

SPEEDY AD

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL REPORT

As of 30.06.2020

SPEEDY AD

Sofia

**EXPLANATORY NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENT**

31 JUNE 2020

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	83 540	82 208
Goodwill and Intangible assets	4	38 471	39 222
Deferred tax assets	5	492	514
Other receivables	6	911	861
Total non-current assets		<u>123 414</u>	<u>122 805</u>
Current assets			
Inventories	7	677	568
Trade receivables	8	29 682	25 523
Other receivables and prepayments	9	3 692	3 276
Cash and cash equivalents	10	25 168	16 196
Total current assets		<u>59 219</u>	<u>45 563</u>
TOTAL ASSETS		<u>182 633</u>	<u>168 368</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11.1	5 378	5 378
Reserves	11.2	538	538
Retained earnings	11.3	28 835	21 858
Total equity		<u>66 323</u>	<u>65 071</u>
Non-current liabilities			
Long-term interest bearing liabilities	12	55 453	55 863
Deferred taxes		1 858	1 858
Subsidies	13	-	34
Long-term provisions for pension benefits	14	173	258
Total non-current liabilities		<u>57 484</u>	<u>58 013</u>
Current liabilities			
Current part of long-term interest bearing liabilities	12	14 774	20 549
Accounts payable	15	16 382	11 764
Payables related to remunerations and for social security	16	7 208	6 109
Tax payables	17	2 950	3 004
Subsidies	13	43	95
Other current liabilities	18	22 127	8 928
Total current liabilities		<u>63 484</u>	<u>50 449</u>
TOTAL EQUITY AND LIABILITIES		<u>182 633</u>	<u>168 368</u>

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	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Revenues	123 263	101 902
Other revenues(losses) from the core activity, net	4 522	5 255
Costs of materials	(4 856)	(4 460)
Costs of external services	(67 069)	(59 464)
Compensation costs	(27 274)	(22 698)
Depreciation and amortization	(10 829)	(9 304)
Other operating expenses	(2 640)	(1 863)
Operating profit	15 117	9 368
Financial revenues	4	111
Financial expenses	(1 236)	(1 241)
Financial revenues/expenses, net	(1 232)	(1 130)
Profit before taxes	13 885	8 238
Income taxes	(1 666)	(817)
Net profit for the year	12 219	7 421

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	<i>Notes</i>	30.06.2020	30.06.2019
		BGN'000	BGN'000
Cash flows from operating activity			
Proceeds from customers		144 080	120 845
Payments to suppliers		(93 949)	(80 330)
Payments related to remunerations and for social security		(26 241)	(20 957)
Tax payments		(8 205)	(5 774)
Income tax paid		(977)	(1 135)
Other proceeds/payments, net		6 197	(55)
<i>Net cash flow from operating activity</i>		<u>20 905</u>	<u>12 594</u>
Cash flows from investing activity			
Purchase of plant and equipment		(1 998)	(1 862)
Proceeds from sale of plant and equipment		110	837
Investments		(4 133)	(5 558)
<i>Net cash flow from investing activity</i>		<u>(6 021)</u>	<u>(6 583)</u>
Cash flows from financing activity			
Payments under financial lease agreements		(4 280)	(4 217)
Loans obtained		-	787
Repayment of long-term loans		(987)	(1 482)
Paid interests and bank charges		(473)	(393)
Dividends paid		-	-
<i>Net cash flow from financing activity</i>		<u>(5 740)</u>	<u>(5 305)</u>
Net change in cash and cash equivalents		<u>4 632</u>	<u>(545)</u>
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	<u><u>10 364</u></u>	<u><u>6 837</u></u>

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	Notes	Share capital BGN'000	Premium reserves BGN'000	Statutory reserves BGN'000	FX translation reserves BGN'000	Retained earning BGN'000	Total BGN'000
Balance as of 01 January 2019	19	5 378	538	19 565	(776)	24 090	48 795
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					(370)	19 010	18 640
* Net income for the year						19 026	19 026
* Other comprehensive income, net of taxes					(370)	(16)	(386)
Balance as of 31 December 2019	19	5 378	538	19 565	(1 146)	35 571	59 906
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.					295	12 219	12 514
* Net income for the year						12 219	12 219
* Other comprehensive income, net of taxes					295		295
Balance as of 31 June 2020	19	5 378	538	19 565	(851)	37 035	61 665

