

*Translation from Bulgarian language*



**ALLTERCO JSCo**

**SUPPLEMENT**

**to**

**REGISTRATION DOCUMENT**

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

**Allterco JSCo, ISIN BG1100003166**

This Supplement to Registration Document, part of the Prospectus for public offering of shares of Allterco JSCo, together with the Securities Note and the Summary, has been drawn up in accordance with Article 18, paragraph 1, points (a) and (g) of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 in relation to the publishing of the audited annual financial statements of Allterco JSCo for the year 2019 and its intention to carry out public offering of the shares from the capital increase that is the subject of this Prospectus also on the territories of the Federal Republic of Germany and the Italian Republic, whereas relevant information has been included with respect to the statutory auditors, business and financial information concerning the Issuer. In preparation of this Supplement, information under the Registration Document has been updated, insofar as and where changes have occurred as at the date of the Supplement, notwithstanding that the respective changes are not grounds for drawing up the same within the meaning of Article 23 paragraph 1 of Regulation (EU) 2011/1129. Except from the supplements and/or changes to the respective items of the Registration Document explicitly specified herein, no other supplements and/or changes to the information stated in the Registration Document are necessary as the information under the respective items, presented as at the date of the Prospectus is up-to-date also as at the date of this Supplement.

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

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

**This Supplement to the Registration Document has been approved by the Financial Supervision Commission as competent authority under Regulation (EU) 2017/1129 by Decision No. 405 – E of 11 June 2020 as part of the Prospectus for public offering of shares. The Financial Supervision Commission only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval shall not be considered as an endorsement of the Issuer (Allterco JSCO) that is the subject of this Registration Document.**

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

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

The information stated in the Prospectus (including the appendices thereto, this Supplement and the relevant supplements from the same date to the other parts of the Prospectus) is the only information with regards to this offering for the accuracy and completeness of which 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.

This document contains hyperlinks to Internet websites, the information in which, apart from the information explicitly stated in item 15 of the Registration Document, including as

supplemented by this document, is not part of the Prospectus, whereas this information has neither been checked, nor approved by the FSC.

Investors, who are interested in this Supplement, the Registration Document, as well as 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:</b>
		
<b>Address:</b>	1407 Sofia city, 103 Cherni Vrah Blvd.	1164 Sofia city, 1 Zlatovrah Str.
<b>Contact person:</b>	Denitsa Stefanova	Angel Rabadzhiyski
<b>Telephone:</b>	+359 2 957 1247	+359 2 400 8 251
<b>Internet website:</b>	<a href="http://www.allterco.com">www.allterco.com</a>	<a href="https://karollbroker.bg">https://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>

**2 June 2020**

**Table of contents**

1. Supplement to the information under Item 1. Risk factors, sub-item 1.1 Systematic risks, sub-item 1.1.1. Currency risk.....	6
2. Supplement to the information under Item 1. Risk factors, sub-item 1.1. systematic risks, sub-item 1.1.3. Country’s credit risk .....	6
3. Supplement to the information under item 1. Risk factors, sub-item 1.1. Systematic risks, sub-item 1.1.4. Macroeconomic risk.....	7
4. Supplement to the information under Item 1. Risk factors, sub-item 1.1. Systematic risks, sub-item 1.1.6. Inflation risk.....	8
5. Supplement to the information under Item 1. Risk factors, sub-item 1.1. Systematic risks, sub-item 1.1.8. Interest Risk .....	9
6. Supplement to the information under Item 1. Risk factors, sub-item 1.1. systematic risks, sub-item 1.1.9. Unemployment risk.....	9
7. Change in the information under item 2. Responsible persons, third party information, experts’ reports and competent authority approval, Sub-item 2.1. Persons responsible for the information in the document.....	10
8. Change to the information under item 2. Responsible persons, third party information, experts’ reports and competent authority approval, Sub-item 2.2. Declarations by persons responsible for the registration document.....	10
9. Change in the information under item 2. Responsible persons, third party information, experts’ reports and competent authority approval, Sub-item 2.5. Other statements.....	11
10. Supplement to the information under Item 3. Statutory auditors.....	11
11. Supplement to the information under Item 5. Business overview, Sub-item 5.2. Key principal activities of the issuer .....	12
12. Supplement to the information under Item 5. Business overview, Sub-item 5.2. Key principal activities of the issuer, Sub-item 5.2.1. IoT product lines.....	12
13. Supplement to the information under Item 5. Business overview, Sub-item 5.2. Key principal activities of the issuer, Sub-item 5.2.3. Dynamics of sales revenues. Main markets, sales channels, product lines .....	13
14. Supplement to the information under Item 5. Business overview, Sub-item 5.2. Key principal activities of the issuer, Sub-item 5.2.4. Information about the industry .....	15
15. Supplement to the information under Item 5. Business overview, Sub-item 5.3. Significant changes related to the business of the Issuer, Sub-item 5.3.1. Significant changes.....	16
16. Supplement to the information under Item 5. Business overview, Sub-item 5.4. Investments	17
17. Supplement to the information under Item 5. Business overview, Sub-item 5.5. Financial Indicators .....	18
18. Changes in the information under item 6. Trend information.....	21

19. Supplement to the information under Item 7. Profit forecast or estimate, Sub-item 7.2. Inclusion of new forecasts .....	24
20. Supplement to the information under Item 10. Related party transactions .....	26
21. Supplement to the information under Item 11. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses, Sub-item 11.1. Financial Statements.....	26
22. Supplement to the information under Item 11. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses, Sub-item 11.2. Audited annual financial information, Sub-item 11.2.1. Audit report .....	27
23. Supplement to the information under Item 11. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses, Sub-item 11.2. Audited annual financial information, Sub-item 11.2.2. Other audited information. non-audited information.....	28
24. Supplement to the information under Item 11. Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses, Sub-item 11.4. Significant change in the Issuer's financial position.....	29
25. Supplement to the information Under Item 13. Regulatory disclosures .....	29
26. Supplement to the information under item 14. Material contracts.....	30
27. Supplement To the Information under Item 15. Documents available .....	31

## 1. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1 SYSTEMATIC RISKS, SUB-ITEM 1.1.1. CURRENCY RISK

*The Supplement to the Registration Document is intended to supplement item 1.1.1. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, in early 2020 confirmation was given that Bulgaria is preparing to enter the European Exchange Rate Mechanism (ERM II) around the middle of the year<sup>1</sup>. The stated intention of the BNB Governor is that there will be no devaluation of the Bulgarian lev prior to Bulgaria's entry in the European Exchange Rate Mechanism. In addition, BNB and ECB set up a swap line, which, if necessary, will make it possible to receive euros against Bulgarian leva at the fixed rate, without diminishing Bulgaria's currency reserves. On this occasion, ECB announced in a press statement that the swap line will remain in place until 31 December 2020, unless it is extended<sup>2</sup>.

## 2. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1. SYSTEMATIC RISKS, SUB-ITEM 1.1.3. COUNTRY'S CREDIT RISK

*The Supplement to the Registration Document is intended to supplement item 1.1.3. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, Bulgaria's credit rating as at 2 June 2020 is presented in the following table.

**Table 1.1: Bulgaria's credit risk**

Credit-rating agency	Date of most recent change	Long-term rating	Outlook
Standard & Poor's	29.05.2020 <sup>3</sup>	BBB	Stable
Moody's	30.08.2019 <sup>4</sup>	Baa2	Positive
Fitch	24.04.2020 <sup>5</sup>	BBB	Stable

*Source: Ministry of Finance*

On 24.04.2020, the international credit rating agency Fitch confirmed Bulgaria's long-term and short-term credit rating in foreign and domestic currency at BBB/F2 and revised the rating perspective from "positive" to "stable".

On 29.05.2020 Standard&Poor's credit rating agency confirmed Bulgaria's long-term and short-term credit rating in foreign and domestic currency at BBB/A-2 and revised the rating perspective from "positive" to "stable".

The change in the perspective is due to the downward revision of the forecast on the growth of the gross domestic product in 2020, taking into consideration the impact of the Coronavirus

<sup>1</sup> [https://www.bnb.bg/PressOffice/POStatements/POADate/02\\_RADEV\\_20200430\\_BG](https://www.bnb.bg/PressOffice/POStatements/POADate/02_RADEV_20200430_BG).

<sup>2</sup> <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200422~962a743486.en.html>

<sup>3</sup> Ministry of Finance (<https://www.minfin.bg/bg/news/11063>).

<sup>4</sup> Ministry of Finance (<https://www.minfin.bg/bg/news/10780>).

<sup>5</sup> Ministry of Finance (<https://www.minfin.bg/bg/news/11030>).

(COVID-19) pandemic on the economic activity in the country and anticipating a recovery in 2021. The two agencies forecast a deterioration of the 2020 budget balance under the impact of the economic decline and the fiscal stimuli in response to the pandemic and a rise in government debt. Analysts anticipate preservation of the prudent fiscal policy, accompanied by sustainable debt management.

