified digital signature, to the following address: [backoffice@karoll.bg](mailto:backoffice@karoll.bg) accompanied by a declaration in writing that (i) it has established the identity of the investor subscribing shares and of their representative/proxy (if applicable), as well as the validity and authenticity of the identity documents presented by the latter and (ii) the client has certified that it will fulfil its obligation to pay the full issue price of the subscribed shares. The originals of the order and the statement should be sent to Karoll AD to the address of the headquarters – city of Sofia, 1 Zlatovrah Street, before expiration of the period for subscription of shares.

The application shall be made in a standard form and shall contain the normative requisites, including:

- Full name and unique client number of the investor and of his proxy at the investment intermediary, if such numbers have not been assigned – full name according to the identity document, the Personal Number (other personal identification number), residence and address, accordingly company name, UIC (BULSTAT, other identification code, register of entry), seat and registered office of the investor and of their representative or proxy;
- issuer (Allterco JSCo) and ISIN (BG1100003166) of the shares;
- number of exercised rights;
- number of subscribed shares that are the subject of the application;
- bank account of the investor (for refund of the paid amounts in case of unsuccessful completion of the subscription): IBAN, BIC code, bank;
- date, time and place of submission of the application;
- signature of the person submitting the application, of their legal representative or proxy.

In order to facilitate investors, a sample of the subscription application shall be published for the period of the Offering in the relevant section of the website of the authorized investment intermediary, where also the Prospectus is published. The applicants shall enclose the following identification documents with the application:

Natural persons

If the share investor is a natural person, the application shall be submitted in person or through a proxy, authorized under an explicit notarized power of attorney. When filing the application, the following documents must be presented, in addition to the other documents required pursuant to the applicable legislation on measures against money laundering:

- Copy of the identity document of the relevant investor, certified with a “True Copy” stamp, date and signature;
- Original copy of a notarized explicit power of attorney and a copy of the identity document of the proxy (if the application is submitted via proxy) certified with a “True Copy” stamp, date and signature;

#### Legal entities

If the equity investor is a legal entity, the application shall be submitted personally by the person/persons representing the respective investor by law or through its proxy, authorized by an explicit notarized power of attorney. When filing the application, the following documents must be presented, in addition to the other documents required pursuant to the applicable legislation on measures against money laundering:

- Copy of the identification document of the person filing the application, certified with a “True Copy” stamp, date and signature;
- Foreign legal entities – the investors must present a current certificate of good standing and a copy of the registration document in the relevant foreign language, accompanied by an official translation of the text of the registration document, containing as a minimum the following information: full name of the legal entity, date of issue, state of registration, address, name of the persons who are duly authorized to represent this legal entity;
- Original copy of a notarized explicit power of attorney and a copy of the identity document of the proxy (if the application is submitted via proxy) certified with a “True Copy” stamp, date and signature;

The relevant documents, declarations and etc., required pursuant to the applicable normative instruments regulating the activities of investment intermediaries, implementation of anti-money laundering measures and so on, shall be signed and enclosed with the application. The subscribed shares shall be paid latest by the end date of the period for share subscription, to the Issuer’s bank account indicated in the notice of public offering.

Subscription of shares shall be considered valid only if made by a rights holder, up to the maximum possible number of shares (the number of rights held, divided by 5) and if the entire issue price of the subscribed shares has been paid within the period and in accordance with the terms and conditions specified in item 5.1.5 below. In case of partial payment of the issue price, the number of shares, for which it was paid in full, shall be considered subscribed.

#### *Reduction and extension of the period of the offering*

The periods indicated in 5.1.2 hereof shall not be subject to reduction.

If all offered shares are subscribed prior to the end date, the Company shall declare the offering

to be successful, shall inform the FSC and shall undertake steps to record the capital increase in the commercial register and to register the new share issue at the Central Depository AD.

The Issuer may extend the subscription period once for up to 60 days, making the respective amendments in the Prospectus and notifying the FSC. In such cases, the last day of the extended period shall be considered the end date of the subscription. The Issuer shall immediately announce the extension of the period at the FSC, the Issuer's website and to the authorized investment intermediary and shall request that the extension be announced in the commercial register and published at [www.x3news.com](http://www.x3news.com) information agency.

#### *Date of issue of the new shares*

[The following text is amended pursuant to Supplement to this Securities Note of 21.10.2020]

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 17.11.2020.

