

SPEEDY AD

Sofia

**EXPLANATORY NOTES
TO THE
CONSOLIDATED FINANCIAL STATEMENT**

31 MARCH 2019

EXPLANATORY NOTES

Core Activity

The strategy of Speedy AD for long-term sustainable development allowed the company to keep high pace of growth during the current year and taking advantage of favorable market environment. The economic activity and consumption have continued to perform strongly, which supports the aggressive penetration of online trade. The latter is among the main driver of the market of courier services. Along with the built up logistic capacity and countrywide office network (which includes almost 60 APS), Speedy AD is well positioned to benefit from the market growth, evidenced by the financial results during the last quarter.

The acquisition of “Rapido Express and Logistics” EOOD have positive effect over the results, which strengthen the position of the company on the market and especially in e-commerce, where Rapido has a stronghold. Except the higher revenues, there is a considerable impact over the profitability of “Speedy” AD as a result of economy of scale.

Speedy is constantly developing new functionalities to its services in order to increase the added value for its customers. The service Smart Control was fully implemented in the first quarter. It was created exclusively to satisfy the growing demands of the customers. Every recipient receives SMS, VIBER or e-mail at the moment a parcel is sent to him, for expected delivery on the next day with link to personalized page “SMART CONTROL”. After clicking the link or opening it in a browser, the recipient could find all information needed about: sender, the content of the parcel, amount due for payment on delivery and services (if there are any) and most importantly – a possibility to redirect the delivery to the nearest or another office/APS within the same township free of charge. With the new “SMART CONTROL” service, “PREDICT”, which was implemented in January 2019, the message for expected delivery after 21:00 h has an exact hour of delivery, with time frame of +/- 30 minutes on the next day. In this way the recipients will not wait SPEEDY’s courier unnecessarily and if they prefer they could easily confirm the delivery on this time range through their mobile telephone or they could redirect it to the nearest or another office/APS within the same township free of charge. The implementation of the same service in Romania is still in progress.

During the last year the updated pricelist “Standard 24-hours+” offered attractive prices to customers and made the pricing more simplified and transparent for them and it was very well accepted from the clients. This led to additional extension of customer base especially among individual customers, which the Company was actively targeting the last years.

The amount invested during the period is BGN 2.2 million, with over 50% channeled in vehicles. Other more significant investments are in software and logistic network – for maintenance and equipment.

Financial results

The steps undertaken in the middle of last year for improving the pricing and services definition processes and standardising of the deliveries, initially resulted in a slowdown of revenue growth and had an impact on the first half of 2018, in Romania until the middle of the year. But this laid the foundation of the followed-up growth and the improved profitability – on annual base the growth of the revenues reached 33.7% in Q1 2019 and the net profit doubled.

The high growth is due to the especially strong performance in Romania where the revenues increased with almost 40% as a result of the investments and reorganization of processes which led to significant quality improvement of services. The domestic market also has strong performance with increase in revenues with 23.6%. Significant impact over the growth has the acquisition of Rapido, which logistic on the domestic market was largely integrated with the Speedy AD's infrastructure. Even eliminating the acquisition effect, the growth of revenues speeds up thanks to the new implemented services and the more attractive pricing offered to the customers together with additional services and improved quality, supported by intensive marketing campaign. This attracted a significant number of individual customers, from which the revenues speeded-up with almost doubled pace. The latter has impact over the number of parcels, that went up to 8.7 million pieces – over 37.6% more on an annual base.

The revenues from the international markets and international deliveries expand their share in total revenues significantly and are close to those in Bulgaria. This is due to the increased weight of Romanian market as well as the consolidation of Rapido, which has strong positions in deliveries in Greece, Romania and Central Europe.

