

**SPEEDY AD**

**SOFIA**

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

**30 SEPTEMBER 2018**

## EXPLANATORY NOTES

### **Core Activity**

Speedy AD work towards expanding its market positions and more specifically in e-commerce. A key element of the efforts is development of the office network that already reached 450 point-of-sales (incl. 50 APSs). Important step in this direction is the acquisition of “Rapido express and logistic” OOD, an enterprise with strong positions in e-commerce, that was completed on 11.10.2018.

The expansion of the APS network which is essential element in the new postal service of the company that offers to our clients opportunity to send parcels in 4 sizes up to 20 kg in Speedy’s offices at highly attractive prices. In the middle of the year a contract with the retail chain Billa was signed for placing APSs in their locations where a suitable area is available. This has allowed for speeding up the network expansion. After redesign of the offices, we continued with its expansion and optimization where this year in the focus are small towns with 5 000 to 15 000 population.

Since 01.09 were introduced a new pricelist named “Standard 24-hours+”. It is a solution offering considerably lower price level to clients for parcels deliveries from office to office. The price update continues our policy to enhance our presence in online trade as well as to make our pricing more simplified and transparent for clients. “Standard 24-hours+” is going to be the basis in the pricing for all deliveries to / from address. In response to demand for pick up – drop off from / to address, to the tariff for delivery to / from office we will calculate supplemental fee for pick up from address and / or drop off to address. In order to promote APS service, we are offering to clients 50% discount until 01.02.2019 for any delivery to / from APS.

Successfully continues to be the regional market’s development with the service Speedy Balkans, which is the best performing segment during the year. The main contributor are the deliveries from / to Romania but after the successful launch of the deliveries to / from Greece last year the latter also increase with a high pace. Speedy JSC acquired the DPD franchise for Greece. The activity will be carried out through the branch of Geopost Bulgaria registered in Thessaloniki. The company offers international deliveries to / from Europe through DPD network, while deliveries within Greece continue to be executed through the local partner. Although at early stage, the service shows promising results.

The amount invested during the period is BGN 5.1m with over 60% of them channeled to the development of logistic capacity of our subsidiary in Romania – acquiring vehicles and equipment.

### **Financial results**

#### *Non-consolidated basis*

The measures undertaken in the mid 2017 for improving the pricing and services defining processes and standardising of the deliveries, initially resulted in a slowdown of revenue growth but in the end of 2017 and beginning of 2018 the trend rebounded. The sales growth is accelerating in each quarter of the year and by the end of September reached 18.5% and in Q3 18 only, the increase is 31%.

The sales growth is generally evenly distributed across markets as well as segments and services. Two services, Speedy Balkans and Speedy Post, that has been introduced in the last years, have been developing more dynamically. The share of individual clients also is improving though from a still low base.

*Revenue structure, non-consolidated*

In BGN '000	9mo 17	9mo 18	Change	Q3 17	Q3 18	Change
<b>Domestic market</b>	64 030	72 377	13.0%	21 450	26 282	22.5%
<i>% of the total revenues</i>	83.16%	79.41%		83.1%	78.2%	
<b>International market</b>	9 927	15 082	51.9%	3 325	6 125	84.2%
<i>% of the total revenues</i>	12.89%	16.55%		12.9%	18.2%	
<b>Others</b>	3 039	3 689	21.4%	1 030	1 200	16.5%
<i>% of the total revenues</i>	3.95%	4.05%		4.0%	3.6%	
<b>Number of parcels delivered</b>	12 805	15 506	21.1%	4 076	5 666	39.0%
<b>Total revenues</b>	<b>76 996</b>	<b>91 148</b>	<b>18.4%</b>	<b>25 805</b>	<b>33 607</b>	<b>30.2%</b>

*Cost structure, non-consolidated*

In BGN '000	9mo 17	9mo 18	Change	Q3 17	Q3 18	Change
<b>Costs of materials</b>	4 234	4 938	16.6%	1 333	1 855	39.2%
<b>Costs of external services</b>	40 329	46 900	16.3%	13 120	17 151	30.7%
<b>Compensation costs</b>	18 031	20 398	13.1%	6 081	7 378	21.3%
<b>Other operating costs</b>	1 535	1 079	-29.7%	403	331	-17.9%
<b>Depreciation</b>	5 974	6 100	2.1%	2 030	1 984	-2.3%
<b>EBITDA</b>	<b>12 867</b>	<b>17 833</b>	<b>38.6%</b>	<b>4 868</b>	<b>6 892</b>	<b>41.6%</b>
<b>Net profit for the period</b>	<b>6 094</b>	<b>10 921</b>	<b>79.2%</b>	<b>2 580</b>	<b>4 769</b>	<b>84.8%</b>