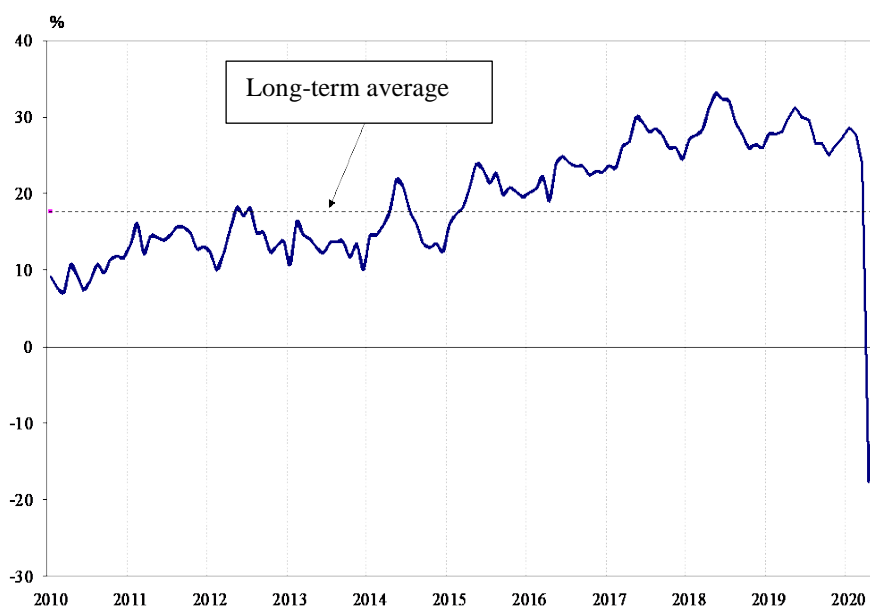
### 3. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1. SYSTEMATIC RISKS, SUB-ITEM 1.1.4. MACROECONOMIC RISK

*The Supplement to the Registration Document is intended to supplement item 1.1.3. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, as at 2 June 2020, the macroeconomic trends and major risks facing the economy in 2020 are linked to the pandemic of Coronavirus SARS-CoV-2, causing COVID-19, and the measures to contain it on a national and global scale.

After the National Statistical Institute (NSI) reported a drastic decline of the general business climate indicator at the end of April 2020 by 41.7 points compared to March 2020<sup>6</sup>, the NSI reported a rise by 11.8 points for May 2020.<sup>7</sup> The rise results from the positive opinions given by business managers from all sectors – industry, construction, retail and services.

**Figure 1.1: Business climate in Bulgaria**



Source: NSI

According to NSI data, as at May 2020, the composite indicator “business climate in industry” grew by 11.4 points, thanks to the more favorable expectations of industrial entrepreneurs with

<sup>6</sup> [https://www.nsi.bg/sites/default/files/files/pressreleases/Economy2020-04\\_ARTRFBK.pdf](https://www.nsi.bg/sites/default/files/files/pressreleases/Economy2020-04_ARTRFBK.pdf).

<sup>7</sup> [https://www.nsi.bg/sites/default/files/files/pressreleases/Economy2020-05\\_T6WAFYCY.pdf](https://www.nsi.bg/sites/default/files/files/pressreleases/Economy2020-05_T6WAFYCY.pdf).

respect to the business state of the enterprises in the next six months. At the same time, current production activity was assessed as reduced, while the forecasts on the operations for the next three months were more positive.

According to NSI data, as at the end of May 2020, the composite indicator “business climate in the services sector” marked a 2.5-point rise, thanks to the more favorable expectations of business managers with respect to the state of the enterprises in the next six months. With respect to services demand, the current trend is assessed as reduced, while expectations for the next three months have improved slightly.

According to the forecasts of the International Monetary Fund<sup>8</sup> for Bulgaria, the measures to limit the pandemic of Coronavirus SARS-CoV-2 causing COVID-19 will result in a 4% decline of the gross domestic product in 2020, with an expected 6% recovery in 2021. The predicted global economic decline in 2020 is 3%. The sharpest shrinking is expected in the Eurozone (-7.5%) and the USA (-5.9%). These forecasts are based on the assumption that the pandemic will fade in the second half of 2020 and that the measures to contain its spread will gradually be lifted. In this basic scenario, the International Monetary Fund forecasts a rapid recovery of the global economy, supported by state policies, with a 5.8% growth in 2021.

The sectors that are most affected by the introduced restrictive measures are retail, transportation services, hotel and restaurant businesses, followed by industry, manufacturing and the construction business. The effect is more moderate in the media and entertainment business, the public and education sector, financial services and hi-tech branches, including information and telecommunication technologies. The IoT sector, in which the Group operates, is expected to be significantly less affected compared to other economic sectors.

#### **4. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1. SYSTEMATIC RISKS, SUB-ITEM 1.1.6. INFLATION RISK**

*The Supplement to the Registration Document is intended to supplement Item 1.1.6. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, according to data from the European Central Bank, in the second quarter of 2020, inflation in Eurozone countries for 2020 is expected to drop sharply down to 0.4% of the expected level of 1.2% in the first quarter of 2020. In 2021 and 2022 inflation levels of accordingly 1.2% and 1.4% are expected, and in 2025 – up to 1.7%.<sup>9</sup>

According to data from the Federal Reserve Bank of New York, in May 2020, there is an expectation of keeping median inflation level for the three-year horizon at 2.6%, and in May 2020, a 2.6% increase was recorded. At the same time, the Federal Reserve Bank of New York

---

<sup>8</sup> <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

<sup>9</sup> [https://www.ecb.europa.eu/stats/ecb\\_surveys/survey\\_of\\_professional\\_forecasters/html/table\\_hist\\_hicp.en.html](https://www.ecb.europa.eu/stats/ecb_surveys/survey_of_professional_forecasters/html/table_hist_hicp.en.html).



noted that the level of uncertainty in determining the median inflation level marked an increase for the third consecutive month among the respondents<sup>10</sup>.

## **5. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1. SYSTEMATIC RISKS, SUB-ITEM 1.1.8. INTEREST RISK**

*The Supplement to the Registration Document is intended to supplement Item 1.1.8. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, at its monetary policy meeting on 12 March 2020, the ECB Governing Council, based on the review of the prospects for economic development and inflation in the Eurozone and taking into consideration the most recent macroeconomic Eurosystem staff projections, decided on a package of monetary policy measures aimed at preserving the monetary stance and underpinning the transmission mechanism of monetary policy towards the real economy. The ECB Governing Council decided to keep the key ECB interest rates unchanged and to confirm its orientations for the interest rate levels in monetary policy operations.<sup>11</sup>

## **6. SUPPLEMENT TO THE INFORMATION UNDER ITEM 1. RISK FACTORS, SUB-ITEM 1.1. SYSTEMATIC RISKS, SUB-ITEM 1.1.9. UNEMPLOYMENT RISK**

*The Supplement to the Registration Document is intended to supplement Item 1.1.9. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, the crisis triggered by the novel Coronavirus pandemic, drastically changed the situation on the labor market.

According to Eurostat, in March 2020, the month, in which EU member states introduced different measures to contain the risk of the spread of COVID-19, the unemployment rate in the Eurozone increased to 7.4% up from 7.3% in February 2020. The unemployment rate in the EU in March 2020 rose to 6.6% up from 6.5% in February 2020.<sup>12</sup> According to Eurostat, the unemployment rate in Bulgaria in March 2020 was at 4.5% up from 4.0% in February. In April 2020, the unemployment rate in the US was at 14.7%.<sup>13</sup>

Anticipations are that the measures to support business and people will limit the effect on household disposable income to some extent. Adapting consumer models in response to the COVID-19 crisis remain fraught with uncertainty.

---

<sup>10</sup> <https://www.newyorkfed.org/newsevents/news/research/2020/20200511>

<sup>11</sup> [https://www.bnb.bg/bnbweb/groups/public/documents/ecb\\_publication/publications\\_ecb\\_mb\\_202002\\_bg.pdf](https://www.bnb.bg/bnbweb/groups/public/documents/ecb_publication/publications_ecb_mb_202002_bg.pdf)

<sup>12</sup> <https://ec.europa.eu/eurostat/documents/2995521/10294732/3-30042020-CP-EN.pdf/05df809c-7eb8-10c7-efcf-35325c84f56e>

<sup>13</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

## **7. CHANGE IN THE INFORMATION UNDER ITEM 2. RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL, SUB-ITEM 2.1. PERSONS RESPONSIBLE FOR THE INFORMATION IN THE DOCUMENT**

*The Supplement to the Registration Document is intended to amend Item 2.1. of the Registration Document, whereby the text shall be replaced as follows:*

The members of the Board of Directors of Allterco JSCo (see Table 2 below), who are jointly liable for damages caused as a result of any false, misleading or incomplete data in this Registration Document, are responsible for the preparation of this document and the Supplements thereto.

**Table 2: Members of the Board of Directors (BoD) of Allterco JSCo**

<b>Name</b>	<b>Position</b>
Dimitar Stoyanov Dimitrov	Deputy Chairman of the BoD and Executive Director
Svetlin Iliev Todorov	Chairman of the BoD
Nikolay Angelov Marinov	Independent member of the BoD

The compiler of the annual consolidated financial statements of the Company as at 31 December 2018 and of the annual consolidated financial statements of the Company as at 31.12.2019 is Mrs. Albena Beneva, currently tax advisor of the Issuer. The compiler of the interim consolidated statements of the Issuer as at 30 June 2019 is AVA Partners OOD, Unified Identification Code (UIC) 131477470, having its seat and registered office at 1799 Sofia city, 54 Andrey Lyapchev Blvd., via its manager Varbina Nacheva. The compilers of the annual and interim financial statements are jointly liable with the above-mentioned persons for damages caused by any false, misleading or incomplete data in the Issuer's financial statements compiled by them. The auditor of the annual consolidated financial statements 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.