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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
Book value on 1 January (reported)	39,786	4,879	18,291	2,452	7,887	73,295
Acquired	20,031	958	11,463	1,360	750	34,562
Transfer	422	-		50	(472)	
Written-off	(6,948)	(22)	(9,002)	(741)	(52)	(16,765)
Depreciation	(7,794)	(1,286)	(6,898)	(1,145)	(1,069)	(18,192)
Written-off depreciation	1,747	18	7,749	279	-	9,793
FX revaluation	(296)	(38)	(74)	(13)	(64)	(485)
Book value as of 31 December	46,948	4,509	21,529	2,242	6,980	82,208
31 December 2019						
Initial value	62 483	10 278	46 073	9 051	10 497	138 382
Accumulated depreciation	-15 535	-5 769	-24 544	-6 809	-3 517	-56 174
Book value	46 948	4 509	21 529	2 242	6 980	82 208
	Buildings	Plant and equipment	Vehicles	Computers	Other	Total
Book value as of 1 January	46 948	4 509	21 529	2 242	6 980	82 208
Acquired	1362	808	5778	719	2677	11344
Transfer	-199	-184	-897	0	-255	-1535
Written-off	-3513	-990	-3442	-745	-797	-9487
Depreciation	184	74	747	0	5	1010
Written-off depreciation	44 782	4 217	23 715	2 216	8 610	83 540
Book value as of 31 June						
31 June 2019	63646	10902	50954	9770	12919	148191
Initial value	-18864	-6685	-27239	-7554	-4309	-64651
Accumulated depreciation	44 782	4 217	23 715	2 216	8 610	83 540
Book value	46 948	4 509	21 529	2 242	6 980	82 208

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4. INTANGIBLE ASSETS

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

	Goodwill	Right over intellectual property	Software	Acquisition of assets	Total
1 January 2019					
Book value at the beginning of the year	18,804	16,995	6,132	412	42,343
Acquired	-	-	1,180	530	1,710
Write-offs	-	-20	-925	-	-945
Depreciation	-	(2,009)	(2,075)	-	(4,084)
Impairment	-	-	-23	-	-23
Written-off depreciation	-	2	628	-82	548
FX Translation	-183	-100	-44	-	-327
Book value at the end of the period	18,621	14,868	4,873	860	39,222
31 December 2019					
Initial value	18 621	19 321	13 624	860	52 426
Impairment	-	-	-23	0	-23
Accumulated depreciation	-	-4 453	-8 728	0	-13 181
Book value	18 621	14 868	4 873	860	39 222
1 January 2020					
Book value at the beginning of the year	18 621	14 868	4873	860	39 222
Write-offs	-	0	0	-807	-807
Acquired	-	0	1 361	0	1 361
Depreciation	-	-466	-839	0	-1 305
Book value at the end of the period	18 621	14 402	5 395	53	38 471
31 June 2019					
Initial value	18 621	19 321	14 962	53	52 980
Accumulated depreciation	-	-4 919	-9 567	0	-14 486
Book value	18 621	14 402	5 395	53	38 471

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6. INVENTORIES

As of 30 June 2020 the inventories consist of:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Materials	573	489
Fuel	104	79
Total	677	568

7. TRADE AND OTHER RECEIVABLES

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Receivables from customers	32,142	27,983
Less impairment	(2,460)	(2,460)
Receivables from customers, net amount	29,682	25,523
<i>including receivables from related parties (Note 29)</i>	<i>1,352</i>	<i>1,321</i>

8. OTHER RECEIVABLES AND PREPAYMENTS

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Prepayments	1,241	1,448
Deposits	44	326
Receivables from trustees	553	680
Tax receivables	603	593
Advances paid	-	18
Other receivables	1,251	211
Total	3,692	3,276

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Cash in vaults	7,157	1,125
Cash in bank accounts	17,581	14,409
Petty cash	430	662
Total	25,168	16,196

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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.

	<u>2020</u>	<u>2019</u>
	<u>Number of shares</u>	<u>Number of shares</u>
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	<u><u>5,377,619</u></u>	<u><u>5,377,619</u></u>

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

	<u>30.06.2020</u>		<u>31.12.2019</u>	
	<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
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	<u><u>5,377,619</u></u>	<u><u>100.00%</u></u>	<u><u>5,377,619</u></u>	<u><u>100.00%</u></u>

10.2 STATUTORY RESERVES

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

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

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.

Forex translation reserves from consolidation of international activities amounts to BGN 898k – negative value (31.12.2018 BGN 776k - negative value) is formed from FX exchange rate fluctuation, occurring as a result of conversion of financial reports of foreign subsidiaries in the reporting currency.

