



2019

Annual Management  
Activity Report



## Representations related to future indicators

This report includes representations and forecasts related to the future, such as “believe”, “envisage”, “expect”, “estimate”, “suppose”, “aim”, “plan”, etc. Such statements are directly dependent on a number of risks and uncertainties that may not only impact but also result in changes and differences between the Company’s actual achievements and our present expectations and forecasts.

Please consider all risks and limitations that might impact the results of Speedy AD and do not overly rely on the accuracy of forecasts included in this statement.

We undertake no commitment to update this statement based on events circumstances or changes in expectations or unforeseen phenomena after the date of the abovementioned representation.

Upon preparing this d Annual Management Activity Report, we have used financial indicators according to the Company’s separate annual financial statements for year 2019.

We highlight the fact that in 2018 the Company adopted IFRS 9 and IFRS 15, effective for annual periods beginning on or after 1 January 2018. The management has elected earlier application of IFRS 16, as from 1 January 2018; the standard is mandatory for annual periods commencing on or after 1 January 2019.

As a result, some of the indicators for periods before 1 January 2018 may not be fully comparable.



## # ANNUAL MANAGEMENT REPORT

1. Main activities and development of the Company over the year.....	6
A. Business model and development .....	6
B. Market and regulatory environment .....	8
C. Services offered .....	9
D. Customer base .....	11
E. International operations .....	12
F. Logistic network.....	13
G. Information systems .....	14
H. Personnel management.....	15
I. Financial results .....	17
J. Financial position.....	19
K. Resources management and capacities for investment plans realization. Changes in financing structure after completion of the latter .....	21
L. Expected future Company development .....	21
M. Information about substantial, unusual and off-balance transactions.....	22
N. Information about related party transactions .....	22
O. Information about Speedy AD's participation in the equity, its main domestic or foreign investments (financial instruments, intangible assets and real estate), and investments in capital outside its economic group and the sources/ways of financing.....	22
P. Information about the loans, guarantees and other financial instruments received or granted by Speedy AD, Speedy Group and the subsidiaries.....	23
Q. Information regarding share buy-back transactions .....	24
R. Use of funds raised from new issue of securities .....	24
S. Information regarding ecology and employees .....	24
T. Research and development .....	24
U. Analyses of the financial results and published forecasts .....	24
V. Information about changes made during the reporting period in the main management principles of the issuer and its economic group.....	24
W. Main characteristics of the applied systems for internal control and risk management.....	24
X. Changes in the Board of Directors.....	24
Y. Remuneration paid to the members of the Board of Directors .....	25
Z. Information about the shares held by members of the Board of Directors of Speedy AD at the end of the reporting period and changes occurring during the previous year .....	25
AA.Information about agreements that the Company knows about that could result in a change in ownership structure of equity or bond issues.....	26
BB.Information about any pending court, administrative or arbitration proceedings concerning jointly or separately the payables or receivables amounting to at least 10 percent of the issuer's equity. ....	26
2. Main risks faced by the Company.....	27
3. Insider information .....	29
# CORPORATE GOVERNANCE DECLARATION.....	33



# Report on compliance with the Corporate Governance Code.....	43
A. One-tier system.....	43
B. Audit and internal control.....	46
C. Protection of shareholders' rights .....	46
E. Stakeholdres .....	49
F. Institutional investors, markets of financial instruments and other intermediaries.....	50



## Speedy in figures



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*

# # ANNUAL MANAGEMENT ACTIVITY REPORT

## 1. Main activities and development of the Company over the year

### A. Business model and development

Speedy AD is a company entirely focused on the provision of courier services. Revenue is almost entirely from the delivery of parcels, pallets, and the services related thereto – cash on delivery, receipt notice and sending documents back, parcel packaging, etc. The Company's vision is to be focused on its main activities, in the meantime aiming to constantly develop the services offered and to introduce new ones to the market.

Historically, the Company has developed competitive advantage in offering courier and logistic services to corporate clients. This also allows the development of significant capacity and know-how in the transportation of mid-sized and large parcels. A continuation thereof is the already established Pallet One service which now forms a significant portion of the Company's revenue.

In 2019, Speedy placed a focus on servicing the growth in deliveries from online trade, and care for end customers – the recipients of these deliveries. Throughout the year, the Company monitored the needs of the B2C segment. To meet these needs, Speedy expanded and modernized its network of offices and automatic stations, which is a preferred channel for use of retail customers, and reinforced its positions in end customer services with the free option to forward parcels to an office or an automatic station, and last, but not least, retaining free sms notifications.



Following the planned coverage of the country, Speedy optimized its office network, in view of the dynamic management of office capacities, workplaces and the logistic network. The office network reached 409 points at the end of 2019, and in the meantime, additional workplaces were created in over 40 offices. The Company's own office network was fully renewed with new and modern design, and so have many partner offices, in accordance with the corporate interior and customer service standards.



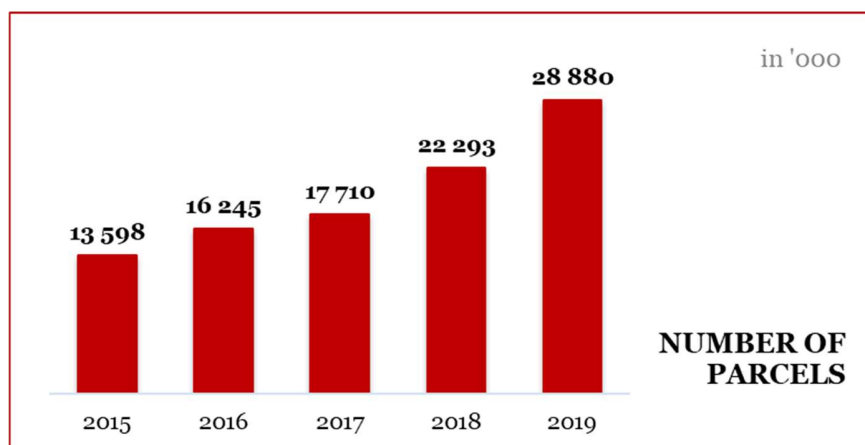
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Another long-term objective is the integration of the courier market on a regional level. The Express Balkans service offers customers deliveries to/from Bulgaria, Romania and Greece at the same rates as express deliveries on the territory of Bulgaria, and is the fastest growing segment in the product mix. Operations on the territory of Greece are carried out through the Thessaloniki-registered branch of the subsidiary Geopost Bulgaria, which obtained franchise rights of the DPD network in Greece. Deliveries are made through a local operator with whom Speedy AD has established partner relations.

The strategy has proven to be successful and in 2019 Speedy AD achieved record results, supported by the favourable economic environment. The economic activity and consumption continue to grow, which is maintained by the aggressive appearance of online trade. The latter is among the main drivers of the courier services market. Speedy AD, with its established logistic capacity and office network in the whole country (also comprising over 60 automatic postal stations), is well positioned to benefit from the market growth.

There has also been a positive impact on results from the acquisition of Rapido Express and Logistics EOOD, which allowed the Company to strengthen its market positions, especially with respect to online trade, where the acquired company had strong positions. Apart from the higher revenue, there has also been a significant impact on the Speedy AD's profitability as a result of the economy of scale.

Courier services are developing at a rate higher than that of the economy, and this opportunity is also a challenge. Speedy AD meets the high dynamics in demand by investing in building logistic and professional capacity and managing the risks that accompany rapid development.



A key factor to realise the available potential is offering the most economically favourable logistic solution to customers, as compared to other transport alternatives. The Company's long-term objectives are to provide a high-quality service, flexible solutions and a competitive price for the quality offered. There is constant work towards offering attractive services, in the meantime seeking a possibility for customers to be easily aware of the service mix offered and rate mechanisms thereof. This has resulted in an additional increase in the customer base, especially among retail customers, whom the Company has been actively targeting over the last few years. Speedy AD has enhanced its focus on quality and starting from this year, customers may through a message quickly and easily submit feedback for the service received. This makes it possible to quickly identify problems and take measures to eliminate them. Programmes are applied for staff qualification and motivation and optimise the work processes. There is a constant development of the information infrastructure and development and introduction of new software solutions to enhance comfort in using the service and operational effectiveness.

