

SPEEDY AD

EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT

As of 30.06.2020

SPEEDY AD

Sofia

**EXPLANATORY NOTES TO THE
NON-CONSOLIDATED FINANCIAL STATEMENT**

31 JUNE 2020

SPEEDY AD**EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT**

As of 30.06.2020

		<u>30.06.2020</u>	<u>31.12.2019</u>
	<i>Notes</i>	BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	62 060	62 065
Intangible assets	4	2 164	2 077
Investments in subsidiaries	5	46 255	46 255
Loans to related parties	29	4 845	6 148
Deferred tax assets	6	363	362
Other non-current assets		380	380
Total non-current assets		116 067	117 287
Current assets			
Inventories	7	453	368
Trade receivables	8	25 682	19 950
Current part of long-term receivables from related parties	29	1 995	1 692
Other receivables and prepayments	9	1 838	1 967
Cash and cash equivalents	10	10 364	5 784
Total current assets		40 332	29 761
TOTAL ASSETS		156 399	147 048
EQUITY AND LIABILITIES			
Equity			
Share capital	11.1	5 378	5 378
Statutory reserves	11.2	538	538
Premium reserves	11.2	19 565	19 565
Retained earnings	11.3	28 835	21 858
Current profit	11.3	12 007	17 732
Total equity		66 323	65 071
Non-current liabilities			
Long-term interest bearing liabilities	12	43 525	44 480
Subsidies	13	-	34
Long-term provisions for pension benefits	14	173	258
Total non-current liabilities		43 698	44 772
Current liabilities			
Current part of long-term interest bearing liabilities	12	12 557	18 118
Accounts payable	15	10 609	8 131
Payables related to remunerations and for social security	16	5 356	4 672
Tax payables	17	1 875	2 410
Subsidies	13	43	95
Other current liabilities	18	15 938	3 779
Total current liabilities		46 378	37 205
TOTAL EQUITY AND LIABILITIES		156 399	147 048

SPEEDY AD**EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT**

As of 30.06.2020

	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Revenues	79 916	66 308
Other revenues(losses) from the core activity, net	2 425	2 806
Costs of materials	(3 715)	(3 454)
Costs of external services	(40 055)	(34 506)
Compensation costs	(19 912)	(15 453)
Depreciation and amortization	(7 116)	(6 488)
Other operating expenses	(1 391)	(722)
Operating profit	10 152	8 491
Financial revenues	3 658	336
Financial expenses	(857)	(767)
Financial revenues/expenses, net	2 801	(431)
Profit before taxes	12 953	8 060
Income taxes	(946)	(806)
Net profit for the year	12 007	7 254
Total comprehensive income for the period	12 007	7 254
Earnings per share		
BGN	2.24	1.35

As of 30.06.2020

	<i>Notes</i>	30.06.2020	30.06.2019
		BGN'000	BGN'000
Cash flows from operating activity			
Proceeds from customers		96 128	81 241
Payments to suppliers		(59 269)	(51 455)
Payments related to remunerations and for social security		(19 023)	(14 485)
Tax payments		(6 019)	(4 395)
Income tax paid		(972)	(1 127)
Other proceeds/payments, net		4 044	(420)
Net cash flow from operating activity		14 889	9 359
Cash flows from investing activity			
Purchase of plant and equipment		(1 466)	(1 283)
Proceeds from sale of plant and equipment		110	837
Extended loans to related parties		-	-
Repaid loans from related parties		997	831
Interests received from extended loans to related parties		167	263
Investments		(4 133)	(5 558)
Dividends received		-	-
Other cash flows from investing activity		-	-
Net cash flow from investing activity		(4 325)	(4 910)
Cash flows from financing activity			
Payments under financial lease agreements		(3 950)	(3 965)
Loans obtained		-	787
Repayment of long-term loans		(987)	(1 482)
Loans from related parties		-	-
Repayment of loans from related parties		(522)	-
Paid interests and bank charges		(473)	(334)
Dividends paid		-	-
Net cash flow from financing activity		(5 932)	(4 994)
Net change in cash and cash equivalents		4 632	(545)
Net effect of changes in exchange rates		(52)	(30)
Cash and cash equivalents on 1 January		5 784	7 412
Cash and cash equivalents on 31 March	9	10 364	6 837