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

	30.06.2020	31.12.2019
	BGN '000	BGN '000
Balance as of 1 January	35,571	24,090
Net profit for the year	12,219	19,026
Dividends distributed	(10,755)	(7,529)
Actuary losses from revaluations, net of taxes	-	(16)
Distribution of profit for loss cover	-	-
Other changes	-	-
Balance as of 30 June 2020, including	37,035	35,571
<i>undistributed profit</i>	<i>24,816</i>	<i>16,545</i>
<i>current profit</i>	<i>12,219</i>	<i>19,026</i>

11. INTEREST BEARING LIABILITIES

The interest bearing liabilities as of 30 June 2020 include:

	30.06.2020	31.12.2019
	BGN'000	BGN'000
Payables related to acquisitions	6,667	10,472
Payables under financial lease agreements	61,591	62,982
Long-term bank loans	1,969	2,958
Total	70,227	76,412
<i>non-current part</i>	<i>55,453</i>	<i>55,863</i>
<i>current part</i>	<i>14,774</i>	<i>20,549</i>

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	15,757	11,296
Payables to related parties	625	468
Payables for remunerations	5,264	4,439
Payables for social security	1,944	1,670
Taxes payable	2,950	3,004
Other payables, incl. dividends BGN 10 755 thousand	22,127	8,928
Total	48,667	29,805

13. REVENUES

The revenues of the Company consist of:

	30.06.2020	31.12.2018
	BGN'000	BGN'000
Revenues from courier services	123,263	101,902
Total	123,263	101,902

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14. OTHER REVENUES

Other revenues of the Company consist of:

	<u>30.06.2020</u>	<u>31.12.2018</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from renting out of vehicles	2,041	2,827
Other revenues	2,395	2,268
Financing	86	160
Total	<u>4,522</u>	<u>5,255</u>

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	1,869	2,188
Delivery-related materials	1,075	1,013
Office materials and consumables	758	605
Uniforms	277	119
IT consumables	536	390
Other costs	341	145
Total	<u>4,856</u>	<u>4,460</u>

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	57,154	48,598
Rents	152	1,628
Communications and utility services	2,050	1,726
Vehicle maintenance	1,493	1,448
Insurance	1,020	1,072
Office/warehouse maintenance	690	638
Staff training	234	176
Marketing	471	571
Audit, consultant and other services	741	794
Other costs	2,535	2,520
Fees	529	293
Total	<u>67,069</u>	<u>59,464</u>

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	21,785	18,825
Social security contributions	5,489	3,873
Total	<u>27,274</u>	<u>22,698</u>

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18. OTHER OPERATING COSTS

Other operating expenses of the Company consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Indemnities for parcels	639	588
Representation costs	392	234
Other costs	1,609	1,041
Total	<u>2,640</u>	<u>1,863</u>

19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Interests income	4	111
Total	<u>4</u>	<u>111</u>

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>30.06.2020</u>	<u>30.06.2019</u>
	BGN'000	BGN'000
Interest expenses	1,159	778
FX exchange loss, net	77	463
Total	<u>855</u>	<u>1,241</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>
	BGN'000	BGN'000
Accounting profit before taxes	<u>13,885</u>	<u>8,238</u>
Increase	-	-
Decrease	-	-
Taxable net income	<u>13,885</u>	<u>8,238</u>
Income tax	(1,666)	(817)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(1,666)	(817)
Net income	<u>12,219</u>	<u>7,421</u>

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

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

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>
	<u>BGN'000</u>	<u>BGN'000</u>
Distributable net income /BGN'000. /	12,219	7,421
Weighted average number of shares	5,377,619	5,377,619
Earnings per share /BGN per share/	<u>2,27</u>	<u>1,38</u>

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
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
Geopost S.A., France	Shareholder with significant influence
Pit Box EOOD	Company under common control
Star ABC Invest EOOD	Company under common control

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Trade and other receivables from related parties

	30.06.2020	31.12.2019
	BGN '000	BGN '000
Receivables from companies under common control	1,352	1,098
Receivables from shareholders with significant influence	-	223
Total	1,352	1,321

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.	500	468
Payables to companies under common control	500	468
Other payables, incl.	125	125
Deposits from the Members of the BoD	110	110
Interest payables on loans from ultimate parent company	15	15
Total	625	593

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
	2,075	1,920
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
	6,205	5,977
Companies under common control	6,205	5,977

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 and maintenance of vehicles from Omnicar Auto OOD.