#### *Expected Timetable of the Offering*

[The timetable is amended pursuant to Supplement to this Securities Note of 21.10.2020]

The notice of public offering under Article 89r (1) of POSA (former Article 92a (1) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020) was published on 28.09.2020.

Confirmation of the Prospectus by FSC	18.02.2020
Confirmation of the Supplement of 2 June 2020 by FSC	11.06.2020
Confirmation of the Supplement of 29 July 2020 by FSC	13.08.2020 r.
Publication of the notice of public offering (start date of the offering)	28.09.2020 r.
Start date of the trading of rights and subscription of new shares	08.10.2020 r.
Last day of trading of rights on the regulated market	19.10.2020
Last day for transfer of rights	21.10.2020
Official auction for sale of the unexercised rights	23.10.2020
Confirmation of the Supplement of 21.10.2020 by FSC	(on or around) 27.10.2020
Publication of the Supplement of 21.10.2020	(on or around) 27.10.2020
Last day for the exercise of the right to withdraw subscriptions by investors who have subscribed for shares before the publication of the Supplement of 21.10.2020	(on or around) 29.10.2020
Last day for subscription of shares and for their payment	30.10.2020

Registration of the capital increase in the commercial register	(on or around) 09.11. 2020
Registration of the new share issue at Central Depository AD	(on or around) 17.11.2020
Recording the new share issue in the register kept by the FSC	(on or around) 24.11.2020
Start date of the trading of new shares on Bulgarian Stock Exchange AD	(on or around) 08.12. 2020

*The time limits above stated as “on or around” 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.*

### 5.1.3. POSSIBILITIES FOR REDUCING THE SUBSCRIPTION AND REFUNDING OF OVERPAID AMOUNTS

The number of offered shares shall not be subject to any changes.

If all shares from this issue are subscribed prior to the end date of the Offering, the Issuer shall inform the FSC within 3 (three) business days (Article 112b (12) of POSA) and shall undertake the necessary actions to register the capital increase in the commercial register and the new issue at the Central Depository AD and in the FSC register.

If by the end date of the subscription at least 1,000,000 (one million) of the offered shares are subscribed, the offering shall be considered successful and completed for the relevant number of subscribed and paid shares and accordingly, the procedure described in the preceding paragraph shall be followed – notification and undertaking the necessary actions for registration.

A subscription through rights issue excludes the possibility for subscribing more than the offered shares and for competition between the applications.

In the event that by the end date of the subscription, shares up to the minimum amount of 1,000,000 (one million) of the offered shares are not subscribed, the subscription shall be considered unsuccessful. In this case, the Issuer shall inform the FSC of the result of the subscription within a period of three business days of its completion. On the day of the notice referred to in the previous sentence, the Issuer shall also inform the bank of the results of the subscription and on the Issuer’s website and the website of the authorized investment intermediary, in the commercial register and in the information media [www.x3news.com](http://www.x3news.com) an invitation to the persons who subscribed shares shall be published, wherein the Issuer shall announce the terms and conditions and procedure for refunding of the sums raised. The sums raised shall be returned to the persons who have subscribed shares within a period of up to one month as of the notice, including the interest accrued by the bank, if any.



If the capital increase is not recorded in the commercial register, the above-specified procedure for notification and refunding of the sums paid shall apply.

#### **5.1.4. MINIMUM AND MAXIMUM SUBSCRIPTION AMOUNT**

Any person may subscribe at least one share and maximum the number of shares that is equal to the number of rights held, divided by 5.

The increase of Company capital with rights under Article 112 (2) of POSA shall exclude the possibility for subscribing more than the offered shares and for competition between the applications, accordingly the maximum size of a subscription shall be 3,000,000 shares.

#### **5.1.5. METHODS AND TIME LIMITS FOR PAYMENT AND DELIVERY OF THE SECURITIES [consolidated text pursuant to Supplement of 29.07.2020]**

[The following text is amended pursuant to Supplement to this Securities Note of 29.07.2020]

Payment of the issue price of the subscribed shares shall be made to a special escrow account, opened in the name of Allterco JSCo, which shall be indicated in the notice of public offering under Article 89r (1) of POSA (former Article 92a (1) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020). The escrow account must be credited with the contribution against the subscribed shares latest by the end of the last day for subscription of shares. The proof of payment shall be the payment order or the deposit slip. The payment order or the deposit slip must contain the name of the individual/company name, its Personal Number/UIC (for Bulgarian entities), accordingly relevant identification details of foreign investors, the reasons for the payment – subscription of shares from the capital increase of Allterco JSCo, as well as the number of shares, for which subscription has been requested.