Revenue structure, consolidated

In BGN '000	Q1 18	Q1 19	Change
Domestic market	22 462	27 759	23.6%
<i>% of the total revenues</i>	57.0%	53.2%	
International market	15 044	22 369	48.7%
<i>% of the total revenues</i>	38.2%	42.8%	
Others	1 892	2 089	10.4%
<i>% of the total revenues</i>	4.8%	4.0%	
Number of parcels delivered	6 311	8 685	37.6%
Total revenues	39 398	52 217	32.5%

Cost structure, consolidated

In BGN '000	Q1 18	Q1 19	Change
Costs of materials	1 783	2 139	20.0%
Costs of external services	23 552	29 046	23.3%
Compensation costs	8 280	11 169	34.9%
Other operating costs	578	502	-13.1%
Depreciation	2 810	4 522	60.9%
EBITDA	5 205	9 361	79.8%
Net profit for the period	1 836	3 709	102.0%

The optimization of processes and costs cutting, together with the acquisition of Rapido and realized economies of scales have a positive effect on the financial result. The more considerable increase is in “Subcontractors” expenses due to the growth in number of parcels processed, but the pace is lower than the growth of revenues which improved the profitability. With the purpose of popularizing the new services the advertising campaign was intensified, which affected the marketing expenses. In the payments on delivery, growing number of customers use card as mean of payment which is related to the respective expenses for bank charges. The labour market in Bulgaria and Romania is described with low unemployment and high demand of skilled personnel, which affects the compensation costs. During Q1 2019, the compensation costs grew in line with revenues, beside the

investments in productivity. All the rest expenses go up with a lower pace than the revenues or decrease, which leads to significant improvement in profitability – EBITDA margin reaches 18%, and the net income margin goes up to 7.1%. The new IFRS for accounting of leasings has a considerable effect on EBITDA, and the rent expenses, which were reported as costs for hired services in Q1 2018, are now reported in depreciation and interests.

RISK FACTORS IN COMPANY OPERATIONS.

“SPEEDY“ AD aims at keeping a low-risk profile through maintaining a low level of financial and operating leverage, high level of efficiency, implementation of strict rules and procedures in operations and strict compliance, diversification of customer base and suppliers.

Macroeconomic risk

Speedy “AD covers the whole country and provides services to companies of different sectors of the economy. Hence, the activity of the company depends heavily on economic conditions and overall business environment. Potential shrinking of the economy and the consumption would affect the profit margins, while a considerable and prolonged slow-down in the business activity might lead to a negative trend in the revenues. The company mitigates the risk by maintaining a high level of financial independence and constantly invests in efficiency improvement, which allows to achieve profitability well above its competitors.

Regulatory risk

The regulatory risk is associated with adoption of regulations, which might result in additional costs or restrictions on the activity of the company. Currently, are not expected implementation of changes, which may encumber the activity or may involve additional costs.

Interest rate risk

All interests-bearing liabilities of “Speedy“ AD are with floating interest rates, EURIBOR and SOFIBOR. Respectively, the increase in the overall interest levels would have a negative effect on the company. The expansionary monetary policy of the leading central banks dampen the main interest rates and most likely these levels will be sustained in the medium term, and considerable negative change is unlikely.

Credit risk

Almost 80 % of the revenues are generated from customers under contracts and therefore the service is not paid, when rendered, but on a monthly basis. In case of deterioration of economic situation, the amount of the past-due receivables may increase considerably. The company has implemented a detailed and strict system to monitor the accounts payable and their maturity, as well as a procedure for action in case of overdue payment. Following the improvement in economic situation, the provisions for past-due payments considerably decreased during the recent years and the company was able to collect a substantial part of its receivables, which had already been provisioned. As a result, the total amount of the accumulated provisions are decreasing during the recent years.

The cash is kept with a view to the lowest risk. The banks of the company are with the highest rating in the country.

Price risk

The price risk is related to the average inflation level of the country and to the level of competition. After 2009, the inflation in the country is low and in 2014 it reached negative levels. That combined with the high competition, put pressure on the prices of the services. Thanks to investments in efficiency and improvement of the processes, “Speedy“AD manages to maintain its competitiveness and has an opportunity to achieve high profitability despite of the price pressure.