## **8. CHANGE TO THE INFORMATION UNDER ITEM 2. RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL, SUB-ITEM 2.2. DECLARATIONS BY PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT**

*The Supplement to the Registration Document is intended to amend Item 2.2. of the Registration Document, whereby the text shall be replaced as follows:*

By signing the declarations attached to the Prospectus, the members of the Board of Directors of Allterco JSCO declare that, to the best of their knowledge, the information contained in the Prospectus and the supplement thereto is true and complete and corresponds to the facts and the Prospectus, including this Registration Document and the supplement thereto as part of the Prospectus, makes no omission that are likely to affect its import.

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

By the declarations attached to the Prospectus, the compilers of the financial statements as specified in item 2.1 above, declare that, to the best of their knowledge, the information contained in the Prospectus and the supplement thereto, which is extracted from the financial statements compiled by them, is true and complete. By the declaration attached to the Prospectus the Issuer's auditor, as specified in item 2.1 above, declares that, to the best of his knowledge, the information contained in the Prospectus and the supplement thereto, presented on the basis of the audited financial statements and the auditor's report prepared on these statements, is true and complete.

The declarations of the members of the Board of Directors of Allterco JSCO, of the statutory auditor and of the compilers of the financial statements, respectively, are attached to the Prospectus as an integral part thereof.

## **9. CHANGE IN THE INFORMATION UNDER ITEM 2. RESPONSIBLE PERSONS, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL, SUB-ITEM 2.5. OTHER STATEMENTS**

*The Supplement to the Registration Document is intended to amend Item 2.1. of the Registration Document, whereby the text shall be replaced as follows:*

The Registration Document and the supplement thereto have been approved by the Financial Supervision Commission as competent authority under Regulation (EU) 2017/1129. The Financial Supervision Commission approves the Registration Document, as well as the supplement thereto, only if it meets the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval shall not be considered as an endorsement of the Issuer that is the subject of this Registration Document. The Registration Document has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.

## **10. SUPPLEMENT TO THE INFORMATION UNDER ITEM 3. STATUTORY AUDITORS**

*The Supplement to the Registration Document is intended to amend Item 3. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, the annual financial statements of the Company for the year 2019, information from which has been included in this Registration Document by means of the drawn up supplement thereto of 2 June 2020, were audited by the same specialized audit company Primorska Audit Company OOD, with the lead auditor Iliya Nedelchev Iliev, indicated above.

## **11. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.2. KEY PRINCIPAL ACTIVITIES OF THE ISSUER**

*The Supplement to the Registration Document is intended to supplement the main text of Item 5.2. of the Registration Document, whereby the text shall be supplemented as follows::*

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

## **12. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.2. KEY PRINCIPAL ACTIVITIES OF THE ISSUER, SUB-ITEM 5.2.1. IOT PRODUCT LINES**

*The Supplement to the Registration Document is intended to supplement Item 5.2.1. of the Registration Document, whereby the text shall be supplemented with the specified parts as follows:*

*12.1. In the section "MyKi Products", in the part "Health and care devices (Self-care devices)", the following text shall be added:*

- Medical device MyKi oximeter – an oximeter and heart rate monitor, suitable for home use, with medical precision and a mobile application that sends the patient's data directly to a centralized monitoring system, accessible to physicians.

*12.2. In Section "Automation devices (Shelly) – Make IoT Simple" a new sub-section shall be added, as follows:*

### Environment control devices

Since early 2020, the devices for reducing the risk of infection and improvement of the air purity were added to the product range (Shelly Air, Shelly Pure, device for disinfection of items).

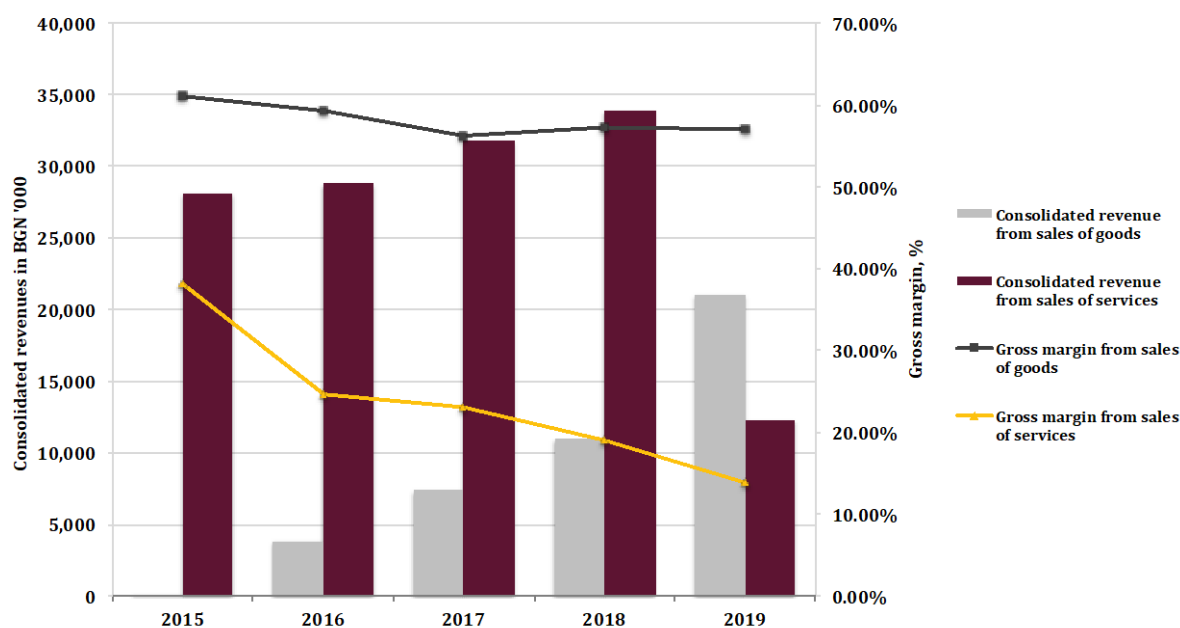
### 13. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.2. KEY PRINCIPAL ACTIVITIES OF THE ISSUER, SUB-ITEM 5.2.3. DYNAMICS OF SALES REVENUES. MAIN MARKETS, SALES CHANNELS, PRODUCT LINES

*The Supplement to the Registration Document is intended to amend Item 5.2.3. of the Registration Document, whereby the text shall be replaced as follows:*

The Issuer's Group companies generated the first revenues in the IoT segment in late 2015. The revenues from sales in the IoT segment on a consolidated level are mainly represented by sales of goods, which make up approximately 95% of the revenues in this segment, and the remaining 5% represent mainly services related to warranty and service support. From the beginning of operations in this segment until the end of 2019, the compounded annual growth rate of consolidated sales of goods is 250.8%. The gross margins on a consolidated basis from sales of goods from 2015 until 2019 are in the range of 56.3%-61.2%.

The dynamics of consolidated revenues from sales of goods and services and the corresponding gross profits are presented in the following Figure, which includes indicators until the end of 2019.

