

## INDEPENDENT AUDITOR'S REPORT

TO  
THE SHAREHOLDERS  
OF SPEEDY AD

### Report on the Audit of the Separate Financial Statements

#### Opinion

We have audited the separate financial statements of **SPEEDY AD** (the "Company"), which comprise the separate statement of financial position as at 31 December 2019, separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).



## **Basis for Opinion**

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 Company in accordance with the *International Code of Ethics for Professional Accountants* (including the International Independence Standards) of the International Ethics Standards Board for Accountants (*IESBA Code*) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the separate financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the 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 Note 39 Events after the reporting event to the separate financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus (COVID-19) pandemic. The disruption of the ordinary economic activity in the Republic of Bulgaria as a result of COVID-19 may have an adverse effect on the Company's operations, in particular, on the B2B segment. Due to the unpredictable dynamics of COVID-19 however, at this stage it is practically impossible to perform reliable judgement and assessment of the potential impact of the pandemic on the Company's future activity. Our opinion is not qualified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter included in the table below, the description of how this matter was addressed in our audit was made in this context.



**Key audit matter**

**How this key audit matter was addressed in our audit**

**“Right-of-use” assets and lease liabilities**

*In this area, our audit procedures comprised, among others:*

The Company’s disclosures regarding “right-of-use assets” and lease liabilities are described in Note 2.16 *Leases*, Note 2.27 *Significant accounting estimates on applying the Company’s accounting policy*, and Note 15 *Leases*.

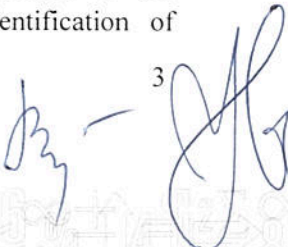
For the purpose of its operations, the Company concludes a significant number of lease agreements for premises and motor vehicles in its capacity as lessee. These transactions constitute a significant component in its total volume of transactions.

As at 31 December 2019, the amount of “right-of-use” assets and lease liabilities recognised in the separate statement of financial position totals BGN 52,359 thousand (31 December 2018: BGN 37,536 thousand) (36% (31 December 2018: 28%) of the total amount of assets), and respectively – BGN 49,165 thousand (31 December 2018: BGN 35,699 thousand) (60% (31 December 2018: 44%) of the total amount of liabilities).

IFRS 16 *Leases* establishes a single lessee accounting model that introduces lease recognition in the statement of financial position, similar to finance lease accounting under the old IAS 17. The new model is characterized by increased complexity of calculations and more significant judgements by the management in the analysis and measurement of the lease agreements concluded, with respect to: whether control is obtained over the use of a given asset; whether or not the contract asset has been identified; the contract term, including options to extend the lease; the components of the consideration; the impact of modifications to contractual conditions; the incremental borrowing rate, etc.

- Inquiries and update of our understanding of the process of lease agreement conclusion and monitoring. Inspection and review of internal policies and procedure. Process walk-through. Identification of existing procedures for introduction, maintenance and control of databases of effective lease agreements.
- Review and assessment of the design and application of key controls appropriate for our audit, aimed to ensure accuracy and completeness of the maintaining of database and the generated lease agreement reports.
- Obtaining an understanding of the management’s approach to developing key criteria, assumptions and judgements used in the analysis and measurement of the terms of leases.
- Review and assessment of the relevance, consistency and continuing appropriateness of the Company’s policy implemented for accounting for leases in its capacity as lessee, the approach and model for analysis and measurement of leases and accounting for recognised “right-of-use” assets, respectively “lease liabilities” and the related income and expenses, recognised in profit or loss for the year, comply with the requirements of IFRS 16 *Leases*.
- Examination and assessment of the results of the Company’s analysis of new leases concluded thereby and modification of existing leases, on a sample basis. Examination and inspection of the supporting information and documentation on key assumptions and inputs.
- Critical analysis and assessment of the adequacy of the main judgements and assumptions used by the Company’s management, including regarding: approach and justification of the identified lease agreements, identification of

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Due to the significance of the above described circumstances, namely: (a) the specifics of the accounting treatment including significant judgments and assumptions by the management, and the inherent high uncertainty in determining of the estimate of “right-of-use” assets and lease liabilities and the expenses related thereto in current profit or loss, as well as (b) the significance of these reporting items for the Company’s financial statements, we have determined this matter to be a key audit matter.

non-lease components, lease term and options to extend the lease, and the incremental borrowing rate applied; as well as periods of depreciation and treatment of the impact of modifications to lease agreements.

- Inquiries and document inspection of documents about agreements contained in other Company contracts that might contain lease components.
- Comparison of the data about lease payments made over the reporting period according to data from the Company’s accounting registers and data from lease agreements, used by the management to calculate the present value of lease liabilities for open contracts as at 31 December 2019.
- Confirmation of the lease payments by sending letters of confirmation, on a sample basis.
- Testing the formulas used in the calculation of the values of “right-of-use” assets and lease liabilities as at 31 December 2019, and of the respective interest charges and depreciation expenses for year 2019.
- Examination, through re-calculation of the mathematical accuracy of the “right-of-use” assets and lease liabilities, on a sample basis, accounted for as at 31 December 2019.
- Examination through re-calculation of the mathematical accuracy of the amounts of “right-of-use” assets, interest charges on lease liabilities, and gains of disposal from “right-of-use” assets for year 2019, on a sample basis.
- Carrying out analytical procedures based on the data obtained, in order to assess correspondence between the depreciation expenses and interest charges, and the recognised lease assets and liabilities.
- Assessing and examining the completeness, relevance and adequacy of disclosures in the Company’s separate annual financial statements related to lease assets and liabilities, and the respective revenue and expenses resultant therefrom.