The funds raised in the special account cannot be used prior to the completion of the subscription and recording of the capital increase in the commercial register.

If by the expiration of the end date for the subscription at least 1,000,000 (one million) shares, subject of this offering, are subscribed and paid, the Offering shall be considered successful and the Issuer shall undertake the relevant steps to record the capital increase in the commercial register and to register the new share issue at Central Depository AD (with reference to the hypotheses, time limits and details concerning the steps undertaken, see item 5.1.3 above). The new shares shall be issued upon registration of the share issue from the capital increase at Central Depository AD, which shall register the respective number of shares to accounts (new or existing) of the persons who have subscribed the shares of the capital increase. The investors may request documents certifying the shares acquired by them, which shall be issued by Central Depository AD through the relevant investment intermediary based on a request of the shareholder and pursuant to the Rules of Procedure of Central Depository AD.

#### **5.1.6. ANNOUNCING THE RESULTS OF THE OFFERING**

Within a period of three business days after completion of the share offering (see item 5.1.3 above), Allterco JSCo shall send a notification to FSC concerning the results of the offering and shall publish the relevant information in [www.x3news.com](http://www.x3news.com) information agency and on the

#### 5.1.7. PRE-EMPTIVE RIGHT [consolidated text pursuant to Supplement of 29.07.2020]

[The following text is amended pursuant to Supplement to this Securities Note of 02.06.2020 and 29.07.2020]

In connection to the Offering, the right of the existing shareholders (recorded in the register of Central Depository AD 5 business days after the date of the notice of public offering) to acquire pre-emptively a relevant part of the new shares shall apply and shall be implemented by issuing 1 (one) right against each existing share, whereas one share from the capital increase may be subscribed against each 5 (five) rights.

The rights shall be transferable securities and they may be transferred by the shareholders, in favour of whom they were distributed, accordingly to persons who acquired them secondarily within the period for transfer of rights (see item 5.1.2 above). Rights that have not been exercised in the period for transfer of rights shall be sold at a public auction after expiration of the period for transfer (see item 5.1.2 above), whereas the incoming proceeds from the sale shall be transferred to a special account opened by Central Depository AD and the Company shall distribute the proceeds received from the sale of unexercised rights, after deducting the costs related to their sale, proportionally between their holders, after the capital increase is recorded. Rights unexercised in the subscription period shall be extinguished.

Rights holders may exercise them by subscribing from the offered shares within the period for transfer of rights (concerning rights acquired upon their initial distribution between the shareholders or in the period for transfer of the rights) or until expiration of the period for share subscription (for rights acquired at the auction for unexercised rights) (see item 5.1.2 above).

#### 5.1.8. SIZE OF THE ISSUE

The subject of the offering is 3,000,000 (three million) shares from the capital increase of Allterco JSCo with a single nominal value of BGN 1 (one) and an issue price of BGN 3.00 (three) each.

The size of the offered issue shall not be subject to changes. Subscription of shares against rights excludes the possibility to subscribe more shares than offered. In case of subscription of less than the offered shares, the subscription shall be successful and accordingly, the new shares shall be issued, if at least 1,000,000 (one million) shares are subscribed and paid for. Accordingly, the maximum size of the new issue shall be 3,000,000 (three million) shares (maximum nominal capital increase of BGN 3,000,000 upon effectively raised gross proceeds of a maximum of BGN 9,000,000) and the minimum size shall be 1,000,000 (one million) shares (minimal nominal capital increase of BGN 1,000,000, upon effectively raised gross proceeds of a minimum of BGN 3,000,000).



### **5.1.9. CONDITIONS FOR CANCELLATION OF THE OFFERING**

The Company does not intend to terminate or suspend the offering. Nevertheless, the Company assumes that upon occurrence of negative events that could affect the success of the offering, including events of a force majeure nature (e.g. a financial market crash, natural disasters, terrorist acts etc.), the offering may be suspended or terminated based on a resolution of the Board of Directors of the Company. If this is the case, the Issuer must immediately announce the termination of the offering, informing the FSC and publishing announcements on its website, on the website of the authorized intermediary and on [www.x3news.com](http://www.x3news.com) information agency.