Currency risk

The exposures of the company’s currency incurred due to deliveries to and from abroad, whose share in the total revenues is currently low. The bigger part of the currency operations are carried out in EUR. Therefore, the total effect of the change in the exchange rates is negligible. The increase in the international deliveries is one of the main sources of growth in the future, which is

also expected to lead to an increase in the currency exposure in the long run. During this year, transactions were carried out in EUR, BGN and RON. If the fixed exchange rate BGN – EUR is maintained, in the medium term we do not envisage considerable effect on the financial result of the company caused by the changes in the exchange rates. After the acquisition of DPD Romania SA, transactions in RON increased substantially and, respectively, the currency risk exposure. The share in the total revenues of the operations in RON is small and do not have a considerable effect on the final result. The change in the BGN/RON exchange rate has a considerable effect on consolidation of DPD Romania SA, since the revenues constitute about 30 % of the consolidated revenues.

Liquidity risk

The liquidity risk is the risk that the company may not be able to meet its due payments. “Speedy“ AD has considerable payables related with the payment under lease agreements and to its suppliers.

When managing its liquidity, the company tunes its payments in accordance with the expected future cash flows. In addition, cash reserves are maintained as a buffer in case of potential unfavorable market and economic circumstances and, respectively, temporary shrinking of the cash proceeds. Up to now, the company generates considerable positive cash flow, which allows to meet maturing payments timeously and maintaining solid liquidity indicators.

CONSOLIDATED FINANCIAL STATEMENTS

SPEEDY AD

AS OF 31.03.2019

SPEEDY GROUP**CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 31 March 2019

		<u>31.03.2019</u>	<u>31.12.2018</u>
	<i>Notes</i>	BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	70 320	73 295
Goodwill and Intangible assets	4	39 442	42 343
Deferred tax assets	5	468	466
Other long term receivables	6	540	544
Total non-current assets		<u>110 770</u>	<u>116 648</u>
Current assets			
Inventories	7	683	635
Trade receivables	8	25 070	22 921
Other receivables and prepayments	9	3 062	3 750
Cash and cash equivalents	10	13 100	15 089
Total current assets		<u>41 915</u>	<u>42 395</u>
TOTAL ASSETS		<u>152 685</u>	<u>159 043</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11.1	5 378	5 378
Statutory reserves	11.2	19 213	19 327
Current profit	11.2	27 799	24 090
Total equity		<u>52 390</u>	<u>48 795</u>
Non-current liabilities			
Long-term interest bearing liabilities	12	49 904	52 857
Deferred tax liabilities		2 168	2 168
Subsidies	13	39	119
Long-term provisions for pension benefits	14	178	178
Total non-current liabilities		<u>52 289</u>	<u>55 322</u>
Current liabilities			
Current part of long-term interest bearing liabilities	12	21 449	22 235
Accounts payable	15	11 248	12 546
Payables related to remunerations and for social securities	16	6 006	5 891
Tax payables	17	1 786	1 723
Subsidies	13	320	320
Other current liabilities	18	7 197	12 211
Total current liabilities		<u>48 006</u>	<u>54 926</u>
TOTAL EQUITY AND LIABILITIES		<u>152 685</u>	<u>159 043</u>

The enclosed explanatory notes on pages 1 to 23 are an integral part of the financial statements.