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## **Information Other than the Separate Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information, which we have obtained prior the date of our auditor's report, comprises the management report, including the corporate governance statement and the non-financial declaration, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report and to the extent indicated.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report with respect to this matter.

## **Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease Company's operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.





## **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure of information about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

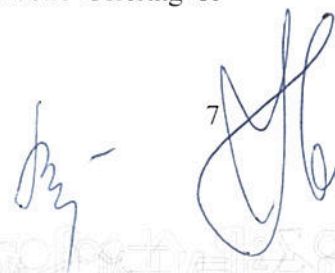
### ***Additional Matters to be Reported under the Accountancy Act and the Public Offering of Securities Act***

In addition to our responsibilities and reporting in accordance with ISAs, described above in the *Information Other than the Separate Financial Statements and Auditor's Report Thereon* section, in relation to the management report and the corporate governance statement and the non-financial declaration, we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines Regarding New Extended Reports and Communication by the Auditor" of the professional organisation of Registered Auditors in Bulgaria – Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence as well as the form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, paragraph 10 of the POSA in conjunction with Art. 100m, paragraph 8(3) and (4) of the POSA) applicable in Bulgaria.

### ***Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act***

Based on the procedures performed, our opinion is that:

- a) The information included in the management report referring to the financial year for which the separate financial statements have been prepared is consistent with the separate financial statements on which we have expressed a qualified opinion in the *Report on the Audit of the Separate Financial Statements* above.
- b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 of the Public Offering of Securities Act.





- c) The corporate governance statement referring to the financial year for which the separate financial statements have been prepared presents the information required under Chapter Seven of the Accountancy Act and Art. 100 (m), paragraph 8 of the Public Offering of Securities Act.
- d) The non-financial declaration, covering the financial year for which the separate financial statements have been prepared, has been provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

*Opinion in connection with Art. 100(m), paragraph 10 in conjunction with Art. 100(m), paragraph 8(3) and (4) of the Public Offering of Securities Act*

Based on the procedures performed and the knowledge and understanding obtained about the Company's activities and the environment in which it operates, in our opinion, the description of the main characteristics of Company's internal control and risk management systems relevant to the financial reporting process, which is part of the management report (as a component of the corporate governance statement) and the information under Art. 10 paragraph 1(c), (d), (f), (h) and (i) of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on Takeover Bids, do not contain any material misrepresentations.

***Additional Reporting on the Audit of the Financial Statements in connection with Art. 100(m), paragraph 4(3) of the Public Offering of Securities Act***

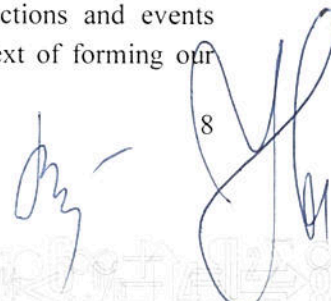
*Statement in connection with Art. 100(m), paragraph 4(3)(b) of the Public Offering of Securities Act*

The information about related party transactions is disclosed in Note 36 to the separate financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the financial statements as a whole, no facts, circumstances or other information have come to our attention based on which to conclude that the related party transactions have not been disclosed in the accompanying financial statements for the year ended 31 December 2019, in all material respects, in accordance with the requirements of IAS 24 *Related Party Disclosures*. The results of our audit procedures on related party transactions were addressed by us in the context of forming our opinion on the separate financial statements as a whole and not for the purpose of expressing a separate opinion on related party.

*Statement in connection with Art. 100(m), paragraph 4(3)(c) of the Public Offering of Securities Act*

Our responsibilities for the audit of the financial statements as a whole, described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report include an evaluation as to whether the separate financial statements present the significant transactions and events in a manner that achieves true and fair presentation. Based on the audit procedures performed by us on the significant transactions underlying the financial statements for the year ended 31 December 2019, no circumstances or other information have come to our attention based on which to conclude that there are material misrepresentations and disclosures in accordance with the relevant requirements of IFRS as adopted by the EU. The results of our audit procedures on Company's transactions and events significant for the separate financial statements were addressed by us in the context of forming our

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opinion on the financial statements as a whole not for the purpose of expressing a separate opinion on those significant transactions.

**Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act**

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

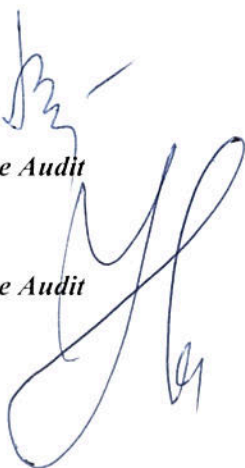
- AFA OOD was appointed as a statutory auditor of the separate financial statements of SPEEDY AD (the “Company”) for the year ended 31 December 2019 by the General Meeting of Shareholders held on 26 June 2018, for a period of two years.
- The audit of the separate financial statements for the year ended 31 December 2019 represents fourth total uninterrupted statutory audit engagement for that entity carried out by us.
- We hereby confirm that the audit opinion expressed by us is consistent with the additional report dated provided to the audit committee of the Company, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We hereby confirm that no prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act were provided.
- We hereby confirm that in conducting the audit we have remained independent of the Company.

  
**AFA OOD**  
*Audit Firm*

**Valia Iordanova Iordanova**  
*General Manager*  
*Registered Auditor in Charge of the Audit*

**Yuliya Marinova Ancheva**  
*Registered Auditor in Charge of the Audit*

31 March 2020  
38, Oborishte Street  
1504-Sofia, Bulgaria



*This is a translation from Bulgarian of the Independent Auditor's Report on the Separate Financial Statements of Speedy AD for the year ended 31 December 2019.*