Offering, accordingly trading of the shares after they are issued, may be terminated or suspended, as follows:

- The FSC may suspend the public offering or admission to trading on a regulated market for no more than 10 consecutive business days in each individual case, if there are sufficient reasons to believe that the provisions of the law or its implementing instruments have been infringed, and it may prohibit carrying out of the public offering if there are sufficient reasons to believe that the provisions of the law or its implementing instruments are infringed or will be infringed;
- In the period between the issuing of the Prospectus confirmation and the end date of the Offering, the Issuer must, latest by the end of the next business day after occurrence, accordingly after becoming aware of a significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus that could affect the valuation of the offered shares, prepare a supplement to the Prospectus and present it to the FSC, whereas in the event that the FSC refuses to approve the supplement (if it finds that the requirements of POSA and its implementing instruments have not been complied with), the FSC may discontinue the Offering or share trading by applying a compulsory administrative measure pursuant to Article 212 POSA;
- In case infringements of POSA, its implementing acts, decisions of the FSC or of the Deputy Chair of the FSC, in charge of Investment Activity Supervision, are found and in cases where the supervisory activities of the FSC have been impeded or investor interests are jeopardized, the FSC may suspend the sale or carrying out of transactions with certain securities for a period of up to 10 consecutive days;
- In case of establishing infringements of MFIA, its implementing instruments, of the applicable instruments of the European Union or of other internal acts of the trading venues approved by the Commission, of the decisions of the FSC or of the Deputy Chairperson, as well as if the supervisory activities of the FSC are impeded or investor interests are jeopardized, the FSC may suspend trading with certain financial instruments or to remove financial instruments from trading on a regulated market or from another trading system;
- The BSE may suspend trading of financial instruments or remove financial instruments from trading if they are not in compliance with the requirements set forth in the rules of the regulated market, if this will not result in material damage to investor interests and the due functioning of the market;
- In order to prevent and stop administrative offences under the Measures against Market Abuse with Financial Instruments Act, of the applicable EU instruments, for prevention and removal of their resulting damages, and in case the supervisory activities of the FSC

or of the deputy chairperson are impeded or if investor interests are jeopardized, the FSC may discontinue trading of certain financial instruments.

#### **5.1.10. WITHDRAWAL OF THE APPLICATION FOR SUBSCRIPTION OF SECURITIES**

**[consolidated text pursuant to Supplement of 21.10.2020]**

An investor may not withdraw their application. An investor may renounce the subscribed shares only under the terms and conditions and procedure of Article 23, paragraph 2 of Regulation (EU) 2017/1129 in case of material changes in the Prospectus that require its supplementing. In this case, repudiation shall be made by a written statement submitted before the investment intermediary where the shares were subscribed, within a time limit indicated in the supplement.

[The following text is supplemented pursuant to Supplement to this Securities Note of 21.10.2020]

Insofar as at the time of the circumstances in view of which the Supplement of 21.10.2020 is prepared, the period of the offer - subject of this Prospectus, has not expired, respectively - the shares, subject of this offer, have not been issued, each investor, who has subscribed for shares in the offering, subject to the Prospectus, before the publication of the Supplement of 21.10.2020, has the right, exercisable within two business days after the publication of the Supplement of 21.10.2020, to withdraw their subscription by filing a written statement to this effect within the said period with the investment intermediary, where the shares were subscribed in the first place. The investment intermediary by which the statement for withdrawal is filed, shall immediately inform the authorized investment intermediary Karoll AD about the withdrawal, by sending a scanned copy of the signed declaration to the following e-mail address: [backoffice@karoll.bg](mailto:backoffice@karoll.bg), accompanied by a declaration in writing that it has established the identity of the investor withdrawing their subscription and of their representative/proxy (if applicable), as well as the validity and authenticity of the identity documents presented by the latter. The originals of the statement should be sent to Karoll AD to the address of its headquarters – city of Sofia, 1 Zlatovrah Street, not later than two business days as of the end of the period for withdrawal of the subscriptions.

In case there are investors who have exercised their right for withdrawal, within 3 business days of the expiration of this right, on the internet site of the Company, the internet site of the authorized investment intermediary, as well as on the information media [www.x3news.com](http://www.x3news.com), an invitation to the persons who have filed a withdrawal shall be published, wherein the Issuer shall announce the terms and conditions and procedure for refunding of the amounts paid by them.