**Figure 4: Dynamics of the consolidated revenue from sales and gross profits by goods/services**



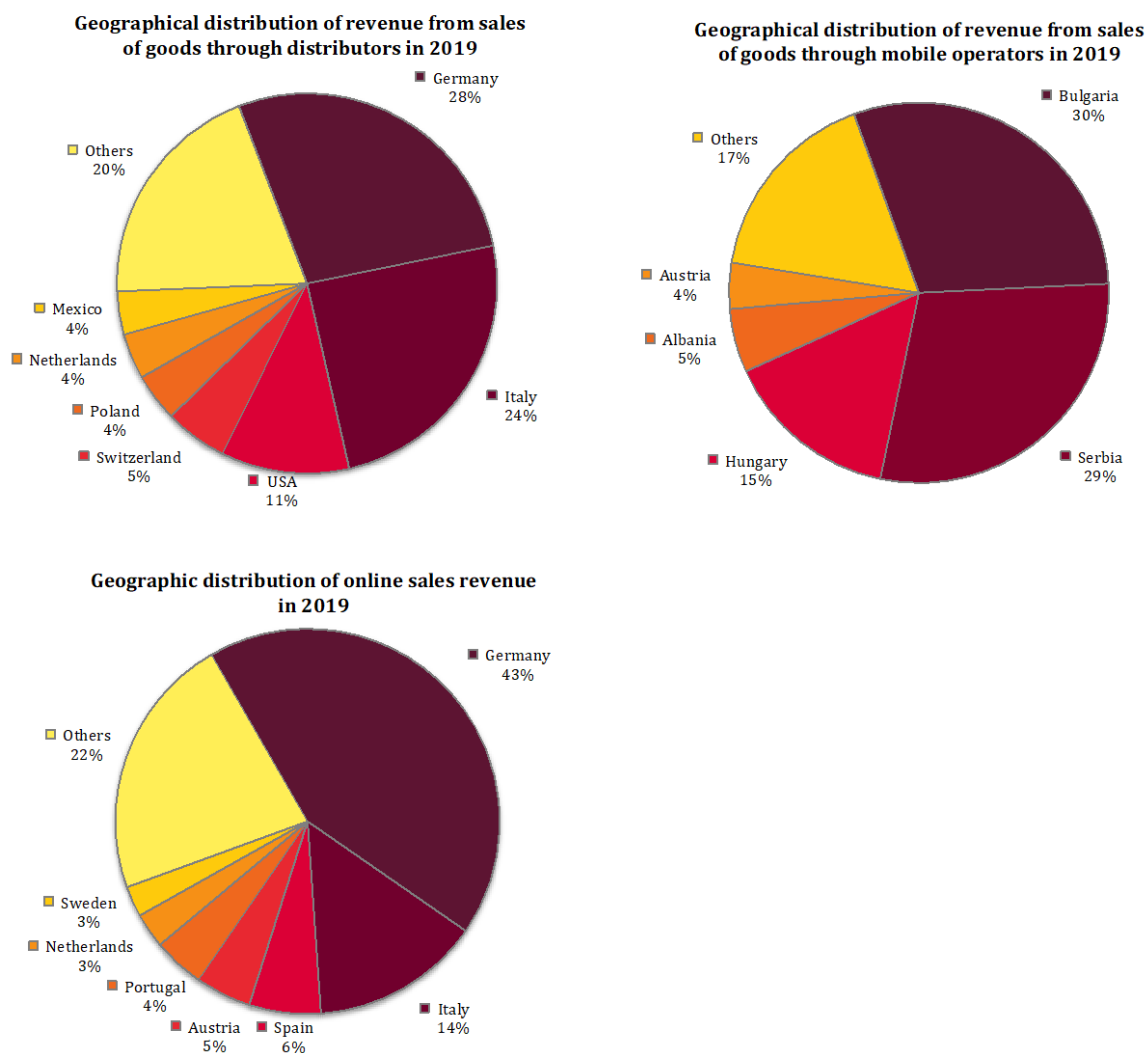
Source: Allterco JSCO

In 2019, the Shelly and MyKi product lines comprised a little more than 60% and 38% of the revenues from sales of goods on a consolidated basis. In 2020, Shelly's share of the consolidated sales has increased significantly.

For the first 9 months of 2019 a slight increase of the share of distributors is observed. The management expects that this trend will continue on the back of a decrease in the shares of the



Figure 6: Geographical allocation of revenues from sales of goods by sales channels in 2019



Source: Allterco JSCO

#### 14. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.2. KEY PRINCIPAL ACTIVITIES OF THE ISSUER, SUB-ITEM 5.2.4. INFORMATION ABOUT THE INDUSTRY

*The Supplement to the Registration Document is intended supplement Item 5.2.4. of the Registration Document, whereby the text shall be supplemented as follows:*

The IoT technology stack and part of the technological solutions in the stack are expected to accelerate their development in the mid-term as a result from the COVID-19 crisis. Some technological solutions such as remote access to infrastructure, healthcare solutions, tracking systems, smart city platforms and solutions, facilitated installations and retrofit IoT solutions currently face a higher market demand due to the COVID-19 crisis<sup>14</sup>.

<sup>14</sup> <https://iot-analytics.com/the-impact-of-covid-19-on-the-internet-of-things-part-2/>.

## **15. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.3. SIGNIFICANT CHANGES RELATED TO THE BUSINESS OF THE ISSUER, SUB-ITEM 5.3.1. SIGNIFICANT CHANGES**

*The Supplement to the Registration Document is intended to supplement Item 5.3.1. of the Registration Document, whereby the text in the specified sections shall be supplemented as follows:*

*15.1. In section “Significant changes impacting the Issuer’s operations and principal activities” the following text shall be added:*

In connection with the pandemic of the novel coronavirus causing COVID-19, a number of restrictions were imposed internationally and nationally in the first months of 2020 and a state of emergency was imposed in many countries. The Company has taken measures to limit the impact of this situation on its business, ensuring the continuity of work and production processes and the supply chain.

The Company made the following changes in its business activities:

- Manufacturing of devices also by contractors in Bulgaria was launched.
- The companies in the Group ensured that goods are shipped to end customers, through contracts with new logistics companies without restrictions or significant delays in delivery.
- New developments were undertaken and new products were launched, part of them related to a reduction of the risk of infection and improvement of the air purity, remote diagnostics of COVID-19 patients, as well as personal diagnostics tools;
- In the period of the state of emergency in Bulgaria (13.03 – 13.05.2020), remote working was established for the Group’s administrative staff and the necessary technical equipment was provided for effective implementation of the work process.

With the introduced changes, the Group completely ensured the timely supply of goods and their delivery to end clients without restrictions or significant delays, thus guaranteeing the retaining of sales revenues. The existence of a large number of logistical partners and alternative manufacturing operations, as well as the great business adaptability ensured continuity of the processes, even in states of emergency.

In 2020, the Group undertook steps to develop, certify and distribute medical devices for remote and personal diagnostics. To this extent, in March 2020, the subsidiary Allterco Trading EOOD was registered as a medical devices wholesaler. These are initial steps in this business line and at this stage, they have no significant impact on the Issuer’s operations and key activities.

*15.2. Section “Significant new products and services that have been introduced. Status of the development of new products and services.” shall be supplemented as follows:*

Due to the novel coronavirus pandemic, the Issuer’s plans for early 2020 concerning the sales of the newly developed products underwent some changes in the following aspects:



- The demonstrations of the water-resistant MyKi watch are planned for the second half of 2020 due to the restrictions, imposed by the anti-epidemic measures in the beginning of the year.
- The final tests of the developed home automation devices, based entirely on NB-LTE technology, are completed in early 2020. Management expects to launch product sales during the second half of the year.

The development of a device for remote measurement of vital parameters, which began in 2019, was finalized by the end of April 2020. A process for certification of the device as a medical device is currently underway and is expected to be completed in June.

Since the beginning of 2020, even though at this stage no specific new products or services are considered significant, the Group has continued to expand its product range in the following directions:

- In the area of monitoring and diagnostics, an oximeter for remote monitoring of vital parameters was added to the portfolio. The device will allow physicians to track the vital parameters of COVID-19 patients at home. It has been tested successfully in a leading medical center in Bulgaria and it is being tested by hospitals in Italy and the USA. Management's opinion is that the product has wide application and is preparing to launch sales to the general public.
- Two new smart products for environment control have been developed. These are the innovative air purifiers Shelly PURE and Shelly AIR. With the help of powerful UV-C rays, they can destroy a high percentage of airborne bacteria and viruses. Market tests have been performed and the first sales in limited numbers have been carried out.
- The development of a device for safe disinfection of different objects and products, which can be used at home, has been completed. The first sales are underway.
- 11 new devices and accessories for home automation in the Shelly product line have been developed and sales of some of them are expected to start in June, while the rest are undergoing final testing.

## **16. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.4. INVESTMENTS**

*The Supplement to the Registration Document is intended to supplement Item 5.4. of the Registration Document, whereby the text shall be supplemented as follows:*

In addition to the above, at the date of the Supplement to the Prospectus and after the date of the Issuer's annual financial statements as at 31.12.2019, funds amounting to BGN 127 thousand have been invested in the development and certification of a device for remote measurement of vital parameters, which started in 2019. The sum is within the limits of the total projected costs of BGN 500 thousand at the outset of the project.

In February 2020, the subsidiary Allterco Properties EOOD, which owns and manages the buildings of the Group, entered into a preliminary real estate purchase contract. The property is in close proximity to the business building owned by Allterco Properties EOOD in Sofia, with a total area of 610 m<sup>2</sup> according to initial graphic data. The management intends to use the property to expand the office and warehouse space used by the Group. The transaction value is EUR 500,000, VAT exclusive. As the date of this Supplement, Allterco Properties EOOD has paid the agreed deposit of 10% of the price. The parties agreed to postpone the execution of a final contract and as at the date of this Supplement the final contract has not been executed and no change in the ownership has occurred yet. Allterco Properties EOOD plans to finance the larger part of the acquisition price through bank financing. The subsidiary may also finance the transaction with own funds, if, in the management's opinion, the offered bank financing conditions are not favorable.

With the exception of the above two investments of the Group, the subsidiary Allterco Robotics continued to operate and to invest in new and existing developments of IoT devices. None of these investments is significant itself, whereas their total value for the first quarter of 2020 amounts to nearly BGN 800 thousand. The work on the developments is a constant process in the framework of Allterco Robotics' principal activities. The investments made consist of costs for remunerations and external services and are financed with own funds.

## **17. SUPPLEMENT TO THE INFORMATION UNDER ITEM 5. BUSINESS OVERVIEW, SUB-ITEM 5.5. FINANCIAL INDICATORS**

*The Supplement to the Registration Document is intended to supplement Item 5.5. of the Registration Document, whereby the information in Table 5 shall be supplemented and updated and immediately before it a new paragraph shall be added, as follows:*

In addition to the above and in viw of the disclosure of the audited annual consolidated financial statements of the Issuer for 2019, the financial indicators in this item have been supplemented with information based on these statements.