SPEEDY AD**EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT**

As of 30.06.2020

		Share capital	Premium reserves	Statutory reserves	Retained earning	Total
	Notes	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 01 January 2019	19	<u>5 378</u>	<u>19 565</u>	<u>538</u>	<u>29 403</u>	<u>54 884</u>
Change in equity for 2019						
Distribution of profits, incl		-	-	-	(7 529)	(7 529)
* Reserves		-	-	-	-	-
* Dividends		-	-	-	(7 529)	(7 529)
Total comprehensive income for the year, incl		-	-	-	17 716	17 716
* Net income for the year		-	-	-	17 732	17 732
* Other comprehensive income, net of taxes		-	-	-	(16)	(16)
Balance as of 31 December 2019	19	<u>5 378</u>	<u>19 565</u>	<u>538</u>	<u>39 590</u>	<u>65 071</u>
Change in equity for 2020						
Distribution of profits, incl		-	-	-	(10 755)	(10 755)
* Reserves		-	-	-	-	-
* Dividends		-	-	-	(10 755)	(10 755)
Total comprehensive income for the year, incl.		-	-	-	12 007	12 007
* Net income for the year		-	-	-	12 007	12 007
* Other comprehensive income, net of taxes		-	-	-	-	-
Balance as of 31 June 2020	19	<u>5 378</u>	<u>19 565</u>	<u>538</u>	<u>40 842</u>	<u>66 323</u>

3. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the company consist of machinery, equipment, vehicles, and other assets whose book value for the presented periods could be analyzed as follows:

	Buildings		Plant and equipment	Vehicles	Computers	Other	Total
	Right of use	Improvement of rented property					
Book value on 1 January (reported)	24 409	1 715	2 860	13 578	1 929	4 844	49 335
Acquired	14 431	2 122	610	11 107	875	769	29 914
Transfer	38	299		-38		-299	0
Written-off	-3 227	-1 281		-7 630	-502	-176	-12 817
Depreciation	-4 372	-565	-638	-5 495	-764	-674	-12 508
Written-off depreciation	1 125			6 956	60		8 141
Book value as of 31 December	32403	2 291	2 832	18 477	1 598	4 464	62 065
31 December 2019							
Initial value	39 403	5 992	6 100	39 457	6 272	7 442	104 666
Accumulated depreciation	-7 000	-3 701	-3 268	-20 980	-4 674	-2 978	-42 601
Book value	32 403	2 291	2 832	18 477	1 598	4 464	62 065
31 June 2019							
Book value as of 1 January	32 403	2 291	2 832	18 477	1 598	4 464	62 065
Acquired	0	79	101	5 112	719	788	6 799
Transfer							0
Written-off	0	0		-405	0	-151	-556
Depreciation	-2 404	-316	-354	-2 860	-323	-376	-6 633
Written-off depreciation	0			386	0		386
Book value as of 31 June	29 999	2 054	2 579	20 709	1 994	4 725	62 061
31 June 2019							
Initial value	39 403	6 071	6 201	44 164	6 991	8 079	110 909
Accumulated depreciation	-9 404	-4 017	-3 622	-23 454	-4 997	-3 354	-48 848
Book value	30 000	2 054	2 579	20 709	1 994	4 725	62 061

As of 30.06.2020

4. INTANGIBLE ASSETS

The intangible assets of the Company consist of software, whose book value for the presented periods can be analysed as follows:

	Software	Acquisition of assets	Total
1 January 2019			
Book value at the beginning of the year	2 078	135	2 213
Acquired	871		871
Transfer		-82	-82
Depreciation	-925	0	-925
Book value at the end of the period	2 024	53	2 077
31 December 2019			
Initial value	7 912	53	7 965
Accumulated depreciation	-5 888	0	-5 888
Book value	2 024	53	2 077
	Software	Acquisition of assets	Total
1 January 2020			
Book value at the beginning of the year	2 024	53	2 077
Acquired	570	0	570
Transfer		0	0
Depreciation	-483	0	-483
Book value at the end of the period	2 111	53	2 164
31 June 2019			
Initial value	8 482	53	8 535
Accumulated depreciation	-6 371	0	-6 371
Book value	2 111	53	2 164