The Company also attracts new customers through expanding the range of services offered and the development of new functionalities to increase the added value to customers. Since the first quarter, we introduced the Smart Control service, which provides high-quality customer service management. The





parcel recipient can find all the necessary information about the sender, parcel contents, the cash on delivery and services due (if any), and most important – a free option to forward the parcel to the nearest office/automated station in the same settlement. An additional service is the address visit time on the next day with a +/- 30 min. time window with the new service in Smart Control, PREDICT, fully implemented in January 2019. Work is one on also implementing the service in Romania. The service launch was extremely successful, and the Company quickly achieved a service level comparable to and exceeding standards in the other European countries.

## B. Market and regulatory environment

The postal market continues to develop very rapidly on the background of the favourable economic situation and the continuing boom in online trade, which according to data of the CRC increased by 54% in 2018 following 46% in 2017. The latter has been the main driver on the postal market and is directly related to customer trust and end use, which have increased over the last few years. Revenue from postal services increased in 2018 by 10%, which is a significant growth compared to the previous year (8.1%). The growth in parcel deliveries is significantly lower – 2%, and is due to the decrease in the share of small parcels and an increased share of international deliveries. The two result in a higher average revenue per delivery.

There has also been contribution from the integration of the Bulgarian economy in the European and global supply chains and the related increase in import and export and involving the country in regional networks. This has contributed not only to the development of international deliveries, but indirectly also of domestic ones. The role of retail customers has increased; and they generate a growing portion of postal market revenues.

### *Market of postal services in the country*

	2016	2017	2018
<b>Market of postal services, BGN million</b>	393	425	467
<b>NUP, BGN million</b>	305	324	361
<b>UPS, BGN million</b>	77	89	105
<b>Market share of SPEEDY AD</b>	24%	24%	26%
<b>Market share of SPEEDY AD from NUP</b>	30%	31%	34%
<b>Parcel number, millions</b>	184	193	197

Source: Communication Regulatory Commission

The total number of registered operators is relatively high, and in 2018 73 companies provided NUP (non-universal parcels). Even though the number of participants is high, most of the revenue is concentrated in several companies, and the 5 biggest companies generate 74% of the total postal market revenue. The market leaders with similar market shares are Speedy AD and Econt Express OOD, and the former monopoly holder in the sector, Bulgarian Posts, is losing positions and has a market share of just 12%.

International deliveries form 26.5% of revenue from courier services, and this segment is dominated by the international companies DHL, TNT, InTime (UPS), and among domestic companies, Speedy AD is the only one with strong positions, holding 19% of international deliveries.

Despite the registration procedure and specialized regulatory body, the NUP segment is relatively open and has low entrance barriers for starting business. The regulator's role is focused on establishing standards and ensuring a minimum level of service in favour of the market and companies with a long-term and strategic business vision. Over the last year there have been no changes in the regulatory framework that have a significant impact on the market environment.



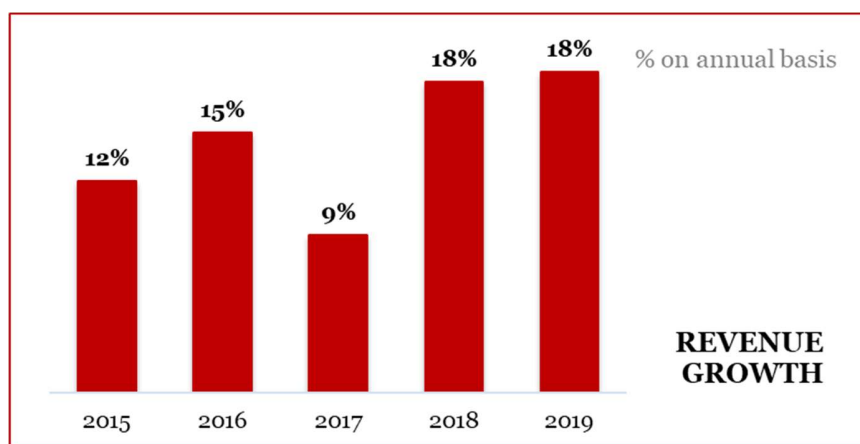
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A significant effect on the postal market is expected of the NRA interpretation that the universal postal service (UPS) is exempt of VAT on delivery only with respect to Bulgarian Posts AD, while private operators should charge VAT. This resulted in a 20% increase in prices for the end customers of the respective services. The potential NRA decision to demand tax payment for prior periods will have an adverse effect on Speedy AD without a significant impact on its financial stability. UPS services have been offered for 3 years and have a small share in the Company's overall revenue.

### C. Services offered

The focus of Speedy AD in 2019 has traditionally remained on the parent company's main activity – courier services, which form almost 97% of the parent company's revenue. Additional attention is paid on to/from office-type deliveries whose share has significantly increase and at the end of the year reached about 60% of all deliveries. In order to support this development, a number of actions were taken to enhance and improve the office network with new points and re-equipment and modernization of the existing ones, re-design of the operator's public tariff for the purpose of simplification and greater clarity for users.



It is important to point out that a significant portion of deliveries that Speedy AD makes, are typical courier services – door to door or address/office to office/address. In view of the Company's market share, Speedy AD is the only courier company in Bulgaria which has the necessary logistic and technical base to ensure and carry out deliveries in such volume. The international land deliveries from and to European countries continue to form an important part of the Company's portfolio and to increase their share in the mix of services forming the revenue. Over the last year, Speedy AD continued to work and consistently developed the delivery services from/to Bulgaria, from/to Romania and Greece.

In 2019 Speedy AD launched the full Smart Control service and the Predict functionality continued to develop over the year. The service was created to meet growing customer needs of full and exhaustive information on deliveries and the possibilities for real-time management thereof – remote forwarding, postponement, etc. At the end of the year, Speedy managed to offer to all of its customers a registered and operational e-mail postal address and the so-called Preliminary Parcel Notice by email. Each recipient, when a parcel is sent thereto, may receive an e-mail notification about the delivery expected on the next day with a link to Smart Control. By clicking on the link or opening it in a browser, the parcel recipient will find all the necessary information about: the sender, parcel content, the cash on delivery and services due (if any), and most important – a free option to forward the parcel to the nearest office/automated station in the same settlement. Apart from free forwarding, Speedy AD also offers the option *Courier return to the address*, again free of charge and in accordance with the needs of the end customers.

For address deliveries, following distribution, the customer again receives free of charge the new Predict services, which provides an accurate time window of 60 minutes for delivery. Thus recipients do not waste time waiting for the Speedy AD courier, and if they wish, they can easily – through their mobile phone,



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confirm delivery in this timeframe or forward their parcel free of charge to the nearest office/automatic station in the same settlement. Through Predict, Speedy AD introduced a new, higher European delivery standard for deliveries to addresses of its customers.

The portfolio of services offered by Speedy has optimized parameters of the main and additional services in order to combine effective allocation of the Company's resources in performance of the services provided while maintaining features important and necessary to users. In the meantime, additional services are constantly being added – starting from 2019, customers pay send parcels with cash-on-delivery to countries from Central and Eastern Europe and to offices in Romania, thanks to the new functionalities in My Speedy, the customers had the possibility for overall management of their parcels and generating a wide range of reports.



In order to expand its positions in online trade services, the Company also developed the MarketConnect platform launched last year. The platform is an integrated solution linking online traders to some of the most popular marketplaces in Europe and Speedy AD's delivery network. This allows local entrepreneurs to easily and quickly reach customers in other European member states without significant investments. MarketConnect offers a complete solution with high automation when adding products to marketplace platforms, delivering orders to customers and servicing payments, incl. cash on delivery.