Table 5: Selected financial indicators on a consolidated basis

Indicators from the Statement of Comprehensive Income, in BGN thousand	2019	2018	2017	30.6.2019*	30.6.2018*
<b>(1) Sales revenue, including:</b>	<b>33,318</b>	<b>44,880</b>	<b>39,186</b>	<b>24,044</b>	<b>18,155</b>
<i>change on an annual basis, %</i>	<i>-25.76%</i>	<i>14.53%</i>	<i>20.03%</i>	<i>32.44%</i>	
(2) - revenue from services	12,279	33,931	31,812	17,280	16,314
<i>change on an annual basis, %</i>	<i>-63.81%</i>	<i>6.66%</i>	<i>10.35%</i>	<i>5.92%</i>	
(3) - revenue from sales of goods	21,039	10,949	7,374	6,764	1,841
<i>change on an annual basis, %</i>	<i>92.15%</i>	<i>48.48%</i>	<i>93.04%</i>	<i>267.41%</i>	
(4) Cost of sales, including:	-19,625	-32,130	-27,711	-17,038	-13,466
(5) - cost of services	-10,583	-27,464	-24,486	-14,050	-12,608
(6) - cost of goods sold	-9,042	-4,666	-3,225	-2,988	-858
<b>(7) Gross profit, including:</b>	<b>13,693</b>	<b>12,750</b>	<b>11,475</b>	<b>7,006</b>	<b>4,689</b>
<i>change on an annual basis, %</i>	<i>7.40%</i>	<i>11.11%</i>	<i>22.11%</i>	<i>49.41%</i>	
(8) - from sales of services	1,696	6,467	7,326	3,230	3,706
<i>change on an annual basis, %</i>	<i>-73.77%</i>	<i>-11.73%</i>	<i>2.78%</i>	<i>-12.84%</i>	
(9) - from sales of goods	11,997	6,283	4,149	3,776	983
<i>change on an annual basis, %</i>	<i>90.94%</i>	<i>51.43%</i>	<i>82.86%</i>	<i>284.13%</i>	
<b>(10) Other operating expenses, including</b>	<b>-13,786</b>	<b>-9,777</b>	<b>-8,839</b>	<b>-5,863</b>	<b>-4,921</b>
<i>change on an annual basis, %</i>	<i>41.00%</i>	<i>10.61%</i>	<i>12.17%</i>	<i>19.14%</i>	
(11) - depreciation expenses	-819	-700	-363	-768	-326
(13) Profit / Loss from operating activity	89	3,364	3,265	1,235	-101
<i>change on an annual basis, %</i>	<i>-97.35%</i>	<i>3.03%</i>	<i>85.09%</i>	<i>n.a.</i>	
<b>Profit / Loss from operating activity before</b>					
<b>(12) depreciation expenses, EBITDA, (13)-</b>	<b>9,383</b>	<b>4,064</b>	<b>3,628</b>	<b>2,003</b>	<b>225</b>
<b>(11)+(14')</b>					
<i>change on an annual basis, %</i>	<i>130.88%</i>	<i>12.02%</i>	<i>82.59%</i>	<i>790.22%</i>	
<b>(13') Profit / Loss from operating activity, EBIT,</b>	<b>8,564</b>	<b>3,364</b>	<b>3,265</b>	<b>1,235</b>	<b>-101</b>
<b>(13) +(14')</b>					
<i>change on an annual basis, %</i>	<i>154.58%</i>	<i>3.03%</i>	<i>85.09%</i>	<i>n.a.</i>	
(14') Financial income	8,475	-	-	-	-
(14) Financial expenses	-246	-285	-208	-95	-84
<b>(15) Profit / loss before tax</b>	<b>8,318</b>	<b>3,079</b>	<b>3,057</b>	<b>1,140</b>	<b>-185</b>
<b>(16) Profit / loss for the period from continuing operations</b>	<b>7,913</b>	<b>2,093</b>	<b>2,714</b>	<b>995</b>	<b>-247</b>
(17) Profit / loss for the period from discontinued operations	-608	513	-	-136	-
<b>(18) Net profit / loss</b>	<b>7,305</b>	<b>2,606</b>	<b>2,714</b>	<b>859</b>	<b>-247</b>
<i>change on an annual basis, %</i>	<i>180.31%</i>	<i>-3.98%</i>	<i>96.10%</i>	<i>n.a.</i>	
<b>(19) Net profit attributable to the owners of the Parent Company</b>	<b>7,169</b>	<b>2,648</b>	<b>2,685</b>	<b>747</b>	<b>-411</b>
<i>change on an annual basis, %</i>	<i>170.73%</i>	<i>-1.38%</i>	<i>96.70%</i>	<i>n.a.</i>	

Indicators from the Statement of Financial Position, in BGN thousand	2019	2018	2017	30.6.2019*
(20) Cash and cash equivalents	10,931	543	3,060	1,964
(21) Inventory	1,285	964	860	1,261
(22) Trade receivables	5,431	7,652	11,619	5,703
(23) Current assets	17,920	9,606	16,050	9,829
(24) Intangible assets	3,231	3,597	3,516	3,930
(25) Non-current assets	17,679	23,833	23,594	23,997
Non-current assets classified as held for sale				
(26) and assets included in a disposal group classified as held for sale	4,292	8,858	-	7,643
<b>(27) Total Assets</b>	<b>39,891</b>	<b>42,297</b>	<b>39,644</b>	<b>41,469</b>
<i>change on an annual basis, %</i>	<i>-5.69%</i>	<i>6.69%</i>	<i>24.65%</i>	<i>2,20%</i>
(28) Trade payables	1,409	2,131	7,515	1,553

(29) Current liabilities	3,995	4,721	9,801	3,176
(30) Financial debt	3,168	4,310	4,192	3,459
(31) Non-current liabilities	2,626	3,043	3,596	3,013
Liabilities related to Non-current assets classified as held for sale and assets included in a disposal group classified as held for sale	2,934	5,609	-	5,720
<b>(33) Total Liabilities</b>	<b>9,555</b>	<b>13,373</b>	<b>13,397</b>	<b>11,909</b>
<i>change on an annual basis, %</i>	<i>-28.55%</i>	<i>-0.18%</i>	<i>65.31%</i>	<i>-18.40%</i>
(34) Net financial debt (financial debt – cash and cash equivalents), (30)-(20)	-7,763	3,767	1,132	1,495
<b>(35) Equity</b>	<b>30,336</b>	<b>28,924</b>	<b>26,247</b>	<b>29,560</b>
<b>(36) Equity attributable to the owners of the equity of the Parent Company</b>	<b>30,213</b>	<b>28,875</b>	<b>26,153</b>	<b>29,403</b>

Indicators on the basis of the Statement of Cash Flows, in BGN thousand	2019	2018	2017	30.6.2019*	30.6.2018*
(37) Net cash flow from operating activities	6,358	592	1,328	4,299	-1,001
(38) Net cash flow from investment activities	8,273	-2,329	-5,020	-297	-915
(39) Net cash flow from financial activities	-3,729	1,325	3,146	-1,157	849

Other indicators	2019	2018	2017	30.6.2019*
<b>Number of shares, in thousand</b>				
(40) Number of shares as at the end of the period	15,000	15,000	15,000	15,000
(41) Weighted average number of shares for the preceding 12 months	15,000	15,000	15,000	15,000
<b>Stock exchange indicators</b>				
(42) Weighted average price from the last exchange session (without adjustment factor for dividend payment), in BGN	3.860	2.100	2.099	2.500
(43) Last price per share from the last exchange session (without adjustment factor for dividend payment), in BGN	3.860	2.100	2.099	2.500
(44) Market capitalization, in BGN thousand	57,900	31,500	31,485	37,500
<b>Other indicators, in BGN thousand</b>				
(45) Dividend (by resolution of the GMS of 28 October 2019)**	2,700	-	-	2,700
(46) Arithmetic mean value of total assets for the last 5 quarters	41,221	40,920	34,382	41,458
(47) Arithmetic mean value of shareholders' equity attributable to the owners of the Parent Company for the last 5 quarters	30,015	26,619	24,342	28,053
(48) Sales revenues for the last 4 quarters	33,318	44,880	39,186	50,769
(49) Profit before interest and tax for the last 4 quarters, EBIT	8,564	3,364	3,265	4,700
(50) Net profit attributable to the owners of the Parent Company for the last 4 quarters	7,169	2,648	2,685	3,806

Financial ratios	2019	2018	2017	30.6.2019*
<b>Profitability ratios</b>				
Gross profit margin, (7)/(1)	41.10%	28.41%	29.28%	29.14%
Gross profit margin from sales of goods, (9)/(3)	57.02%	57.38%	56.27%	55.82%
EBITDA margin, (12)/(1)	28.16%	9.06%	9.26%	8.33%
EBIT margin, (13)/(1)	25.70%	7.50%	8.33%	5.14%
Net profit margin, (18)/(1)	21.93%	5.81%	6.93%	3.57%
Net profit margin from continuing operations, (16)/(1)	23.75%	4.66%	6.93%	4.14%
Return on assets using EBIT (ROA using EBIT)	20.78%	8.22%	9.50%	11.34%