#### **5.2. PLAN FOR DISTRIBUTION AND ALLOCATION [consolidated text pursuant to Supplement of 21.10.2020]**

Investors shall be notified that the respective investment intermediary, keeping the account for the securities held, has received the shares subscribed and paid by them. The Issuer's obligation is only to announce the result of the offering and to undertake the necessary steps for

registration of the issue and its admission to trading, whereas relations with the individual investors shall be maintained by their respective investment intermediaries.

The Issuer shall apply for admission of the new share issue that is the subject of this offering for trading on the regulated market organized by BSE after the capital increase is recorded in the commercial register and after registration of the new shares at Central Depository AD and entry of the issue in the FSC register. Trading will be possible after the new shares have been admitted for trading and a date, as of which they will be traded, has been set.

The major shareholders of the Issuer and the members of its Board of Directors Dimitar Dimitrov and Svetlin Todorov intend to subscribe shares for part of their vested rights, if such, on which the option in connection to their commitment to issue such, announced in item 3.1., has not been exercised. The independent member of the board of directors Nikolay Marinov does not intend to subscribe from the offered shares. To the best of his knowledge, the entities indicated in item 8 of the Registration Document, in which he has a participation, holding shares of the Issuer, intend to exercise their rights to participate in the capital increase.

[The following text is supplemented pursuant to Supplement to this Securities Note of 21.10.2020]

The Issuer has been informed that the majority shareholders and members of its board of directors Dimitar Dimitrov and Svetlin Todorov have submitted applications to subscribe to 71,000 shares in the Offering each.

The Issuer is not aware of intentions of other shareholders in connection to their participation in the offering, nor whether a certain person intends to subscribe more than 5% of the offered shares.

### **5.3. PRICE**

The shares shall be offered at an issue price of BGN 3.00 (three) per share.

The issue price has been set in accordance with the Issuer's capital needs, the prospects facing the Group, management's financial forecasts and a comparative analysis with peer companies. The offered price is more attractive than the stock market price of Company shares in view of the limited liquidity of the BSE share market and the Issuer's desire to fulfil the maximum size of the Offering.

Costs related to fees and commissions of the investment intermediaries, through whom applications for subscription of shares, purchasing of rights are submitted, fees of BSE, Central Depository AD and payment institutions, related to the purchasing of rights and the subscription of the offered shares, shall be at the expense of the investors. Where applications for share subscription are filed directly to the investment intermediary servicing the increase Karoll AD, investors shall not owe commission to the servicing intermediary.

**5.3.1. PROCEDURE FOR ANNOUNCEMENT OF THE PRICE**

The offering price announced herein shall not be subject to any changes, accordingly, there is no obligation to make announcements in this respect, except in the notice of public offering.

**5.3.2. PRE-EMPTIVE RIGHT [consolidated text pursuant to Supplement of 29.07.2020]**

[The following text is supplemented and updated pursuant to Supplement to this Securities Note of 29.07.2020]

The right of current shareholders to acquire part of the offered shares pre-emptively shall not be limited. Individuals registered as shareholders 5 business days after the date of the notice of public offering, shall receive 1 right under § 1, item 3 of the Supplementary Provisions of POSA against each share held in the Company capital.

**5.4. PLACING AND UNDERWRITING [consolidated text pursuant to Supplement of 29.07.2020]**

Karoll AD is the authorized investment intermediary for the offering of the share issue – that is the subject of this Prospectus, and it undertakes to assist in preparing the offering of the shares from the capital increase and to participate in their placing, including to consult the Company in relation to the necessary actions, the time limits and terms and conditions of the offering, to review the prepared prospectus and give opinions on it, including in relation to subsequent changes in the prospectus and in preparing supplements after the latter is confirmed; to assist the Company in preparing the relevant marketing materials and in conducting a road-show and meeting with potential investors in connection of the offering of the shares from the capital increase; to present the offered shares before target investors and to make maximum efforts for their placing among these investors; to service the public offering and the share subscription and to coordinate the payment of the issue price of the subscribed shares and to assist for their issuing and admission to trading and to take all necessary steps in this respect, by preparing and submitting the necessary documents, communicating, corresponding, requiring and obtaining documents related to the activities for servicing of the Company capital increase and carrying out the respective registrations connected to or resulting from the latter. The office addresses of the authorized investment intermediary are indicated in item 5.1.2 hereof.

The offered shares are not and will not be the object of an underwriting agreement.