Speedy AD has been increasing its focus on quality and starting from this year, customer can through a message easily and quickly provide feedback for the service received. This makes it possible to quickly identify and make measures to eliminate problems. A project which is very important to the Company and the future development of the B2C and C2c segment is the commissioning of a network of Automatic Postal Stations (APS) which offer extended working hours and a particularly easy and fast process of parcel sending and receiving.

One-day deliveries on the territory of the country continue to have the biggest weight in the formation of revenue, but there is also stable growth in pallet deliveries and international deliveries. In addition to its main activity, the Company continues to offer additional services such as cash on delivery, receipt notice and sending back documents, parcel packaging, declared value, etc., and develops additional functionalities, constantly adapting their parameters in accordance with the requirements of the market and users.





Customers' use of the online service package of Speedy continues to mark a permanent growth. Over 90% of parcels are processed in the Speedy online platform; the process is fully automated, and the risk of errors is minimal. The integrations developed in the standard online platforms are more and more used in joint operations with online traders, and so are the finished developments for customized integrations. New functionalities are constantly developed and added to the Company's existing modules in the online trade platforms.

#### D. Customer base

Speedy AD continues to prioritise the biggest market segment in Bulgaria, corporate customers, which for 86% of the Company's revenue. The sectors in which most of the companies' customers work can be split into two groups:

- B2C (business-to-customers) – the counterpart services a relatively big number or geographically scattered end customers. Such are retail goods companies, online shops, mail order companies, mobile operators.
- B2B (business-to-business) – deliveries between legal entities. In addition, the companies also carry out internal logistics between the companies' different units and warehouses, as well as correspondence between them.

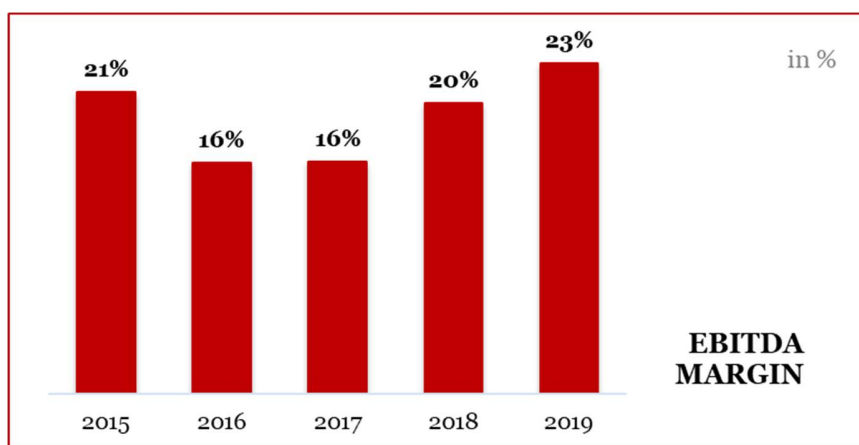
Speedy already services over a million individual customers from all economic sectors, as well as private persons. Of them, over 20,000 customers are regular users of the Company's services based on long-term contracts, which is an indicator of stable and long-term business relations and a diversified customer base. The biggest Speedy AD customers are companies from the commerce and service sectors – telecommunications, online shops, insurers. Industrial companies have a lower share. Having a wide customer base, Speedy AD's revenue is very diversified – there is no customer forming more than 2% of the Company's revenue. Over 3% of the revenue is generated only by the subsidiaries Rapido Express and Logistics EOOD, Geopost Bulgaria OOD and DPD Romania.

In 2019 business-to-business services continue to hold an important place in the mix of services offered, but the boom in online trade over the last few years has changed customers' profile. The weight of business-to-



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customer services and end customers – economically active natural persons – has significantly increased over the last few years; this trend is continuing and is almost equal to the B2B segment.



*Note: Upon calculation of the EBITDA margin indicator, revenue from operations and other income/losses, net have been included.*

In the past 2019, another important service was introduced which confirms that Speedy monitors its customers' needs on a daily basis. Apart from the customer satisfaction terminals in 100 offices of the Company, Speedy introduced a feedback system at waybill level in the entire country, for each customer type and for each delivery. In the form of feedback, the customer may choose one of the three: green, yellow and red evaluation, and when they are displeased, the customers may specify their negative experience with the specific delivery or courier. Over a million sms-s were sent – again free of charge for the customer. Over 15% of all customers evaluated and continue to evaluate Speedy deliveries, and almost 95% of all customers who provided feedback are satisfied. This result exceeds the European standard.

Speedy AD values feedback values feedback and tries to quickly and adequately resolve customer issued. In order to improve customer service, in case of negative feedback, a customer service employee calls the customer to find out what was wrong and to try to help for quickly resolving the problem, if there is any.

## E. International operations

The share of international deliveries is constantly growing in the Company's service mix. In 2019, Speedy's International Department's objectives were:

- Increasing the market share of Speedy AD in international deliveries to/from Europe with DPD services;
- Popularisation and development of the product DPD CLASSIC Greece – deliveries from/to Greece to/from Europe;
- Maintaining bilateral constant communication with partners for international deliveries;
- Expanding the position of the Speedy Balkan service.

During the year, digital internet campaigns were carried out in order to popularize and increase recognition of the international product DPD ECONOMY, mainly aimed at retail customers and end users of the service, as well as TV campaign aimed at the wider target audience. The main destinations of the DPD ECONOMY service are the countries Germany, UK, France, Italy, and Austria. These form about ¾ of the total number of international deliveries. A project commenced for the pro-active tracking of each international delivery. Some product features have been updated and additional options have been implemented that allow delivery management in real time. All this aims to increase customer satisfaction, to significantly improve the client experience and provide a higher quality that meets the increasingly growing market demands and needs.



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Work has commenced on implementing specialized software in relating to managing UK-bound deliveries after BREXIT.

Regarding the new product DPD CLASSIC Greece, digital internet campaigns were carried to increase recognition of the product and its features. A print campaign was carried out to develop and establish the DPD product on the territory of Greece. In Greece two Company offices are already operational, in the capital city of Athens and in the second biggest city, Thessaloniki. Work has commenced on implementing a specialized software for managing deliveries from Greece to Europe, including generating waybills, tracking thereof, financial impact and a set of different additional reports.

The biggest weight in international deliveries is that of the Speedy Balkan service. Intensive business relations with Romania, Greece and Hungary, the attractive price offers, and the active popularization of the service have made this segment the fastest growing one. The past year has been another year of great expansion, with over 50% increase in revenue, and already forms over half of the revenue from international operations.

## **F. Logistic network**

Speedy AD has a fully built logistic network with 10 distribution centres in Sofia 1, Sofia 2, Plovdiv, Stara Zagora, Burgas, Varna, Veliko Tarnovo, Russe, Vratsa and Blagoevgrad, providing 100% coverage of the territory of Bulgaria and Romania, and deliveries to the whole of Europe. Thanks to its daily international lines, the Company offers 24-hour delivery to Romania and Greece. As at 31 December 2019, the operational department has processed almost 28.9 million parcels, marking a 30% growth as compared to the same period of last year.

### Expansion of warehouse premises

Following significant investments in the logistic network over the last few years and in 2019, Speedy AD continued to expand and modernize its warehouse facilities.

Starting from 25 July 2019, a new distribution centre in Bozhurishte has been operational, which services the territory of Sofia-West. As from 1 June 2019, the Varna distribution centre was expanded by 300 square meters.

### Office network

The office network development of Speedy continued in 2019, but unlike in 2018, the focus was on optimization thereof in terms of coverage and workplaces. In 2019, over 60 new offices and 7 new automated stations were opened. In order to meet the growing number of parcels at existing Speedy offices, 70 new workplaces were created, and during the Black Friday and Christmas campaigns, the working hours of over 100 offices was extended to help all end customers receive their parcels.