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

SPEEDY GROUP**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

as of 31 March 2019

		<u>31.03.2019</u>	<u>31.03.2018</u>
	<i>Notes</i>	BGN'000	BGN'000
Revenues	19	50 128	37 506
Other revenues(losses) from the core activity, net	20	2 089	1 892
Costs of materials	21	(2 139)	(1 783)
Costs of external services	22	(29 046)	(23 552)
Compensation costs	23	(11 169)	(8 280)
Depreciation and amortization	3, 4	(4 522)	(2 810)
Other operating expenses	23	(502)	(578)
Operating profit		<u>4 839</u>	<u>2 395</u>
Financial revenues	24	-	29
Financial expenses	25	(722)	(304)
Financial revenues/expenses, net		<u>(722)</u>	<u>(275)</u>
Profit before taxes		<u>4 117</u>	<u>2 120</u>
Income taxes	26	(408)	(284)
Net profit for the year		<u><u>3 709</u></u>	<u><u>1 836</u></u>

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Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

SPEEDY GROUP**CONCOLIDATED STATEMENT OF CASH FLOWS**

as of 31 March 2019

	<i>Notes</i>	<u>31.03.2019</u>	<u>31.03.2018</u>
		<u>BGN'000</u>	<u>BGN'000</u>
Cash flows from operating activity			
Proceeds from customers		57 774	44 297
Payments to suppliers		(38 460)	(30 836)
Payments related to remunerations and for social security		(10 694)	(7 898)
Tax payments		(2 777)	(2 638)
Income tax paid		(351)	(40)
Other proceeds/payments, net		<u>(3 038)</u>	<u>(2 678)</u>
Net cash flow from operating activity		<u>2 454</u>	<u>207</u>
Cash flows from investing activity			
Purchase of plant and equipment		(705)	(409)
Proceeds from sale of plant and equipment		126	19
Repaid loans to related parties		-	-
Fixed asset investment		(2 689)	-
Other proceeds/payments from investing activity		<u>-</u>	<u>-</u>
Net cash flow from investing activity		<u>(3 268)</u>	<u>(390)</u>
Cash flows from financing activity			
Payments under financial lease agreements		(1 575)	(1 542)
Proceeds from bank loans		1 329	-
Repayment of long-term loans		(741)	(761)
Paid interests and bank charges		(165)	(159)
Dividends paid		<u>-</u>	<u>-</u>
Net cash flow from financing activity		<u>(1 152)</u>	<u>(2 462)</u>
Net change in cash and cash equivalents		<u>(1 966)</u>	<u>(2 645)</u>
Net effect of changes in exchange rates		(23)	(25)
Cash and cash equivalents on 1 st January		<u>15 089</u>	<u>12 663</u>
Cash and cash equivalents as of 31st March	9	<u><u>13 100</u></u>	<u><u>9 993</u></u>

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Attributable to equity holders of the parent

	Share capital	Statutory reserves	Premium reserves	FX translation effects	Retained earnings	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
Balance as of 31 December 2017	5 378	538	19 565	(762)	20 530	45 249
<i>Change in equity 2018</i>						
Distribution of profits, incl.	-	-	-	-	(6 453)	(6 453)
<i>Reserves</i>		-			-	-
<i>Dividends</i>	-	-	-	-	(6 453)	(6 453)
Total comprehensive income for the year, incl	-	-	-	(14)	10 013	9 999
<i>Net income for the year</i>	-	-	-	-	10 026	10 026
<i>Other comprehensive income, net of taxes</i>	-	-	-	(14)	(13)	(27)
Other changes	-	-	-	-	-	-
Balance as of 31 December 2018	5 378	538	19 565	(776)	24 090	48 795
<i>Change in equity for 2019</i>						
Distribution of profits, incl.	-	-	-	-	-	-
<i>Reserves</i>		-			-	-
<i>Dividends</i>	-	-	-	-	-	-
Total comprehensive income for the year, incl	-	-	-	(114)	3 709	3 595
<i>Net income for the year</i>	-	-	-	-	3 709	3 709
<i>Other comprehensive income, net of taxes</i>	-	-	-	(114)		(114)
Other changes	-	-	-	-	-	-
Balance as of 31 March 2019	5 378	538	19 565	(890)	27 799	52 390