As of 30.06.2020

5. INVESTMENTS IN SUBSIDIARIES

As of 30 June 2020 the investments in subsidiaries are as follows:

	<u>30.06.2020</u>	Share	<u>31.12.2019</u>	Share
	BGN'000		BGN'000	
Speedy EOOD	982	100%	982	100%
Geopost Bulgaria EOOD	8,165	100%	8,165	100%
DPD S.A., Romania	17,300	100%	17,300	100%
Rapodo Express and Logistics EOOD	16,456	100%	16,456	100%
OMG Mobile EOOD	3,352	100%	3,352	100%
Total	46,255		46,255	

6. INVENTORIES

As of 30 June 2020 the inventories consist of:

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN'000	BGN'000
Materials	349	289
Fuel	104	79
Total	453	368

7. TRADE AND OTHER RECEIVABLES

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN'000	BGN'000
Receivables from customers	28,601	20,874
Less impairment	(924)	(924)
Receivables from customers, net amount	27,677	19,950
<i>including receivables from related parties (Note 29)</i>	<i>12,158</i>	<i>7,504</i>

The change of the impairment has been changed as follows:

	<u>2020</u>	<u>2019</u>
	BGN'000	BGN'000
At the beginning of the year	924	882
Impairments booked	-	42
Impairments recovered	-	-
Written-off impairments	-	-
At the end of the period	924	924

As of 30.06.2020

8. OTHER RECEIVABLES AND PREPAYMENTS

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Prepayments	1,241	1,039
Receivables from trustees	553	680
Deposits	44	44
Advances paid	-	13
Other receivables	-	191
Total	1,838	1,967

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Cash in vaults	5,183	996
Cash in bank accounts	4,963	4,236
Petty cash	218	552
Total	10,364	5,784

10. EQUITY**10.1 SHARE CAPITAL**

As of 30.06.2020 registered capital of the Company consists of 5,377,619 ordinary shares with par value of BGN 1 per share. All shares entitle to a dividend, to a liquidation share and represent one voting right in the General Meeting of Shareholders of the Company.

	2020	2019
	Number of shares	Number of shares
Number of issued and fully paid-in shares:		
At the beginning of the year	5,377,619	5,377,619
Number of issued and fully paid-in shares	-	-
Number of shares, outstanding on 31 June 2020	5,377,619	5,377,619

The list of the main shareholders of the Parent Company is the following:

	30.06.2020		31.12.2019	
	Number of shares	%	Number of shares	%
Speedy Group AD	3,500,367	65.09%	3,500,367	65.09%
Geopost SA, France	1,333,979	24.81%	1,333,979	24.81%
Other natural and legal entities	543,273	10.10%	543,273	10.10%
Total	5,377,619	100.00%	5,377,619	100.00%

As of 30.06.2020

10.2 STATUTORY RESERVES

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN'000	BGN'000
Statutory reserves	538	538
Total	538	538

The statutory reserves are formed from setting aside 10% of the net profit in accordance with the requirements of the Commercial Act and decision of the General Meeting of the shareholders. According to the requirements, the statutory reserves should be minimum 10% of the registered capital. These reserves are non-distributable.

10.3 PREMIUM RESERVES

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN'000	BGN'000
Premium reserves	19,565	19,565
Total	19,565	19,565

The share premium of the Company amounting to BGN 19,565 thousand is formed by the proceeds, received above the par value of the shares issued in 2014 with issue price BGN 23 per share.