All new offices of Speedy AD are equipped in accordance with the corporate standard. At the end of the year, the Company had a total of 409 customer service points. In 2019, it continued to develop the Automated Postal Stations (APS) network, through which Speedy customers may receive and send their parcels at their own convenience, in a fully automated manner. 7 new automated stations were commissioned in big retail centres, and the network expansion will continue in 2020, the aim being to install at least another 30 automated stations.

### Vehicles

As a leading courier company, Speedy AD guarantees fast, reliable and high-quality deliveries of parcels and pallets throughout the country. For this purpose, the company uses own and leased vehicles to carry out its operations. Vehicles comprise cars and freight vehicles, and obsolete vehicles are replaced by modern ones on an annual basis. As at 31 December 2019, the Company has 850 vehicles for transport and delivery of parcels and pallets.





### Courier partners

Over the last few years Speedy AD has been successfully developing the Couriers-Partners programme allowing best performing employees to develop their own business by concluding partnership contracts. The regrouping of courier areas which commenced in 2017 and the new model of a partner firm to comprise a courier partner, several offices and a customer service office continued in 2019, and the model has expanded to provide a possibility for partner firms to also open a second customer service office. As at the end of 2019, Speedy AD had 133 courier partners, and 590 employees were hired at their firms.

The focus is in enhancing customer service quality by introducing a standard; for this purpose, trainings were held and control systems were introduced.



### Control systems

Speedy AD has an operational information system for control of employee performance on a weekly, monthly, quarterly, and annual basis. In 2019, we continued to monitor the quality of processes and the financial results achieved based on the key indicators set for all Company levels. The quality achieved in the whole operational process is 98,45% and meets the quality standard adopted by the Company.

## **G. Information systems**

In 2019, efforts were focused on creating possibilities to expand the portfolio of courier services and gain competitive advantage based on information technologies. Long-term strategic projects were approved related to state regulations or adding value to the business and customer satisfaction.

### **Development and optimization of the office and courier network**

The development of the hardware and software IT infrastructure is key for improving the effectiveness of the Company while maintaining high quality standards. Over the past year, we continued the integration of the internal communication networks and the connectivity between partner offices. We reconstructed the data centres and optimized the server systems, which, together with investments in new equipment, enhanced the efficiency of the hardware resources used. We developed and implemented a notification system in case of a critical service default.



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### Optimisation of communication means and modernization of notices to customers

A substantial portion of developments aim to support customers and their satisfaction in using the services. A significant innovation this year was the implementation of the webpage for information and management of expected deliveries by the recipient (Smart Control), which sends notices through SMS/Viber/E-mail. In addition parcel senders and recipients receive e-mail notices related to the deliveries, as well as in the self-service module MySpeedy. An option was also introduced to send parcels without registration in the Company's official website in a fast, easy and convenient manner. The delivery management system was also adapted so as to more adequately register customers' working hours.

### Expanding the product portfolio

The implementation of the Predict service, one of a kind in Bulgaria, required significant work to develop the necessary software. Integration continues of the operating systems with new partners of the company in the Balkans and Europe, and so does the improvement of the methods for link to corporate customers' information systems. In order to facilitate the document flow, e-protocols were introduced and e-signatures for receiving/sending parcels at an office.

### Changes resulting from regulatory requirements

The imposing of new legislative requirements on the one hand requires clear identification of customers and parcel contents (for instance, excise goods). On the other hand, the strict personal data protection regulations in the EU introduce high standards for handling personal data. In view of these requirements, SPEEDY AD implemented additional functionalities for entering personal data for international deliveries and cash on delivery deliveries, in the meantime protecting access to these data and restricting editing options. Software was provided for applying the new NRA requirements related to the amendments to Ordinance 18.

Technical and software availability is of key importance for the organisation, for the efficiency and security of operations, and the Company invests substantial resources in development thereof. The elaboration of the information system is an ongoing process related to a number of projects which will continue and increase in the next years. The aim is to constantly innovate information services to meet the legislative requirements and the growing expectations of our customers and users.

## H. Personnel management



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Personnel management is among the main priorities of the Company. The aim is to increase staff qualification and motivation, as well as their productivity, by means of trainings, stimulating best practices, remuneration dependent on the results achieved and perspectives for long-term development at the company.

Our training programmes are a major element of the preparation of employees at all levels and in all units, including at courier subcontractors. The project which commenced in 2017 to standardize and prepare newly appointed employees continued in 2018 and 2019. Apart from synchronizing the approach of different positions, such as courier drivers (partner holders and employees thereof), office couriers, sorters, we simplified the training programme, with the aim of focusing on the basic skills related to work with the Company software and customer service. In the meantime, we base our trainings on a customer service standard, maintaining the balance between theoretical and practical training. Newly appointed employees get 1 to 5 days of training before performing actual work duties.

In 2019, we focused on trainings for employees in the Sales and Customer Service department. We held a total of 5 sessions for 23 employees on the topics of “Sales and Negotiation Skills” and NLP in Sales. The aim was to improve the commercial team’s sales skills and achieve better results in attracting new customers of the Company.

In relation to the increased focus on the internal audits held at the Company, we trained and certified 34 employees from different departments on the SGS methodology, who will participate once or twice per month in internal audits at various units and departments.

The Company also trained 38 electric forklift operators, and several people underwent English training at different levels, which IT employees visited different seminars, mainly related to their field of work. On an annual basis, the Company finances education in master programmes and other specialized courses to increase staff qualification.

In 2019 the Company continued its strong focus, which started in 2018, on the possibility for performing regular dynamic assessment of the performance of employees at operational positions. Over the year, gradually the model of dynamic weekly appraisal of the positions Courier and Team Manager, performing immediate control over meeting couriers’ targets, as well as of employees under employment contracts with Speedy AD, but also of the courier partners. The Company’s aim is to provide a possibility in the future for a growing number of employees to have the opportunity for objective and regular assessment, respectively, motivation to achieve better and sustainable results.

An important part of the Company’s human resource management strategy is attracting new young talents. This is the objective behind the *Speedy Seeks Talents* programme, which since 2013 has attracted final-year students or recently graduated Bachelors and Masters who have the opportunity to join our team. The project is not a typical internship programme, since it provides young people with a good start remuneration and intensive training and development over 2 years, and following completion thereof they can take on a mid-management position at the Company. During this period, the participants go through different departments to get to know multiple aspects of the business; they have individual development plans and a senior manager mentor to guide and support them.



*Average annual number of staff in categories*

	2017	2018	2019
Managers	96	96	42
Specialists	55	55	58
Technicians and applied specialists	139	139	200
Support administrative staff	99	93	114
Machine and installation operators	73	98	118
Without professional qualification	662	660	832
Other	4	4	4
<b>TOTAL STAFF</b>	<b>1 128</b>	<b>1 145</b>	<b>1 368</b>

*Note: Excluding maternity leaves*

Since 2018 the Company has addressed vocational high schools preparing staff in the field of transport, logistics and spedition and other majors related to the Company's activities. In 2019, we continued our Secondary Education project since vocational high schools are a place where many people may choose their future career development. We believe that students may make informed decisions regarding their future careers, but to do so, they should have encountered the practical aspects of work. With the intention to support students in this task, we commenced partnerships with vocational high schools throughout the country. In 2019 we continued the internship programmes which were launched in 2018. They are a great opportunity for students to get to know the practical aspects of Speedy's business, and they received adequate remuneration for their work.

- Internship for students in "Logistics of packages and services" at the Vocational High School for River Ship Building and Sailing in the town of Russe. The 2019 internship was attended by 21 students, and after its completion, 3 of them were recruited. The feedback from students, parents and teachers was very positive and we plan to make the internship an annual initiative.

- We have a contract with the Transport Vocational High School in the town of Russe for dual education in the major "Spedition, Transport and Warehouse Logistics". In 2020, the first group of 10 students will commence their first dual training classes at the Company's distribution centre in Russe.