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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						
	Right of use	Investments in rented assets	Equipment	Vehicles	Computers	Other	Total
31 December 2018							
Book value as of 1 January (reported)	-	3 121	4 237	17 543	2 569	6 998	34 468
AFRS 16 translation of effects	38 152	-	-	38	-	-	38 190
Book value as of 1 January (adjusted)	38 152	3 121	4 237	17 581	2 569	6 998	72 658
Acquired	2 821	519	952	4 827	968	1 580	11 667
Assets from acquisition	1 266	305	454	3 708	48	376	6 157
Transfer	-	60	280	-	1	(341)	-
Written-off	-	-	(2)	(5 112)	(694)	(66)	(5 874)
Depreciation	(5 737)	(709)	(1 042)	(6 201)	(1 105)	(659)	(15 453)
Written-off depreciation	-	-	2	3 493	668	3	4 166
FX translation of effects	(11)	(1)	(2)	(5)	(3)	(4)	(26)
Book value as of 31 December	36 491	3 295	4 879	18 291	2 452	7 887	73 295
31 December 2018							
Initial value	42 224	6 978	9 426	43 755	8 444	10 435	121 262
Accumulated depreciation	(5 733)	(3 683)	(4 547)	(25 464)	(5 992)	(2 548)	(47 967)
Book value	36 491	3 295	4 879	18 291	2 452	7 887	73 295
Book value as of 1 January 2019							
	36 491	3 295	4 879	18 291	2 452	7 887	73 295
Acquired	13	227	53	1 240	114	291	1 938
Transfer	-	-	-	-	-	-	-
Written-off	(660)	(2)	-	(596)	(441)	(1)	(1 699)
Depreciation	(1 023)	(189)	(383)	(1 605)	(191)	(297)	(3 688)
Written-off depreciation	-	-	-	467	6	1	474
Book value as of 31 March 2019	34 821	3 331	4 549	17 797	1 941	7 881	70 320
31 March 2019							
Initial value	41 577	7 203	9 479	44 399	8 118	10 725	121 501
Accumulated depreciation	(6 756)	(3 872)	(4 930)	(26 602)	(6 177)	(2 844)	(51 181)
Book value	34 821	3 331	4 549	17 797	1 941	7 881	70 320

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	Intellectual property	Software	Cost of acquired assets	Total
31 December 2018					
Book value at the beginning of the year	11 274	6 794	3 448	922	22 438
Assets from acquisition	7 537	11 059	2 329	212	21 137
Written-off	-	-	(5)	(218)	(223)
Acquired	-	-	1 001	84	1 085
Transfer	-	-	588	(588)	-
Depreciation	-	(853)	(1 227)	-	(2 080)
FX translation of effects	(7)	(5)	(2)	-	(14)
Book value at the end of the year	18 804	16 995	6 132	412	42 343
Initial value	18 804	19 478	13 056	412	51 750
Accumulated depreciation	-	(2 483)	(6 924)	-	(9 407)
Book value	18 804	16 995	6 132	412	42 343
31 March 2019					
Book value at the beginning of the year	18 804	16 995	6 132	412	42 343
Written-off	-	-	(2 348)	-	(2 348)
Acquired	-	-	-	281	281
Depreciation	-	(453)	(381)	-	(834)
Book value at the end of the year	18 804	16 542	3 403	693	39 442
31 March 2019					
Initial value	18 804	19 478	10 708	693	49 683
Accumulated depreciation	-	(2 936)	(7 305)	-	(10 241)
Book value	18 804	16 542	3 403	693	39 442

6. INVENTORIES

As of 31 March 2019 in the value of inventories are included:

	31.03.2019	31.12.2018
	BGN'000	BGN'000
Materials	620	566
Fuel	63	69
Total	683	635

7. TRADE AND OTHER RECEIVABLES

	31.03.2019	31.12.2018	31.12.2017
	BGN'000	BGN'000	BGN'000
Receivables from customers	27,246	25,097	11,000
Less impairment	(2,176)	(2,176)	(1,000)
Receivables from customers, net amount	25,070	22,921	10,000
<i>including receivables from related parties (Note 29)</i>	<i>501</i>	<i>603</i>	