10.4 RETAINED EARNINGSChanges of the *undistributed profit* is as follows:

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN '000	BGN '000
Balance as of 1 January	12,007	29,403
Net profit for the year	(10,755)	17,732
Dividends distributed	-	(7,529)
Actuary losses from revaluations, net of taxes	-	(16)
Distribution for reserves	40,842	-
Balance as of 30 June 2020, including	28,835	39,590
<i>undistributed profit</i>	<i>12,007</i>	<i>21,858</i>
<i>current profit</i>	<i>12,007</i>	<i>17,732</i>

11. INTEREST BEARING LIABILITIES

The interest bearing liabilities as of 30 June 2020 include:

	<u>30.06.2020</u>	<u>31.12.2019</u>
	BGN'000	BGN'000
Payables related to acquisitions	6,667	10,475
Payables under financial lease agreements	47,446	49,165
Long-term bank loans	1,969	2,958
Total	56,082	62,598
<i>non-current part</i>	<i>43,525</i>	<i>44,480</i>
<i>current part</i>	<i>12,557</i>	<i>18,118</i>

Under a financial lease agreement, the Company has acquired machinery, computers, vehicles and equipment.

SPEEDY AD**EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT**

As of 30.06.2020

As of 30.06.2020, the payables of the Company under financial lease agreements are the following:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Payables under financial lease agreements	17,385	16,473
- Long-term part	11,473	10,369
- Short-term part	5,912	6,104
Total	17,385	16,473

The lease agreements consist of fixed lease payments and purchase option at the end of the term of the lease.

As of 30.06.2020, amount due under bank loans are the following:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Payables under bank loans received, incl.:	1,969	2,958
- <i>short-term part</i>	1,333	1,877
- <i>long-term part</i>	636	1,081
Total	1,969	2,958

12. TRADE AND OTHER PAYABLES

As of 30.06.2020, the trade and other payables include:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Trade payables	6,649	4,801
Payables to related parties	3,960	3,330
Payables for remunerations	4,155	3,611
Payables for social security	1,201	1,061
Taxes payable	1,875	2,410
Other payables, incl. dividends BGN 10 755 thousand	15,938	3,779
Total	33,778	18,992

13. REVENUES

The revenues of the Company consist of:

	30.06.2020	31.12.2018
	BGN'000	BGN'000
Revenues from courier services	79,916	66,308
Total	79,916	66,308

14. OTHER REVENUES

Other revenues of the Company consist of:

	30.06.2020	31.12.2018
	BGN'000	BGN'000
Revenues from renting out of vehicles	2,041	1,678
Other revenues	298	968

SPEEDY AD**EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL REPORT**

As of 30.06.2020

Financing

	86	160
Total	2,425	2,806

15. COSTS OF MATERIALS

Costs of materials include:

	<u>30.06.2020</u>	<u>31.12.2018</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	1,771	1,871
Delivery-related materials	1,075	930
Office materials and consumables	186	150
Uniforms	277	119
IT consumables	319	298
Other costs	87	86
Total	3,715	3,454

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	33,956	28,958
Rents	122	82
Communications and utility services	1,395	1,105
Vehicle maintenance	1,416	1,322
Insurance	779	795
Office/warehouse maintenance	474	351
Staff training	14	17
Marketing	288	350
Audit, consultant and other services	695	794
Other costs	460	439
Fees	456	293
Total	40,055	34,506

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Salaries and wages	16,926	13,190
Social security contributions	2,986	2,263
Total	19,912	15,453

18. OTHER OPERATING COSTS

Other operating expenses of the Company consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Indemnities for parcels	249	293
Representation costs	392	234
Other costs	750	195
<i>incl. related with the state of emergencies</i>	570	-

As of 30.06.2020

Total	<u>1,391</u>	<u>722</u>
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19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests income	167	336
Dividends	3,491	-
Total	<u>3,658</u>	<u>336</u>

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interest expenses	828	716
<i>incl. interests related to payables for acquisitions</i>	324	534
FX exchange loss, net	-	42
Other	29	9
Total	<u>857</u>	<u>767</u>

21. TAXES

The main components of the income taxes, as well as the relation between the tax expense and the accounting profit are explained as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Accounting profit before taxes	<u>12,953</u>	<u>8,060</u>
Increase	-	-
Decrease	(3,491)	-
Taxable net income	<u>9,462</u>	<u>8,060</u>
Income tax	(946)	(806)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(946)	(806)
Net income	<u><u>12,007</u></u>	<u><u>7,254</u></u>

22. EARNINGS PER SHARE AND DIVIDENDS**22.1 Earnings per share**

The earnings per share use distributable net income as a numerator.