- A class was created in 2018 with our support at 123<sup>rd</sup> Secondary School Stefan Stambolov. The professional class in "Transport Services", major "Logistics of packages and services", profession "Courier", continued in 2019 with the next year of study. In 2019, the Company was also directly involved in students' learning. An employee of hours teaches students in their practical classes. In 2019, again with our support, the school opened another 2 classes, due to the big interest among students and parents.

- We are continuing our partnership with 94 Secondary School Dimitar Strashimirov, Sofia, in which we provide support to the major "Logistics of packages and services", profession "Courier". The Company provided practical learning and an internship for 54 students from several classes.

The Company's activity is not seasonal in nature; therefore, it does not recruit employees on temporary contracts.

## I. Financial results

According to the NRA requirement, as from April 2019 Speedy AD (as well as all other operators) started charging VAT on UPS services, which resulted in an increase in the process of the respective services by 20%. Since 80% of the revenue is from legal entities which can deduct the VAT charged, most of the customers were not affected by the change. The impact is on physical persons and entities without VAT registration. The increase in prices did not impact demand for the Company's services by retail customers –



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*

the new services introduces, the attractive price offers, and the successful marketing campaign resulted in a revenue growth of over 40%.

*Revenue structure*

BGN'000	2017	2018	2019	Variance 18/17	Variance 19/18
<b>Domestic market</b>	88 737	104 144	119 849	17.4%	15.1%
<i>% of total revenue</i>	82.7%	82.5%	80.4%		
<b>Foreign market</b>	14 074	16 984	22 586	20.7%	33.0%
<i>% of total revenue</i>	13.1%	13.5%	15.1%		
<b>Other revenue and other income/(losses), net</b>	4 553	5 089	6 664	11.8%	30.9%
<i>% of total revenue</i>	4.2%	4.0%	4.5%		
<b>Number of parcels shipped</b>	17 710	22 293	28 880	25.9%	29.5%
<b>Total</b>	<b>107 364</b>	<b>126 217</b>	<b>149 099</b>	<b>17.6%</b>	<b>18.1%</b>

The main segment of business customers in Bulgaria also maintains high growth rates and the total growth in revenue from courier services has reached 19%. To this, the acquisition of Rapido has contributed, whose logistics on the domestic market was greatly integrated in the logistics of Speedy AD. International deliveries mark an even more significant growth of 33% as a result of the exceptional performance of the Speedy Balkans regional service, which grew by over 50%.

The number of parcels transported over the year reached 29 million, with about 30% more compared to the same period of last year. The faster growth in parcels has been the result of the increasing weight of retail customers and the B2C segment.

Other income are also related to the Company's main activities and have a regular nature; these constitute mainly vehicle rental (with about BGN 4 million for the period). Other income/(losses) from operations include net income on sale of old vehicles (BGN 1.6 million) and is higher than usual in the period, as a result of vehicles renewals and selling of the old one.

The measures taken to optimise processes and cut costs, as well as the acquisition of Rapido and the resulting economies of scale have resulted in a significant increase in the profitability of operations. Over 2019 there has been a significant increase only in the costs directly related to the number of parcels processed – subcontractors, salaries, materials for deliveries, communication and bank charges.

The labour market is characterized with low unemployment and high demand for qualified staff, which results in an increase in remunerations. The parent company has investment funds and efforts to increase productivity, which allows the increase in employee benefit expenses to remain around or below the rate of increase of revenue. The biggest cost is that for subcontractors, which has increased by 20%, which is close to the increase in revenue, but significantly below the growth in parcels processed, which is again the result of the measures taken to optimise operations. As a result of the measures taken, costs for subcontracts per parcel processed have decreased by 7.5%, and employee benefit expenses per parcel processed – by 11.7%.

In cash on delivery, there is a growing proportion of customers who pay with credit/debit cards, which is related to additional costs for bank charges. The Smart Control service and the feedback programme launched has significantly increased the volumes of messages exchanged, which has resulted in an increase in the costs for communication.

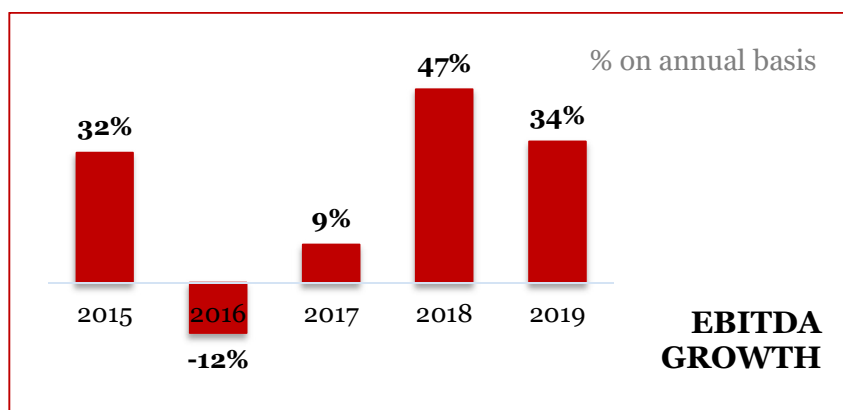


Cost structure

In BGN'ooo	2017	2018	2019	Variance 18/17	Variance 19/18
<b>Materials and consumables</b>	5 948	7 192	7 064	20.91%	-1.78%
<b>Hired service expenses</b>	56 301	61 938	72 170	10.01%	16.52%
<b>Employee benefit expenses</b>	25 333	28 923	33 066	14.17%	14.32%
<b>Other expenses</b>	2 252	2 347	2 094	4.22%	-10.78%
<b>Depreciation and amortization expenses</b>	8 050	11 820	13 434	46.83%	13.65%
<b>EBITDA</b>	<b>17 530</b>	<b>25 817</b>	<b>34 705</b>	<b>47.27%</b>	<b>34.43%</b>
<b>Net Income</b>	<b>8 350</b>	<b>12 155</b>	<b>17 732</b>	<b>45.57%</b>	<b>45.88%</b>

Excluding depreciation and amortizations expenses, the change of all other expenses follow the change in revenues or mark minimal changes, which has resulted in an increase in earnings before depreciation and amortization by 34%, and in net profit – by 46%. Respectively, the EBITDA margin and profitability have increased to 23% and 12%.

As far as suppliers are concerned, there are sizable transactions with Transbalkan group AD. The related company is a key partner of Speedy in transportation of loads between hubs and for the services rendered the expenses stated amount to BGN 9.5 million. Despite the concentration, the risk is mitigated as 1/3 of the services are assigned to third parties, Speedy AD is a key customer of Transbalkan Group, which makes the related party dependent on Speedy AD. In the meantime, most of the assets that Transbalkan Group uses in its operations are leased under operating leases from Speedy AD.



*Note: The indicated growth in the EBITDA indicator does not take into consideration the impact of adoption of IFRS 16 as from 1 January 2018*

## J. Financial position

In 2019 Speedy AD significantly increased its investments compared to the previous year to BGN 31 million, incl. transport vehicles (incl. leasing) for BGN 11,1 million and Right-of-use assets (incl. buildings) BGN 18 million. Investments in machines, equipment, computer equipment and software have retained their prior-year levels. The logistic network was substantially expanded, the biggest investment being our new logistics hub in Bozhurishte. The new leases of premises and the enhancements made resulted in an increase in right-of-use assets and enhancements of leased assets by almost BGN 18 million.



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*

In 2018 Speedy AD acquired investments in the subsidiaries Rapido Express and Logistics EOOD and OMG Mobile EOOD. The transaction price agreed between the parties is deferred, and its amount is subject to meeting certain conditions. As of date of the acquisition, the acquired investments have been measured at the present value of the agreed payments (fixed and conditional), including direct costs for acquisition. The amounts paid in total for the period for the two transactions are BGN 8.3 million. The acquisition fee due as at 31 December 2019 for the acquisition of the investments, amounting to BGN 10.5 million, has been recognized as a liability.