8. OTHER RECEIVABLES AND PREPAYMENTS

The other short-term receivables and prepayments include:

	31.03.2019	31.12.2018
	BGN'000	BGN'000
Prepayments	904	1,338
Deposits	729	256
Receivables from trustees	-	871
Tax receivables	447	463
Receivables on payments made on behalf of third parties	-	179
Advances paid	-	62
Other receivables	982	550
Total	3,062	3,750

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31.03.2019	31.12.2018
	BGN'000	BGN'000
Petty cash in vaults	2,143	2,753
Cash in bank accounts	10,821	12,227
Petty cash	136	109
Total	13,100	15,089

10. EQUITY

10.1 SHARE CAPITAL

As of 31.03.2019 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 and to a liquidation share and have one voting right at the General Meeting of Shareholders of the Company.

	<u>2019</u>	<u>2018</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 March 2019	5,377,619	5,377,619

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

	<u>31.03.2019</u>		<u>31.12.2018</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	5,377,619	100.00%	5,377,619	100.00%

10.2 STATUTORY RESERVES

	<u>31.03.2019</u>	<u>31.12.2018</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Statutory reserves	538	538
Total	538	538

The statutory reserves are formed from distributing 10% of the net profit in compliance 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>31.03.2019</u>	<u>31.12.2018</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Premium reserves	19,565	19,565
Total	19,565	19,565

The share premium of the Parent 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 per share BGN 23.

The FX translation reserves BGN 890 k, negative (31.12.2018: BGN 776 k negative) is formed as a result of revaluation of financial report during consolidation from local currency in the Group's reporting currency.

10.4 RETAINED EARNINGS

Changes of the *undistributed profit* is as follows:

	31.03.2019	31.12.2018
	BGN '000	BGN '000
Balance as of 1 January	24,090	20,530
Net profit for the year	3,709	10,026
Dividends distributed	-	(6,453)
Actuary losses from revaluations, net of taxes	-	(13)
Distribution for reserves	-	-
Other changes	(114)	-
Balance as of 31 December	27,685	24,090
<i>undistributed profit</i>	<i>23,976</i>	<i>14,064</i>
<i>current profit</i>	<i>3,709</i>	<i>10,026</i>

11. INTEREST BEARING LIABILITIES

The interest bearing liabilities as of 31 March 2019 include:

	31.03.2019	31.12.2018
	BGN'000	BGN'000
Investment liabilities	15,344	17,785
Payables under financial lease agreements	49,501	51,381
Long-term bank loans	6,508	5,926
Total	71,353	75,092
<i>non-current part</i>	<i>49,904</i>	<i>52,857</i>
<i>current part</i>	<i>21,449</i>	<i>22,235</i>

12. TRADE AND OTHER PAYABLES

As of 31.03.2019, the trade and other payables include:

	31.03.2019	31.12.2018
	BGN'000	BGN'000
Trade payables	10,672	11,998
Payables to related parties	576	548
Payables for remunerations	4,522	4,443
Payables for social security	1,484	1,448
Taxes payable	1,786	1,723
Other payables	9,800	12,211

Total	28,840	32,371
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13. REVENUES

The revenues of the Group consist of:

	31.03.2019	31.03.2018
	BGN'000	BGN'000
Revenues from courier services	50,128	37,506
Total	50,128	37,506

14. OTHER REVENUES

Other revenues of the Group consist of:

	31.03.2019	31.03.2018
	BGN'000	BGN'000
Revenues from renting out of motor vehicles	831	836
Other revenues	1,169	976
Financing	80	80
Total	2,089	1,892

15. COSTS OF MATERIALS

Costs of materials include:

	31.03.2019	31.03.2018
	BGN'000	BGN'000
Fuels	1,125	834
Delivery-related materials	604	533
Office materials and consumables	178	238
Uniforms	16	-
IT consumables	102	131
Other costs	114	47
Total	2,139	1,783