As of 30.06.2020

Weighted average number of shares used for calculating EPS as well as distributable net income are presented below:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Distributable net income /BGN'000. /	12,007	7,254
Weighted average number of shares	5,356,712	5,356,712
Earnings per share /BGN per share/	2,24	1,35

22.2 Dividends

With shareholder's decision from 22.06.2020, is distributed dividend from 2019 earning in amount of BGN 10 755 thousand. It is fully paid in July 2020.

23. RELATED PARTIES TRANSACTIONS

If not stated explicitly, the transactions with related parties are not carried out under special conditions and no guarantees were either granted or received. The recorded amounts are paid by wire.

Related Party	Type of relationship
Speedy Group AD	Parent Company
Geopost S.A., France	Shareholder with significant influence
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	Subsidiary
Rapido Express and Logistics EOOD	Subsidiary (since 01.10.2018)
OMG Mobile EOOD	Subsidiary (since 21.12.2018)
Dragomir Winery Estate OOD	Company under common control
Transbankan group OOD	Company under common control
Transabalkan group Romania	Company under common control
Omnicar BG EOOD	Company under common control
Omnicar Auto OOD	Company under common control
Omnicar C EOOD	Company under common control
Omnicar okazion EOOD	Company under common control
Omnicar rent EOOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Sofia City Logistic Park EOOD	Company under common control
Omnicar plus OOD	Company under common control
Omnicar Varna OOD	Company under common control
Sandrini Flo EOOD	Company related to key management
Star Perfomining	Company related to key management
Pit Box EOOD	Company under common control
Star ABC Invest EOOD	Company under common control

Ultimate owner Valery Harutyun Mektupchian.

As of 30.06.2020

Extended loans

As of 30 June 2020, Company's receivables from extended loans are as follows:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Dynamic Parcel Distribution S.A., Romania incl.	6,840	7,840
- principal	6,840	7,840
- interest	-	-
Total	6,840	7,840
<i>incl. current part</i>	<i>1,995</i>	<i>1,692</i>
<i>incl. non-current part</i>	<i>4,845</i>	<i>6,148</i>

On 01.12.2014 the Company signed a contract with the subsidiary Dynamic Parcel Distribution S.A., Romania for extending a loan in amount of EUR 3,000 thousand with maturity 15.12.2020. The agreed interest rate is in the range between 3% and 5%.

With an Additional agreement from 01.04.2016 the extended amount is increased to EUR 5,000 thousand. The maturity of the additionally extended amount is 15.08.2020.

With decision from 09.06.2020 is distributed dividend from DPD Romania earnings in amount of BGN 3 491 thousand. It is fully paid in July 2020.

Trade and other receivables from related parties

	30.06.2020	31.12.2019
	BGN '000	BGN '000
Receivables from subsidiaries	5,369	6,314
Receivables from companies under common control	1,303	967
Receivables from shareholders with significant influence	-	223
Total	6,672	7,504

Trade and other payables to related parties

The payables to related parties include:

	30.06.2020	31.12.2019
	BGN '000	BGN '000
Trade payables, incl.	3,850	3,330
Payables to subsidiaries	3,349	2,862
Payables to companies under common control	501	468
Other payables, incl.	110	110
Deposits from the Members of the BoD	110	110
Total	3,960	3,440

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The company has payables to the BoD's members in amount of BGN 110 thousand /31.12.2019 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code.

Commercial transactions with related parties*Sales to related parties*

	30.06.2020	30.06.2019
	BGN '000	BGN '000
	<i>12,792</i>	<i>12,487</i>
Subsidiaries	10,717	10,567
Companies under common control	1,889	1,630
Shareholders with significant influence	186	290

Purchases from related parties

	30.06.2020	30.06.2019
	BGN '000	BGN '000
	<i>14,689</i>	<i>10,831</i>
Companies under common control	6,205	5,977
Subsidiaries	8,484	4,854

The purchases of services from companies under common control include mainly transportation services made by Transbalkan group OOD, rentals from Sofia City Logistic Park EOOD, Pit Box EOOD and Star ABC invest EOOD and maintenance of vehicles from Omnicar Auto OOD.