A cornerstone of company strategy is sustainable growth. Taking into account significant market potential, it is important the rapid growth not to be at the expense of financial stability. Over the last few years, Speedy AD has made significant investments in increasing capacity, and the indebtedness and liquidity ratios have remained at healthy levels, and there has been an improvement over the last year.

The company policy is to not to invest in real estate, therefore all its offices, logistic centres and sorting centres are rented under leases (therefore the significant amount of right-of-use assets). This allows for greater flexibility when organizing and restructuring the activities considering the dynamic company development. The low capital intensity and the good profitability enabled us to achieve a remarkably high return on equity capital without raising the financial risk.

	2018	2019
EBITDA Margin	20.5%	23.3%
Net profit margin	9.6%	11.9%
ROE	23.3%	29.6%
ROA	10.8%	12.5%
ROIC	14.4%	16.2%
Receivables collection period	40.5	42.8
Inventory processing period	1.1	1.1
Payment period of account payables	43.6	40.6
Cash conversion cycle	-2.0	3.3
Interest coverage	11.3	10.8
Interest-bearing debt/Equity	0.8	1.0
Interest-bearing debt/Assets	0.3	0.4
Current ratio	0.9	0.8

Note: In calculating above ratios we use sales and other income (net), as it is presented in the table "Revenue structure" in p. 1

In the case of services "Cash on delivery" and "Postal money order" upon delivery of the shipment the courier receive the respective amount and within one business day that amount is paid back to the sender. All the sums collected from the services "Cash on delivery" and "Postal money order" are presented in "Other liabilities" in the statement of financial position. As at 31.12.2019 the amount of these liabilities totalled BGN 3.6 million. Cash flows related with amounts collected from "Cash on delivery" and "Postal money order" are reported in the cash flow as "Other proceeds (payments) from operating activities".

**Except disclosures in the Note 39 to the individual financial report for 2019, there are no other significant events which occurred between reporting date and the date of preparation of the statement of financial position which require changes and/or additional disclosures in the consolidated financial statements as at 31 December 2019.**



This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.

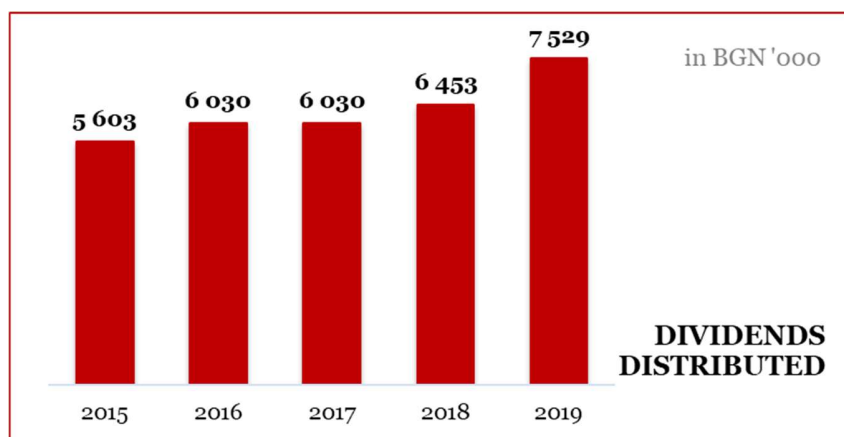
**Except already disclosed, to the extent of our knowledge, there are no events and indicators with unusual nature for the Company that could have considerable impact on its operations during the period, realized revenues and expenses incurred.**

#### **K. Resources management and capacities for investment plans realization. Changes in financing structure after completion of the latter**

Speedy AD devotes considerable efforts for planning and control of its financial resources. Short and long-term plans are prepared with the objectives have been planned in detail up to staff level, whose performance is constantly monitored. The investment plan is financed with combination of own funds and external sources (loans and leasing). The cash flow from operating activities (excluding the effect of change of cash on delivery) is sustainably high and is over BGN 28.7 million in 2019. It allows the Company to finance its investment program and to meet its obligations in a due manner and to follow its dividend policy of distributing at least 50% of the annual profit as a dividend to its shareholders. Part of bank loans are for financing the investment program in of the subsidiary company DPD Romania. The funds are granted as a loan to the subsidiary.

Currently there are no risks for the financial stability of the Company. The Company maintains low indebtedness ratio and sufficient liquidity while the cash flow from operating activity exceeds multiple times the maturing obligations. In addition, the parent company has approved overdraft credit lines, which have not been used. This provides a solid buffer to guarantee the Company's financial position even in adverse market situations. Speedy AD distributed dividends at the amount of BGN 7.5 million (62% of the profit), made payments on the investments acquired and increased its investments in non-current assets by over two times without increasing its indebtedness.

There are no investments planned or possible events in amount that could result in meaningful change in current capital structure.



#### **L. Expected future Company development**

The main priority in 2020 is the development of the B2C segment and online trade, with a focus on customer convenience. In 2020 we will continue the implementation of our long-term development programme, reinforcing and expanding our regional presence, mainly in Romania and Greece. Another focus are Central and Eastern European countries, where together with the delivery network, the supply of accompanying services increases, which will increase the access of online traders to the respective markets.



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*

We will continue to invest efforts in optimising control processes to apply the internal standards in order to improve profitability and the financial result while retaining service quality. In order to improve quality and customer satisfaction, we are implementing a set of measures for employee motivation and control, providing fast and convenient contact of customers with the employee servicing them, shortening response times and processing of return claims.

We plan to have an amount of investments close to or lower than last year.

We will continue to focus on HR management at the Company and programmes aimed to enhance motivation, proactiveness and entrepreneurship, attracting and retaining high-quality personnel. We will improve the assessment of positions, their responsibilities and tasks.

The office network continues to expand, optimise and update, and so does our network of automated postal stations.

Substantial activities have been planned with respect to the digitalisation of processes and increasing security of communications and data management.

#### **M. Information about substantial, unusual and off-balance transactions**

There are no other substantial transactions that could impact revenue, profit or other financial indicators under para 1, p. 8 of additional provisions of POSA, apart from the ones disclosed in item I.

#### **N. Information about related party transactions**

There are no related party transactions of any significance and/or transactions that could significantly impact the company's financial situation or results of the activities during the reporting period. There are no related parties transactions outside regular line of business or substantially to diverge from market levels.

There are no other transactions under art. 240b of the Commercial Act with the Members of the Board of Directors of Speedy AD or related parties which fall outside the ordinary course of business or substantially deviate from market conditions.

The information on related party transaction is presented in Note 36 to the separate annual financial statements.

#### **O. Information about Speedy AD's participation in the equity, its main domestic or foreign investments (financial instruments, intangible assets and real estate), and investments in capital outside its economic group and the sources/ways of financing.**

As at 31 December 2019 Speedy AD holds 100% of the capital of Speedy EOOD, Dynamic Parcel Distribution SA (Romania), Geopost Bulgaria EOOD, Rapido Express and Logistics EOOD, and OMG Mobile EOOD.

No other investments were made in financial instruments and real estates. Information about intangible assets are announced in the Note 4 in the Financial statement.

##### Registered branches

Speedy AD has no branches. The Group has two branches:

- Dynamic Parcel Distribution -Bulgaria. A branch of DPD Romania, registered on 11.03.2015.
- Dynamic Parcel Distribution -Greece. A branch of Geopost Bulgaria, registered on 22.06.2016.





## P. Information about the loans, guarantees and other financial instruments received or granted by Speedy AD, Speedy Group AD and the subsidiaries

### SPEEDY AD

#### Loans obtained

The Company uses investment-purpose loans and loans for working capital. Detailed information on the obtained loans and the collaterals thereof is provided in Note 17 to the separate annual financial statements.