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	31.03.2019	31.03.2018
	BGN'000	BGN'000
Subcontractors	23,687	18,314
Rents	863	1,457
Communications and utility services	810	705
Vehicle maintenance	724	580
Insurance	430	342
Office/warehouse maintenance	273	254
Staff training	45	92

Marketing	347	232
Audit, consultant and other services	384	612
Other costs	1,249	792
Fees	234	172
Total	29,046	23,552

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Salaries and wages	9,280	6,611
Social security contributions	1,889	1,669
Total	11,169	8,280

18. OTHER OPERATING COSTS

Other operating expenses of the Company consist of:

	<u>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Indemnities for parcels	277	316
Representation costs	27	96
Other costs	198	166
Total	502	578

19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Interests income	-	29
Total	-	29

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Interest expenses	454	131
FX exchange loss, net	268	173
Total	722	304

21. TAXES

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

	<u>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Accounting profit before taxes	4,117	2,120
Increase	-	720
Decrease	(37)	-
Taxable net income	4,080	2,840
Income tax	(408)	(284)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(408)	(284)
Net income	3,709	1,836

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>31.03.2019</u>	<u>31.03.2018</u>
	BGN'000	BGN'000
Distributable net income /BGN'000. /	3,709	1,836
Weighted average number of shares	5,377,619	5,356,712
Earnings per share /BGN per share/	0,69	0,34

22.2 Dividends

No dividends distributed for the reported quarter

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

Related Party

Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
Speedy EOOD	Subsidiary
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 ocasion EOOD	Company under common control
Omnicar rent EOOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Geopost S.A., France	Shareholder with significant influence

Trade and other receivables from related parties

	<u>31.03.2019</u>	<u>31.12.2018</u>
	<u>BGN '000</u>	<u>BGN '000</u>
Receivables from companies under common control	425	174
Receivables from shareholders with significant influence	76	429
Total	501	603

Trade and other payables to related parties

The payables to related parties include:

	<u>31.03.2019</u>	<u>31.12.2018</u>
	<u>BGN '000</u>	<u>BGN '000</u>
Trade payables, incl.	576	548
Payables to companies under common control	576	548
Other payables, incl.	110	125
Deposits from the Members of the BoD	110	110
Interest payables under loan from ultimate Parent	15	15
Total	701	649

The company has payables to the BoD's members in amount of BGN 110 thousand (31.12.2018: BGN 110 k) in compliance with art. 240, para 1 of Commercial Code.

Commercial transactions with related parties

<i>Sales to related parties</i>	<u>31.03.2019</u>	<u>31.03.2018</u>
	<u>BGN '000</u>	<u>BGN '000</u>


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	925	1,114
Companies under common control	862	837
Shareholders with significant influence	63	277
	31.03.2019	31.03.2018
<i>Purchases from related parties</i>	BGN '000	BGN '000
Companies under common control	3,023	2,884

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.

INFORMATION under Appendix 9 from regulation 2 of FSC

- 1. Information about change of persons exercising control over the company.**
No change.
- 2. Information about opened insolvency proceedings against the company or its subsidiary and all stages regarding to above mentioned proceedings.**
No opened insolvency procedures.
- 3. Information about significant deals. The decision for signing, terminating and breaking a contract for joined ventures.**
There are no significant deals.
- 4. Change of the company's auditor and reasons for it.**
No change of the auditing company.
- 5. Information about pending legal, administrative or arbitration proceedings, concerning obligations or receivables of the company or its subsidiary in amount of at least 10 percent of the company's equity.**
There are no legal or other proceedings with significant value.
- 6. Purchase, sale or pledge of shares in other companies by the issuer or by any of its subsidiary.**
Not applicable.
- 7. Other events which the company consider to be of importance for the investors in taking decision to acquire, sell or hold publicly offered securities.**
- 8. No other events except already announced.**



Изпълнителен директор:
/ Валери Мектупчиян /