(BSE), (49)/(46)				
Return on equity, ROE (BSE), (50)/(47)	23.88%	9.95%	11.03%	13.57%
<b>Turnover and liquidity ratios</b>				
Asset turnover ratio (BSE), (48)/(46)	0.81	1.10	1.14	1.22
Current liquidity (BSE), (23)/(29)	4.49	2.03	1.64	3.09
Interest coverage ratio, [(13')/(14)]*(-1)	34.81	11.80	15.70	13.00
<b>Ratios per share</b>				
Revenues from sales per share (BSE), (48)/(41)	2.22	2.99	2.61	3.38
Earnings per share (BSE), (50)/(41)	0.48	0.18	0.18	0.25
Book value per share, (36)/(40)	2.01	1.93	1.74	1.96
Price/ Revenues from sales per share (BSE), (42)/((48)/(41))	1.74	0.70	0.80	0.74
Price / Earnings per share (BSE), (42)/((50)/(41))	8.08	11.90	11.73	9.85
Price / Book value per share (BSE), (42)/((36/40))	1.92	1.09	1.20	1.28
<b>Indebtedness Ratios</b>				
Financial debt / Financial debt + Shareholders' Equity, (30)/[(30)+(35)]	0.09	0.13	0.14	0.10
Interest-bearing debt / Assets, (30)/(27)	0.08	0.10	0.11	0.08
Indebtedness ratio (BSE), (33)/(27)	0.24	0.32	0.34	0.29

\* Unaudited data

\*\* In 2019, dividends were distributed by resolution of the General Meeting of Shareholders of 28 October 2019. Information about the dividends is given in items 11.4. and 11.7. of the Registration Document.

Source: Consolidated annual financial statements for the year 2018, Consolidated interim financial statements for the first half of 2019, interim quarterly reports and notices for the period from 01 January 2017 to 30 June 2019, BSE

## 18. CHANGES IN THE INFORMATION UNDER ITEM 6. TREND INFORMATION

The Supplement to the Registration Document is intended to amend Item 6 of the Registration Document, whereby the text is supplemented and updated in the relevant sections, as follows:

18.1. The text is section "The most significant recent trends in production, sales and inventory, and costs and selling prices" shall be updated and amended as follows:

*The most significant recent trends in production, sales and inventory, and costs and selling prices*

The main trend in the Issuer's business since the end of 2018 is the significant growth of sales in the IoT segment. In the consolidated revenues of the Issuer, the sales in this segment are represented mainly by the sales of goods, which make up about 95% of the revenues in this segment. In the first half of 2019, Allterco generated revenues from sales of goods in the amount of BGN 6,764 thousand compared to BGN 1,841 thousand for the same period of the preceding year, accounting for a growth of 267% on an annual basis. In the second half of 2019, the trend of increasing revenues from sales of goods continued and in 2019, it achieved 92% growth on an annual basis. Within the Black Friday promotional campaign in November 2019, more than 68,000 devices of the Shelly product line were sold. Together with the increase in the sales of IoT devices in 2019 there is an increase of the share of devices sold via the B2B2C channel, which is linked to Group's strategic plans to expand the distribution network. Due to the increase in the sales in the IoT segment, there is also an increase in the cost of goods sold. At the

same time, the levels of the gross profit margin in the IoT segment were maintained, reaching 57% at the end of 2019 compared to 57.4% in 2018.

Since the start of 2020, the upward trend in the sale of goods continues. In the first quarter, the Issuer reported a significant rise in the sales revenue and profits compared to the same period in 2019. The slight slowdown in growth observed in March in connection to the novel Coronavirus pandemic, was overcome after the end of the first quarter. Using the acquired client base and without investing significant funds in advertising in April, the subsidiary Allterco Robotics offered its clients promotional terms for purchasing new devices, which improved the results furthermore.

The increase in the sales revenue is thanks to the Shelly product line. Due to the closing of schools as part of the measures to control the novel Coronavirus pandemic, orders from mobile operators on the principal markets of MiKy's kids watch dropped and there was a decline in the sales of this product line in the first quarter of 2020 compared to the same period in 2019. The management of the Group believes that this trend will continue in the second half of 2020. The sales of this product line are expected to recover in the third quarter in relation to the new school year.

In order to prevent a reduction in revenue and limit the possible effects of the decline in the purchasing power of consumers, management has directed efforts to developing new products. Some of them are related to reducing the chance of infection and improving air purity, remote diagnosis of patients with COVID-19 and personal diagnostic tools. At this stage, the newly developed products still have no economic importance for the Group, but the management believes that they offer a good opportunity to diversify the product portfolio.

The delay in the supply chain in the beginning of 2020 had a short-lived effect on the Group's sales and was completely overcome by the end of March. The company ensured the shipment of goods to end customers through contracts with new logistics companies and there are no restrictions or significant delays in deliveries.

In 2019, the Issuer registered an increase in the average sales price of products in the MyKi range, which linked mainly to the increase in the share of sales of the Junior model, which has the most extensive set of functionalities and, respectively, the highest price compared to other models. There is a small increase in average sales prices of Shelly products. Nevertheless, the medium-term expectations of the Group's management are that with the technological advancement, integrated circuits becoming cheaper, increased sales volumes, as well as in order to improve the competitive position of the Issuer, the end-selling prices of devices sold by the Group will decrease. Therefore, in its forecasts covering the period up to 2024, Allterco sets a downward trend in prices and gross margins. On the other hand, it can be expected that, as the need for highly qualified engineers increases, the cost of remuneration will also grow.

Since the beginning of 2020, the Issuer has registered a decrease in the average sales prices of the products in the MyKi range due to the insignificant share of the Junior model in the sales. There has been no significant change in average sales prices for Shelly products. There has been a slight improvement in gross margins compared to the same period in 2019. In the MyKi line, it

is mainly due to better delivery prices, and in Shelly, it is due to a certain change in the product mix.

Since the beginning of 2020, the costs for remuneration, depreciation and external services related to the provision of services have decreased compared to the same period of the previous year. The most significant is the reduction of costs for external services, which constitute a significant part of the cost of services sold. The change is a consequence of the sale of the telecommunications business in Europe in July 2019, due to which in 2020 revenue from services and related costs is significantly lower compared to the same period in 2019. No other significant changes in the cost structure after 31.12.2019 have been registered.

The implementation of the Issuer's strategy to focus on the development, manufacturing and sales of smart devices is related to targeted activities in building a distribution network and logistics centers in some key regions. In 2019, some small volumes of goods were stored in a warehouse in the USA, and its expansion is forthcoming. Although by the end of 2019 inventories increased on an annual basis at a slower pace than sales of goods, the Issuer expects that the effects of these measures and the increase in sales of devices will result in an increase in the value of inventories with sales growth.

After 31.12.2019, no significant new trends in inventories were observed, except for temporarily accumulated more significant stocks on the eve of the Chinese New Year. As a result, the temporary delay in supplies from China in February 2020 did not have a significant effect on the Group's operations.

The Group's companies manufacturing operations are outsourced to external subcontractors. Apart from the trends directly related to the increase in sales of goods described above, no other trends in manufacturing can be observed.

In February 2020, deliveries from China slowed down due to the outbreak of COVID-19. By the end of March 2020, Allterco resolved all difficulties related to manufacturing and supplies from China and the products were delivered on time. The Group has taken measures to ensure continuity of the whole process and diversification of the risk stemming from counterparties. Part of the manufacturing, mainly of the two best-selling devices Shelly 1 and Shelly 2.5, has been redirected to a manufacturer in Bulgaria.

*18.2. The text of section "Significant change in the financial performance of the Group" shall be supplemented as follows:*

In addition to the above, based on the published consolidated financial statements for 2019, the final result of the sale of the telecommunications business in Europe in July 2019 was BGN 8,475 thousand profit. The financial result was formed from the proceeds from the sale amounting to BGN 16,475 thousand, final adjustment of the sale price of the sold companies pursuant to the terms and conditions of the contract, set at BGN 159 thousand (initially provisioned in the amount of BGN 293 thousand), the recognized costs in relation to the sale amounting to BGN 332 thousand and the respective book value of the investments sold amounting to BGN 7,509 thousand. The revenue from the sale of services in 2019 dropped as expected by nearly 64% on an annual basis, as a result of the sale of the telecommunications business in Europe.

Additional information on the trends in the sales channels, revenue and gross profits of the Issuer is provided in Item 5.2.3 of the Registration Document, which has been supplemented accordingly.

After the end of the last financial period, for which financial information was published, that is 31 December 2019, until the date of the Supplement to the Prospectus of 2 June 2020, no significant changes occurred in the Group's financial position.

*18.3. The text of section "Other known trends" shall be supplemented as follows:*

In addition to the above, in early 2020, testing of the first NB\_LTE technology based devices from the Shelly product series, was completed. Sales are expected to start in the second half of the year.

Since the start of 2020, the Group continued its developments in the area of diagnostics and monitoring devices. Management believes that these devices, as well as environment control devices (air purification, disinfection and sanitization) provide an opportunity for product diversification in a new product line. To this extent, in March 2020, the subsidiary Allterco Trading EOOD was registered as a medical devices wholesaler.