#### Leases

Lease liabilities have originated as a result of the Company's investment and financial policy to expand the office and logistics network and acquire non-current tangible assets needed for the Company's operations. The lease liabilities under leases with a purchase option are secured by the underlying assets – vehicles, machines, equipment, technical devices. Detailed information on the lease liabilities is provided in Note 15.2 to the separate financial statements.

As at 31 December 2019, Speedy AD had obtained a loan from a subsidiary.

Name	Amount in BGN '000	Interest rate %	Maturity	Purpose
Speedy EOOD	522	3%	31.12.2019	Working capital

The loan is unsecured.

As at 31 December 2019, Speedy AD had granted a loan to a subsidiary.

Name	Amount in BGN '000	Interest rate %	Maturity	Purpose
DPD SA, Romania	7 840	3-5%	Dec 2023	Investment

The loan is unsecured.

No other financial instruments are used, incl. hedging.

Speedy AD and its subsidiaries have not provided guarantees to third or related parties outside the Speedy Group.

### SPEEDY GROUP AD

#### Loans obtained by Speedy Group AD

Type of financing	Investment	Working Capital
Creditor	Unicredit Bulbank	Transbalkan Group OOD
Amount of financing	EUR 7 866 thousand	BGN 400 thousand
Purpose	Investment in subsidiaries	Working capital needs
Maturity	28.06.2028	26.06.2020
Interest rate	1,42%	3%
Amount as of 31.12.19	EUR 5 890 thousand	BGN 406 thousand

#### Loans extended by Speedy Group AD in BGN'000



This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.

<b>Name</b>	<b>Gross Amount</b>	<b>Interest rate</b>	<b>Maturity</b>
<i>Subsidiaries</i>	4,491	3-4.5%	Up to 1 year
<i>Other related parties</i>	1,568	3-4.5%	Up to 1 year
<i>Natural persons</i>	1,296	3.80%	31.12.2020
<b>Total</b>	<b>7,355</b>		

The extended loans are for financing projects with common strategic purposes.

#### **Extended guaranties by Speedy Group, in '000 BGN**

<b>Name</b>	<b>Amount</b>
<i>Subsidiaries</i>	32 918
<i>Other related parties</i>	35 528
<b>Total</b>	<b>68 446</b>

#### **Q. Information regarding share buy-back transactions**

Speedy AD did not acquire and does not hold treasury shares.

#### **R. Use of funds raised from new issue of securities**

No shares were issued in the reporting period.

#### **S. Information regarding ecology and employees**

The information is presented in the Non-financial report of Speedy AD.

#### **T. Research and development**

The Company has no R&D activities.

#### **U. Analyses of the financial results and published forecasts**

Speedy AD has not published forecasts.

#### **V. Information about changes made during the reporting period in the main management principles of the issuer and its economic group.**

No changes in the reporting period.

#### **W. Main characteristics of the applied systems for internal control and risk management.**

(See Corporate Governance Declaration)

#### **X. Changes in the Board of Directors**

No changes occurred in the reporting period.



**Y. Remuneration paid to the members of the Board of Directors**

	<b>Base salary (BGN)</b>	<b>Non-cash benefits (BGN)</b>	<b>Other payments (BGN)</b>
Valeri Mektupchiyan	240 000	-	66 667
Danail Danailov	66 000	-	27 778
Georgi Glogov	66 000	-	27 778
Avak Terziyan	66 000	-	27 778

**Remuneration from Speedy EOOD**

Valeri Mektupchiyan	35 656
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**Remuneration from Dynamic Parcel Distribution, Romania**

Danail Danailov	RON 32 000
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As of 31.12.2019 the amount of compensations due to the members of the BoD, as decided by GMS and BoD, payable within 3 years are as follows:

	<b>Remuneration for 2017 (BGN)</b>	<b>Remuneration for 2018 (BGN)</b>	<b>Remuneration for 2019 (BGN)</b>
Valeri Mektupchiyan	5926	13 333	22 222
Danail Danailov	2469	5 556	9259
Georgi Glogov	2469	5 556	9259
Avak Terziyan	2469	5 556	9259

In 2019, the GMS, in compliance with art. 9 (2) of Remuneration policy of the members of the BoD, approved maximum amount of variable remuneration totalling BGN 135 thousand that is going to be paid to the board members for their activity in 2019 and is going to be distributed between them with a decision in 2020.

**Z. Information about the shares held by members of the Board of Directors of Speedy AD at the end of the reporting period and changes occurring during the previous year**

As at 31 December 2019:

	<b>Acquired during the period</b>	<b>Sold during the period</b>	<b>No of directly owned shares</b>	<b>No of indirectly owned shares</b>	<b>Total No of shares owned (directly and indirectly)</b>	<b>% ownership</b>
Valeri Mektupchiyan	0	0	0	3 500 367	3 500 367	65,09%
Avak Terziyan	0	0	1 800	0	1 800	0,03%
Danail Danailov	0	0	2 160	0	2 160	0,04%

The members of the Board of Directors have no options or other rights to acquire shares in the Company.

The Company has not issued bonds.



**AA. Information about agreements that the Company knows about that could result in a change in ownership structure of equity or bond issues.**

There is an agreement between Speedy Group AD and GeoPost SA France providing the option for GeoPost SA France to increase its share from the currently 24.81% of the capital to a considerable majority stake in the company in 2020.

**BB. Information about any pending court, administrative or arbitration proceedings concerning jointly or separately the payables or receivables amounting to at least 10 percent of the issuer's equity.**

There are no court or other type of proceedings of any significance.

***Information about the Director of Investors Relations:***

*Krasimir Tahchiev  
Director of Investors Relations  
Tel. 02 8173 999  
E-mail: k.tahchiev@speedy.bg  
Sofia City, Abagar St., Sofia City Logistic Park (SOMAT)*



## 2. Main risks faced by the Company

Speedy AD endeavours to keep a low risk profile by maintaining low levels of financial and operating leverage and high level of operating efficiency, by applying strict rules and procedures for management of activities and by strictly controlling their compliance, by diversifying its customers and suppliers.

### Macroeconomic risk

Speedy AD operates in the whole country services companies in various sectors of the economy. Accordingly, our business activity of the Company depends heavily on the overall economic growth, the general condition of business environment, and particularly the customer trust, and respectively, end consumption. A possible shrinking of the economy and consumption would put pressure on profit margins, and a possible strong and continuous setback of business activity could result in negative trends in sales. The Company is trying to minimize that risk by maintaining high levels of financial autonomy and by investing continuously in efficiency improvement, which enable it to operate at a significantly higher profitability compared to its competitors. Even though there has been a slight delay compared to 2018, the economies of the main markets on which the Company operates register stable growth which are expected to become positive and in the current year, both the main markets, Bulgaria and Romania, and the other Central and Eastern European countries are among the fastest growing on the continent, while Greece marked a significant recovery.

Risks related with announced emergency situation following COVID-19 epidemic are disclosed in the Note 39 to the individual financial statement for 2019.

### Regulatory risk

The regulatory risk is related to the adoption of regulatory changes that could involve additional expenses or restrictions of the Company's activities. Currently, no implementation of any requirements that could either burden or involve additional expenses related to company activities is expected.

Over the last few years there has been an effect of the strict regulations related to personal data protection, the measures against money laundering, the trade in excise goods and taxation on e-shops, which necessitated changes in the activity of courier companies. Even through the regulations are related to some, though significant, additional expenses, these regulations do not impact the market position of the Company companies, as far as they refer to all market participants and do not effectively limit activities.

### Interest rate risk

Speedy AD's interest payables have both fixed and floating interest rates. Accordingly, any general increase of interest rates would produce a negative effect on the Company. The strongly expansive money policy of leading central banks lowered the base interest rates. The policy of the European Central Bank is to maintain interest rates that stimulate economic development, therefore short-term and medium-term negative changes are not likely to occur.