The depository institution for Allterco JSCo shares is the Central Depository AD, registered office: Sofia city, 6 Tri Ushi Street, floor 4.

[The following text is supplemented and updated pursuant to Supplement to this Securities Note of 29.07.2020]

The bank where the escrow account for payment of the issue price of the subscribed shares that are the subject of this Prospectus will be opened shall be indicated in the notice of public offering under Article 89r (1) of POSA (former Article 92a (1) of POSA, amendment, State Gazette No 64 of 2020, in force as of 21.08.2020).

## **6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **6.1. ADMISSION TO TRADING [consolidated text pursuant to Supplement of 02.06.2020]**

If the Offering is completed successfully, after registration the Company's capital increase in the commercial register, an application for registration of the new shares in Central Depository AD shall be filed and subsequently – for recording of the new issue in the register kept by the FSC.

Once the above-described registration is carried out, the Company will file an application to BSE to admit the newly issued shares for trading on a regulated market. Execution of transaction may begin as of the date set by the Board of Directors of BSE.

As part of the procedure for offering of the shares that are the subject of this Prospectus, the rights issued under § 1, item 3 of the Supplementary Provisions of POSA shall be registered for trading on the BSE Main Market, Subscription Rights Segment of the Bulgarian Stock Exchange AD.

[The following text is supplemented and updated pursuant to Supplement to this Securities Note of 02.06.2020]

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.

### **6.2. REGULATED MARKETS**

As at the date of this Prospectus, Allterco JSCo shares that are of the same class as the offered shares, are traded on the BSE Main Market, Standard Equities Segment of Bulgarian Stock Exchange AD. The offered shares from the capital increase will be traded on the same segment.

### **6.3. SIMULTANEOUS PUBLIC OR PRIVATE PLACING OF THE SAME OR A DIFFERENT CLASS OF SECURITIES [consolidated text pursuant to Supplement of 02.06.2020]**

There is no other public or private subscription of shares from the same or another class or for other securities organized at the same time as the issuing of the offered shares and for which admission to trading on the BSE will be requested.

[The following text is supplemented and updated pursuant to Supplement to this Securities Note of 02.06.2020]

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

### **6.4. PERSONS COMMITTED TO PROVIDING LIQUIDITY**

The Company has not engaged investment intermediaries to act as market makers within the meaning of the Rules of the Bulgarian Stock Exchange AD to ensure share liquidity by maintaining buy and sell quotes.

**7. SELLING SECURITIES HOLDERS****7.1. LOCK-UP AGREEMENTS [consolidated text pursuant to Supplement of 21.10.2020]**

The shares from the capital increase of Allterco JSCo are offered for subscription on behalf and at the expense of the Company. The rights may be offered for sale, both by the shareholders who have acquired rights upon their issue, and by the persons who have acquired rights by purchasing them on the secondary market. The Issuer is aware of the commitment of the current shareholders and members of the Board of Directors Dimitar Dimitrov and Svetlin Todorov to issue an option in favour of the financial consultant MM Consult EOOD in relation to the rights, which the specified persons will acquire as shareholders, as announced in item 3.1. above.

[The following text is amended pursuant to Supplement to this Securities Note of 21.10.2020]

At the date of this document and to the Issuer's best knowledge, there are no lock-up agreements in force in relation to the Issuer's shares. In relation to the planned Company capital increase subject of this Prospectus, the members of the Board of Directors and majority shareholders of the Issuer (holding a total of 11,552,240 shares in the capital of the Company) Dimitar Dimitrov and Svetlin Todorov have concluded a Lock-up agreement for locking for trading a total of 11,552,240 shares in the capital of the Company held by them for trading in favour of the Company for a period of 3 years as of the date of registration of the capital increase in the Commercial Register. Under certain conditions, after expiration of 6 months as of the date of registration of the capital increase in the commercial register, they will have the right to trade up to 7% of the shares held by them. Dimitar Dimitrov and Svetlin Todorov have agreed between themselves and in favour of the Company. The commitment by Dimitar Dimitrov and Svetlin Todorov is under the condition that the Company successfully completes the capital increase, subject to this offering.