The novel Coronavirus pandemic and the measures to contain it on a global scale affected almost all spheres of economic activity. A possible effect on sales of devices in the IoT branch is related to the lower purchasing power of the population, the shutdown of commercial outlets, halting of some production capacities, delays in new developments and the cancellation of commercial exhibitions and conferences. Nevertheless, in this period Allterco Group marked a sales growth and expanded its portfolio with a number of new products. Online trade, which is an important sales channel of the Group, gained even greater importance in consumer shopping. Even though it is difficult to predict the full impact of the effects of the pandemic, the prevailing part of the global economic forecasts anticipate a significant shrinking of the global economy in the short-term and a speedy recovery at the end of 2020, which will also continue in 2021 at a slower rate. Based on the actions undertaken until now and its business observations, the management does not observe, nor expect a significant impact of the pandemic on the Group's perspectives.

As at the date of the Supplement to the Registration Document of 2 June 2020, to the Issuer's best knowledge, there are no other events, commitments, trend, requirements and uncertainties, apart from those described in the Prospectus, as supplemented, which could have a significant effect on Allterco's perspectives in 2020.

## **19. SUPPLEMENT TO THE INFORMATION UNDER ITEM 7. PROFIT FORECAST OR ESTIMATE, SUB-ITEM 7.2. INCLUSION OF NEW FORECASTS**

*The Supplement to the Registration Document is intended to supplement Item 7.2. of the Registration Document, whereby the 2019 data in Tables 6 and 7 are brought in line with the final data for 2019 and the information shall be updated as follows:*



19.1. The first two paragraphs of Item 7.2. and Table 6 shall be replaced with updated ones, as follows:

The Issuer has prepared a profit forecast on a consolidated basis for the period 2020 - 2024, reflecting the medium-term expectations and business development plans. The 2019 information in the profit forecast has been updated and presented in accordance with the consolidated financial statements of the Group for 2019 in the following Table 6.

The Issuer declares that the profit forecast has been prepared in line with the Issuer's accountancy policies, which comply with IAS and which are valid for the financial year ending on 31 December 2020. The Issuer has prepared a forecast on the basis of comparable financial information for past periods and it is also in line with the Group's consolidated financial statements for 2019. The forecast has not been reviewed by an independent auditor.

**Table 6: Forecast financial results**

BGN thousands	2017	2018	2019	2020F	2021F	2022F	2023F	2024F
Sales revenue	39,186	44,880	33,318	34,247	54,512	82,059	103,476	121,104
<b>Gross profit</b>	<b>11,475</b>	<b>12,750</b>	<b>13,693</b>	<b>16,195</b>	<b>24,020</b>	<b>34,110</b>	<b>41,451</b>	<b>47,947</b>
<i>Gross profit margin</i>	<i>29.3%</i>	<i>28.4%</i>	<i>41.1%</i>	<i>47.3%</i>	<i>44.1%</i>	<i>41.6%</i>	<i>40.1%</i>	<i>39.6%</i>
Other revenues	629	391	182	-	-	-	-	-
Other operating expenses, including:	-8,839	-9,777	-13,786	-11,414	-13,702	-15,907	-17,739	-18,562
- depreciation expenses	-363	-700	-819	-1,570	-1,526	-1,580	-1,789	-1,228
<b>Profit / Loss from operating activity</b>	<b>3,265</b>	<b>3,364</b>	<b>89</b>	<b>4,780</b>	<b>10,318</b>	<b>18,203</b>	<b>23,712</b>	<b>29,385</b>
<b>EBITDA*</b>	<b>3,628</b>	<b>4,064</b>	<b>9,383</b>	<b>6,351</b>	<b>11,845</b>	<b>19,783</b>	<b>25,502</b>	<b>30,613</b>
<i>EBITDA margin</i>	<i>9.3%</i>	<i>9.1%</i>	<i>28.2%</i>	<i>18.5%</i>	<i>21.7%</i>	<i>24.1%</i>	<i>24.6%</i>	<i>25.3%</i>
<b>EBIT*</b>	<b>3,265</b>	<b>3,364</b>	<b>8,564</b>	<b>4,780</b>	<b>10,318</b>	<b>18,203</b>	<b>23,712</b>	<b>29,385</b>
<i>EBIT margin</i>	<i>8.3%</i>	<i>7.5%</i>	<i>25.7%</i>	<i>14.0%</i>	<i>18.9%</i>	<i>22.2%</i>	<i>22.9%</i>	<i>24.3%</i>
Financial income	-	-	8,475	-	-	-	-	-
Financial expenses	-208	-285	-246	-138	-108	-99	-89	-80
<b>Profit before tax</b>	<b>3,057</b>	<b>3,079</b>	<b>8,318</b>	<b>4,643</b>	<b>10,210</b>	<b>18,104</b>	<b>23,623</b>	<b>29,305</b>
<b>Net profit</b>	<b>2,714</b>	<b>2,606</b>	<b>7,305</b>	<b>3,712</b>	<b>8,868</b>	<b>15,914</b>	<b>20,592</b>	<b>25,616</b>
<i>Net profit margin</i>	<i>6.9%</i>	<i>5.8%</i>	<i>21.9%</i>	<i>10.8%</i>	<i>16.3%</i>	<i>19.4%</i>	<i>19.9%</i>	<i>21.2%</i>
Net profit attributable to the owners of the Parent Company	2,685	2,648	7,169	3,712	8,868	15,914	20,592	25,616

F - forecast data

Source: Allterco JSCo

\*The EBIT and EBITDA indicators include the financial income, which for the year 2019 consist of the result of the sale of the European telecommunications business.

19.2 Table 7 shall be replaced as follows:

**Table 7: Forecast number of devices sold**

	2019	2020F	2021F	2022F	2023F	2024F
Shelly devices	587,466	1,049,000	1,919,000	3,183,000	4,442,000	5,298,200
Myki devices	71,481	84,000	98,700	120,000	146,400	150,900
Other devices	-	-	1,380	3,907	5,851	7,807

F - forecast data

Source: Allterco JSCo

## **20. SUPPLEMENT TO THE INFORMATION UNDER ITEM 10. RELATED PARTY TRANSACTIONS**

*The Supplement to the Registration Document is intended to supplement Item 10, as follows:*

In addition to the above, in relation to the published consolidated financial statements for 2019, some clarifications are made concerning the transactions entered into with subsidiaries in 2019:

- The total value of expenses for an office and cars, rented by the Issuer from its subsidiary is BGN 91 thousand;
- The Company receives cash deposits from its subsidiaries. As at 31 December 2019, all deposits received were repaid. The expenses for interests charged under such deposits (all repaid as at 31 December 2019) amounted to BGN 6 thousand.
- The Company has entered into transactions with related parties whereby the Company has provided collateral – by undertaking joint and several liability or providing a guarantee in connection to credit and factoring contracts concluded by the subsidiary Allterco Robotics.

For the period 1 January 2020 until the date of the Supplement, the transactions entered into with the subsidiaries include:

- The Company rents cars from one of its subsidiaries for the total amount of BGN 7 thousand.
- Interest income under additional cash contributions provided in 2019 to Allterco Properties EOOD and Allterco Trading EOOD in the amount of BGN 14 thousand .

## **21. SUPPLEMENT TO THE INFORMATION UNDER ITEM 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES, SUB-ITEM 11.1. FINANCIAL STATEMENTS**

*The Supplement to the Registration Document is intended to supplement the information under Item 11.1, whereby the text of the third and fourth paragraph shall be updated as follows:*

The annual financial information included in this Registration Document as well as in the Summary and in the Securities Note, respectively as supplemented, is extracted from the annual consolidated audited statements of the Company for the years 2019 and 2018, which also include the respective comparable information for the previous year, prepared according to the International Accounting Standards and the Accounting Act. The annual financial statements were audited by Primorska Audit Company OOD. The annual financial statements together with the explanatory notes, the auditor's report and the management's report on the operations are included in the Prospectus by way of reference.

The interim financial information included in this Registration Document as well as in the Summary and in the Securities Note, respectively as supplemented, is extracted from the interim non-audited statements of the Company as at 30 June 2019, which also include the respective comparable information as at 30 June 2018. The interim financial statements were prepared according to IAS 34 and are not audited. The interim financial statements, together with the explanatory notes, are included in the Prospectus by way of reference.

## **22. SUPPLEMENT TO THE INFORMATION UNDER ITEM 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES, SUB-ITEM 11.2. AUDITED ANNUAL FINANCIAL INFORMATION, SUB-ITEM 11.2.1. AUDIT REPORT**

*The Supplement to the Registration Document is intended to supplement the information under Item 11.2.1, whereby the following text shall be added:*

In the auditor's report for the year 2019 prepared by Primorska Audit Company OOD the following opinions were expressed regarding the audit of the consolidated financial statements, in the Auditor's Qualified Opinion and in the Emphasis of Matter sections:

"In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report below, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Accounting Standards (IAS) adopted for application in the European Union (EU)."