### Credit risk

Almost 80% of the income is generated by customers served on contractual basis, and the service is accordingly paid not at the time it is delivered but rather on a monthly basis. If economic situation worsens, the amount of overdue receivables may rise significantly. The Company has implemented a detailed and strict system of monitoring all due sums and the deadlines of payments, including an action plan in case of past dues.

Cash is kept in a way to minimize the risk. The servicing banks of the Company have the highest rating in the country.

### Price risk

The price risk is linked to the general inflation rate in the country and the level of competition. Over the last few years, inflation in Bulgaria has been limited and despite the slight increase in 2019 remained around 3%. This fact in combination with the high level of competition puts service prices under pressure. Speedy



AD is maintaining its competitiveness and aims to improve its price formation processes and control thereon, which allows us to improve profitability despite the price pressure.

The risk regarding the price level of supplies is related mainly with the price of the labour, which is the most significant factor in the cost structure. The low unemployment resulted in limited availability of qualified workers and respectively, a pressure for raise of compensations to attract new and retain existing employees. Substantial costs are also for fuel. The risk over the financial performance is limited, since the change in the price of oil is reflected in the fuel tax that is subject to monthly update and is payable by the clients. The highest weight has cost for subcontractors but they are also related with the costs of labour and fuel.

#### Currency risk

The Company's currency exposures originate in relation to the deliveries made from and to foreign countries, which form 15% of the Company's revenue. Most of the currency transactions are in EUR, due to which the overall effect of foreign exchange translation is negligible. If BGN/EUR exchange rate remains fixed as it is now, we do not expect that fluctuations in the exchange rates of BGN and EUR could have any significant impact on the financial result of the company in medium-term. With the acquisition of DPD Romania S.A. the number of transactions in RON increased and accordingly the exposure to currency risk will rise. The operations in RON occupy just a small segment of the total income structure and cannot cause any significant influence on the final result.

#### Liquidity risk

Liquidity risk is when the Company is unable to pay its maturing liabilities. The amount of the Company's current liabilities is considerable and is related to payments of leasing contracts, investment loans and suppliers.

To manage its liquidity, the Company plans to negotiate payments in accordance with estimated future cash flows. In addition, cash reserves and free overdraft funds are maintained to serve as buffering in case of adverse turn in the market situation and temporary shrinkage of cash proceeds. Until now, the Company has been generating a stable positive cash flow which allows us to make without any trouble all due payments on time and maintains good liquidity indicators.



### 3. Insider information

**Participation of members of the Board of Directors in business entities as unlimited liability partners; ownership of at least 25% in the equity of another enterprise, as well as participation in managing and controlling bodies in other enterprises or corporations as procurators, control bodies or board members**

#### VALERI HARUTYUN MEKTUPCHIAN

Omnicar“ EOOD	Manager	over 25%
„Omnicar BG“ EOOD	Manager	over 25%
„Omnicar S“ EOOD	Manager	over 25%
„Kiler storage“ EOOD	Manager	over 25%
„Omnicar auto“ OOD	Manager	
„Speedy group“ AD	Executive Director	over 25%
„Speedy“ EOOD	Manager	over 25%
„Lux light systems“ EOOD	Manager	
„Balkan holiday“ EOOD	Manager	
„Bulrom gas – 2006“ OOD	Manager	over 25%
„Concept invest 2011“ EAD	Executive Director	over 25%
„Plovdiv invest 2010“ EOOD	Manager	over 25%
„Brestnik“ EOOD	Manager	over 25%
„Geopost Bulgaria“ EOOD	Manager	
„DPD“ SA, Romania	Executive Director	
„Winery Estate Dragomir“ OOD		over 25%
„Transbalkan“ SRL		over 25%
„Transbalkan group“ OOD		over 25%
„M Castel“ OOD	Manager	over 25%
„Sofia city logistic park“ EOOD	Manager	
„Omnicar plus“ OOD		over 25%
„Omnicar ocasion“ EOOD		over 25%
„Omnicar rent“ OOD		over 25%
„Sarbul 2014“ OOD		over 25%
„Kompresor BG“ EOOD		over 25%
Omnicar Varna OOD		over 25%
Allianz Auto Zapad EOOD		over 25%
Rapido Express and Logistics EOOD		over 25%
OMG Mobile EOOD		over 25%
Pit Box EOOD	Manager	over 25%
Star ABC Invest EOOD	Manager	over 25%

#### GEORGI IVANOV GLOGOV

„Speedy group“ AD	Member of the Board of Directors	
„Speedy“ EOOD	Manager	
„Concept invest 2011“ EAD	Member of the Board of Directors	
„Sandriny Flo“ OOD	Manager	50% of the capital
„Transbalkan Grup“ OOD	Manager	
„Transbalkan“ SRL	Manager	
„Aleks – G“ EOOD	Manager	sole proprietor
„Balkan holiday“ EOOD		sole proprietor
„Lux light systems“ EOOD		sole proprietor

#### DANAIL VASILEV DANAILOV

„Bioforest“ OOD	Manager	50% of the capital
DPD SA, Romania	Member of the Board of Directors	



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*



AVAK STEPAN TERZIYAN

“Star performing” OOD

Manager

over 25% of the capital

ROBERTUS TEODORUS van den HELDER

DPD Group International Services Management GmbH, Germany

Member of the Management Board

Rabobank Amstel en Vecht, the Netherlands

Member of the Supervisory Board



## Key managers - Bulgaria



**Robertus Teodorus  
van den Helder**

Member of the Board of  
Directors

**Experience and qualification**

- Operational Director for Europe at DPDP Group
- Responsible for the European network, city logistics and "final mile" deliveries
- Since 2016, responsible for international customer service in Europe



**Valeri  
Mektupchiyan**

Executive  
Director

**Experience and qualification**

- Founder of Speedy
- Executive Director from the very beginning
- Operative director of Speedy from 2008 to 2011
- Serial entrepreneur, founder and owner of companies dealing with oil trading, motor vehicle trading, repair and maintenance, trading with fuels, transportation services

**Specific responsibilities**

- Overall management of Speedy's business



**Georgi  
Glogov**

Member of the  
Board of Directors

**Experience and qualification**

- Founder of Speedy
- Director Speedy international activities from 2003 to 2009
- Entrepreneur with more than 20 years of experience
- Owner of a financial and accounting house

**Specific responsibilities**

- Chairman of the Board of Directors



**Danail  
Danailov**

Member of the  
Board of Directors

**Experience and qualification**

- Investment and business consultant with more than 18 years of experience
- Experience in the field of macroeconomics, privatization and investment intermediation, management and investments
- Managing Director of a risk investments fund from 2009 to 2011
- Chief investment expert from 2003 to 2009

**Specific responsibilities**

- Strategy and business development, acquisitions and partnerships



**Avak  
Terziyan**

Member of the  
Board of Directors

**Experience and qualification**

- Regional manager for Southern Bulgaria in DHL and FedEx
- From 2000 responsible for human resources in Unilever and implementation of unified strategy of the company in Bulgaria, Macedonia, Albania and Kosovo
- From 2005 to 2008 Operating Manager in Speedy
- From 2008 HR Manager. Successfully implementing two EU funded projects under OP "Development"



*This is a translation from Bulgarian of the Annual management report of Speedy AD for year 2019.*

### Management responsibilities

The management of Speedy AD has prepared the separate financial statements for 2019, providing a true and fair presentation of the Company's position as at the year's end and of its financial results. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The management confirms that suitable accounting policies has been applied and that during the preparation of the Financial statements at 31 December 2019 was respected the precautionary principle in the assessment of assets, liabilities, revenues and expenses.

The management also confirms that it has complied with the accounting standards and that the Financial statements have been prepared on a going concern basis.

The Management is responsible for keeping proper accounting records, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director of  
Investors Relations:

Krasimir Tahchiev



Executive  
Director:

Valeri Mektupchiyan