## 8. EXPENSES OF THE OFFERING [consolidated text pursuant to Supplements of 02.06.2020 and 21.10.2020]

[The following text is supplemented and updated pursuant to Supplements to this Securities Note of 02.06.2020 and 21.10.2020]

**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:	2,652	2,652
- 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	1,396	1,396
- 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 **	65,000	320,000
Remuneration of the legal consultant	25,500	25,500
Costs for translation services	13,150	13,150
Recordation of the capital increase and announcing new Articles of Association in the Commercial Register	35	35
<b>TOTAL EXPENSES</b>	<b>166,237</b>	<b>421,237</b>
<b>Gross proceeds</b>	<b>3,000,000</b>	<b>9,000,000</b>
<b>Net proceeds</b>	<b>2,833,763</b>	<b>8,578,763</b>
Issue price per share	3.000	3.000
Expenses of the offering per share	0.166	0.140
<b>Net proceeds per share</b>	<b>2.834</b>	<b>2.860</b>

\*The registration fee for 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.

\*\* 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 50,000 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;



## 9. DILUTION [consolidated text pursuant to Supplements of 02.06.2020 and 21.10.2020]

With the increase of the total number of shares, in which the company capital is divided, the percentage in the capital of the company, held by the existing shareholders, respectively their voting rights in the General Meeting of Shareholders, is reduced, if they do not subscribe for the shares from the increase they are entitled to. As at the Prospectus date, the Company has issued 15,000,000 shares. The newly issued shares as a result of the offering are 3,000,000 in case of a maximum issue size and 1,000,000 in case of a minimum issue size. The total number of issued Company shares in case of a successful offering will be 18,000,000 in case of maximum issue size and 16,000,000 in case of minimum size of the issue. The share of the number of the newly issued shares in the total number of shares after the increase is calculated to determine the immediate dilution of the shareholder participation and the voting rights of the existing shareholders, which do not participate in the Company's capital increase. This way, every shareholder who has not participated in the increase through subscription for new shares, will dilute their participation by between 6.25% and 16.67%, respectively, in case of a minimum and a maximum size of the issue.

**Table 5: Dilution of participation in case of a maximum and minimum size of the issue**

Indicator	Minimum size of the issue	Maximum size of the issue
Number of issued shares as at the Prospectus date	15,000,000	
Number of subscribed shares in the Offering	1,000,000	3,000,000
Total number of issued shares as a result of the offering	16,000,000	18,000,000
Dilution of the participation in the capital, %	6.25%	16.67%

[The following text and table 6 are amended pursuant to Supplement to this Securities Note of 21.10.2020]

The book value of the equity (net asset value) of the Issuer as at 30 June 2020 on a consolidated basis is BGN 33,143 thousand (equity attributable to the owners of the shareholders' equity of the Parent Company), and on an individual basis it is BGN 19,582. Accordingly, the book value of one share prior to the Offering on a consolidated basis is BGN 2.21 and on an individual basis it is BGN 1.31.

The terms and conditions of this Offering envisage an issue price of one newly issued share (price) of BGN 3.00, which is higher than the book value per share prior to the Offering.

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

	Prior to the increase (as at 30.06.2020)	
	Consolidated basis	Individual basis
Number of shares issued as at the Prospectus date	15,000,000	
Issue price of 1 share in BGN	3.00	
Equity (BGN thousands)	33,168	19,582
Equity attributable to the owners of the shareholders' equity of the Parent Company (in BGN thousands)	33,143	
Book value per share in BGN	2.21	1.31

Source: Unaudited interim consolidated and separate financial statement of the Issuer as at 30 June 2020.



No part of this offering will be reserved only for a certain group of investors, respectively, there is no dilution in the shareholder equity of existing shareholders as a result of such reserving.

## **10. ADDITIONAL INFORMATION**

This Securities Note does not contain statements, reports or other expert opinions of third parties.

This Securities Note does not contain other information, audited or reviewed by statutory auditors.

In connection with this issue, the Issuer engaged the services of a financial consultant – MM Consult EOOD, UIC 121345602, including in relation to management of the Company's preparatory process to issue new shares and structuring of the offering, management of the process related to drafting and approval of the Prospectus, coordination and preparation of a strategy and presentation materials to present the investment opportunities to investors. In connection with this issue, the Issuer engaged the services of a legal consultant – Spasov and Bratanov Lawyers' Partnership, BULSTAT 130087001, in relation to preparing the Prospectus, the procedure for its approval, conducting of the Offering, announcement of the results and registration of the capital increase and the new share issue.

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

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

For the Issuer:

/sign.ill./

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 49 (forty-nine) pages.*

*Translator: Atanas Svetlozarov Igov*

See official translation 