### **Basis for Qualified Opinion**

In the Group's consolidated statement on financial position as 31 December 2019, goodwill is presented to the amount of BGN 3,281 thousand. This goodwill is formed as a result of business combinations carried out in relation to the acquisition of control of subsidiaries in different prior periods. According to the requirements of IFRS 3 *Business Combinations*, goodwill may be accounted for as such and presented in the consolidated statement on financial position only if the value of the investment made in the respective subsidiary is higher than its share in the fair value of the identifiable assets and liabilities acquired as a result of the business combination. In the course of our audit, we were unable to obtain sufficient and convincing evidence of the assessment of the identifiable assets and liabilities acquired in the preceding periods in the individual business combinations at their fair value as at the date of acquisition thereof. As a result, we are unable to confirm the value of the goodwill presented in the consolidated statement on financial position as at 31 December 2019.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group within the meaning of the International Code of Ethics for Professional Accountants (including

International Independent Standards) of the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of the Independent Financial Audit Act (IFAA), applicable to our audit of the financial statements in Bulgaria, and have fulfilled our other ethical responsibilities in accordance with the requirements of IFAA and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to the disclosed information in item 10 (c) of the Notes to the consolidated financial statement regarding a state of emergency declared in Bulgaria due to the coronavirus pandemic (Covid – 19). The effects on the country’s economy as a result of the imposed anti-epidemiological measures may have a negative impact on the Group’s activity. Due to the existing uncertainty with respect to the course of the pandemic, it is not possible to make reliable measurements and assessments of such negative consequences.

Our opinion is not modified in respect of this matter.”

### **23. SUPPLEMENT TO THE INFORMATION UNDER ITEM 11. FINANCIAL INFORMATION CONCERNING THE ISSUER’S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES, SUB-ITEM 11.2. AUDITED ANNUAL FINANCIAL INFORMATION, SUB-ITEM 11.2.2. OTHER AUDITED INFORMATION. NON-AUDITED INFORMATION.**

*The Supplement to the Registration Document is intended to supplement the information under Item 11.2.2, whereby the text of the specified item shall be updated as follows:*

Save for the information from the Issuer’s audited annual consolidated financial statements for 2018 and 2019, no other audited information is presented in the Prospectus, as supplemented.

In addition to the information extracted from the audited annual consolidated financial statements, the Registration Document contains also financial information, extracted from the unaudited interim consolidated statement for the first half of 2019.

The proforma financial statements for 2018 and those as at 30 June 2019 presented under Item 11.5. of the Registration Document have been reviewed by the independent auditor of the Company, Primorska Audit Company OOD. This review does not constitute an audit.

## 24. SUPPLEMENT TO THE INFORMATION UNDER ITEM 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES, SUB-ITEM 11.4. SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL POSITION

*The Supplement to the Registration Document is intended to supplement the information under Item 11.4. as follows:*

In addition to the above, based on the published consolidated financial statements for 2019, the final result of the sale of the Group's telecommunications business in Europe in July 2019 was BGN 8,475 thousand profit. The financial result was formed from the proceeds from the sale amounting to BGN 16,475 thousand, final adjustment of the sale price of the sold companies pursuant to the terms and conditions of the contract, set at BGN 159 thousand (initially provisioned in the amount of BGN 293 thousand), the recognized costs in relation to the sale amounting to BGN 332 thousand and the respective book value of the investments sold amounting to BGN 7,509 thousand.

After the end of the last financial period, for which audited financial statement are published, namely 31 December 2019, until the date of the Supplement to the Prospectus of 2 June 2020, no significant changes have occurred in the Group's financial position.

## 25. SUPPLEMENT TO THE INFORMATION UNDER ITEM 13. REGULATORY DISCLOSURES

*The Supplement to the Registration Document is intended to supplement the information under Item 13, whereby:*

*25.1. After Table 13, the following text shall be added:*

In addition to the above, after the Prospectus date until the date of the Supplement to the Prospectus, the Issuer has also disclosed the following information in relation to the financing of its operations:

**Table 13.1: Disclosures regarding financing of the operations after the Prospectus date until 2 June 2020**

<b>Date</b>	<b>Event</b>
<b>24.01.2020</b>	Resolution of the Board of Directors on the parameters of the increase of the capital of Allterco JSCo by public offering of 3,000,000 ordinary registered dematerialized shares, selection of an investment intermediary to service the capital increase and approval of a draft prospectus
<b>30.01.2020</b>	Submission of a prospectus for approval by the Financial Supervision Commission
<b>18.02.2020</b>	Decision of the Financial Supervision Commission on approval of the Prospectus for the increase of the capital of Allterco JSCo by public offering of 3,000,000 ordinary registered dematerialized shares
<b>25.02.2020</b>	Publishing of the Prospectus

25.2. After Table 15, the following text shall be added:

In addition to the above, after the Prospectus date until the date of the Supplement to the Prospectus, the Issuer has also disclosed the following information regarding the operations of Group companies:

**Table 15.1: Disclosures regarding the activity of Group companies after the Prospectus date until 2 June 2020**

<b>Date</b>	<b>Event</b>
<b>04.02.2020</b>	Execution of a preliminary real estate purchase contract by the subsidiary Allterco properties EOOD
<b>17.03.2020</b>	Postponed execution of a final real estate purchase contract by the subsidiary Allterco Properties EOOD for a new date

*Disclosures regarding the delayed publishing of financial information*

**Table 16: Disclosures regarding the publishing of financial information.**

<b>Date</b>	<b>Event</b>
<b>30.03.2020</b>	Postponed publishing of the 2019 audited individual annual financial statement
<b>29.04.2020</b>	Postponed publishing of the 2019 audited consolidated annual financial statement
<b>30.05.2020</b>	Postponed publishing of notification on the financial position on a consolidated basis for the first quarter of 2020

## **26. SUPPLEMENT TO THE INFORMATION UNDER ITEM 14. MATERIAL CONTRACTS**

*The Supplement to the Registration Document is intended to supplement the information under Item 14, as follows:*

In addition to the above, based on the published consolidated financial statement for 2019, the final result of the sale of the telecommunications business in Europe in July 2019 was BGN 8,475 thousand profit. The financial result was formed from the proceeds from the sale amounting to BGN 16,475 thousand, final adjustment of the sale price of the sold companies pursuant to the terms and conditions of the contract, set at BGN 159 thousand (initially provisioned in the amount of BGN 293 thousand), the recognized costs in relation to the sale amounting to BGN 332 thousand and the respective book value of the investments sold in the amount of BGN 7,509 thousand.

In the period since the approval of the Prospectus until the date of the Supplement of 2 June 2020, a Group company entered into the following contract that is of material importance:

**Subject matter:** preliminary real estate sale-purchase contract

**Parties:** Allterco Properties EOOD – buyer and a third unrelated party with no personal interest

**Terms and conditions:** Total price of EUR 500,000 VAT exclusive, payable after a final sale-purchase agreement is concluded in the form of a notary deed Allterco Properties EOOD is registered as the sole owner in the Property Register at the Registry Agency and subject to the condition that the property is free of encumbrances and third party rights, apart from a

priority bank mortgage in favor of the financing bank in the event that the transaction is financed by a loan from a commercial bank.

**Manner of payment:** 10%, payable after execution of the preliminary contract and the remaining 90% upon fulfilment of the terms and conditions under the preceding item.

As at 2 June 2020, a final contract has not been executed and no change in the ownership has occurred.

## 27. SUPPLEMENT TO THE INFORMATION UNDER ITEM 15. DOCUMENTS AVAILABLE

*The Supplement to the Registration Document is intended to amend the information under Item 15, whereby the list of documents made available for inspection shall be supplemented and updated as follows:*

- up to date Articles of Association of the Issuer (BG) (EN transl.);
- annual audited consolidated financial statements as at 31 December 2018 (BG) (EN transl.), notes thereto (BG) (EN transl.), consolidated report on business activities (BG) (EN transl.) and independent auditor's report (BG) (EN transl.);
- interim, non-audited consolidated financial statements as at 30 June 2019 (BG) (EN transl.) and notes thereto (BG) (EN transl.);
- independent auditor's report in relation to the pro forma financial information attached in item 11.5;
- Prospectus, including the declarations from the persons responsible attached thereto.

In addition to the list above, the following documents are also made available for inspection in connection to the compiled Supplement of 2 June 2020:

- annual audited consolidated financial statements as at 31 December 2019 (BG) (EN transl.), notes thereto (BG) (EN transl.), consolidated report on business activities (BG) (EN transl.) and independent auditor's report (BG) (EN transl.);
- Supplement to the Prospectus of 2 June 2020.

The above documents will be made available at the following addresses and on the following websites:

- Allterco JSCO – 1407 Sofia city, 103 Cherni Vrah Blvd.; [www.allterco.com](http://www.allterco.com)
- Investment Intermediary Karoll AD – 1164 Sofia city, 1 Zlatovrah Street; <https://karollbroker.bg>

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

DECLARATIONS BY THE PERSONS RESPONSIBLE IN ACCORDANCE WITH THE STATEMENTS IN ITEM 2 OF THE RESITRATION DOCUMENT ARE ATTACHED TO THE PROSPECTUS.

For the Issuer:

---

Dimitar Dimitrov – Executive Director

*The undersigned, Atanas Svetlozarov Igov, do hereby certify the fidelity of the foregoing translation of the enclosed document from Bulgarian into English. The translation consists of 32 (thirty-two) pages.*

*Translator: Atanas Svetlozarov Igov*