The optimization in processes and costs cutting have affected current year as well. The effects are in the expenses with the largest share in the cost structure – subcontractors and payroll. Both are growing slower than revenue. The most considerable improvements are in “Other operating expenses”, where decrease is in all items - Indemnities for parcels, representative expenses and others. Cost of materials also shrunk on lower fuel costs.

As a result, EBITDA climbed 38.6% on annual base, while the Net income adding 79%. EBITDA Margin increased to 19.4%, compared with 16.1% in Q3 17. For the same period, Net Income Margin jumped from 8% in Q3 17 to 12% in the last quarter. On the net income weighted also BGN 0.5m higher financial income – from dividends and interest income.

*Consolidated basis*

On consolidated basis the growth in sales is considerably lower – 11% yoy because of the shrink in revenue in Romania during Q1 18. As well as in the last quarter of 2017 the reason is the termination of contracts with clients where the company realized insufficient profit, incl. its largest client. To a lesser extent, lower sales followed the increase in fees and replacement of ERP system. The effect of changes on the sales proved to be temporary. The drop was offset and during the 2<sup>nd</sup> quarter operations in Romania were at the level of 2017 and during Q3 2018 the growth exceeded 16%

*Revenue structure, consolidated*

In BGN '000	9mo 17	9mo 18	Change	Q3 17	Q3 18	Change
<b>Domestic market</b>	64 030	72 377	13.0%	21 450	26 282	22.5%
<i>% of the total revenues</i>	55.3%	56.4%		55.7%	55.3%	
<b>International market</b>	46 337	50 004	7.9%	15 330	19 280	25.8%
<i>% of the total revenues</i>	40.0%	38.9%		39.8%	40.6%	
<b>Others</b>	5 338	6 054	13.4%	1 744	1 945	11.5%
<i>% of the total revenues</i>	4.6%	4.7%		4.5%	4.1%	
<b>Number of parcels delivered</b>	19 450	20 699	6.4%	6 153	7 586	23.3%
<b>Total revenues</b>	<b>115 705</b>	<b>128 435</b>	<b>11.0%</b>	<b>38 524</b>	<b>47 507</b>	<b>23.3%</b>

*Cost structure, consolidated*

In BGN '000	9mo 17	9mo 18	Change	Q3 17	Q3 18	Change
<b>Costs of materials</b>	5 072	6 057	19.4%	1 677	2 284	36.2%
<b>Costs of external services</b>	69 724	74 100	6.3%	22 240	27 591	24.1%
<b>Compensation costs</b>	22 925	26 345	14.9%	7 733	9 481	22.6%
<b>Other operating costs</b>	2 953	1 869	-36.7%	948	786	-17.1%
<b>Depreciation</b>	7 910	8 396	6.1%	2 684	2 768	3.1%
<b>EBITDA</b>	<b>15 031</b>	<b>20 064</b>	<b>33.5%</b>	<b>5 926</b>	<b>7 365</b>	<b>24.3%</b>
<b>Net profit for the period</b>	<b>5 591</b>	<b>9 810</b>	<b>75.5%</b>	<b>2 602</b>	<b>3 938</b>	<b>51.3%</b>

Incremental revenue was realized in “Other operating income” that also are related with core activity of Speedy AD and are recurring in nature. Higher income comes from rent of transportation vehicles both in Bulgaria and Romania that reached BGN 2.5m on non-consolidated and BGN 3m on consolidated basis.

The number of parcels delivered reached 20.7m where in Bulgaria the increase is in line with sales growth. In Romania the number of parcels is considerably lower after cutting deliveries with lower than demanded profitability. As a result, the income per delivery improved markedly. The new logistic scheme and reorganization of transportation resulted in 14% fall of costs for subcontractors that is the main contributor for improved profitability. Sizable reduction is realized in Indemnities for parcels that are down 44% (58% for the whole group). Cutting unprofitable operation also contributed for the better results.

The consolidated net income for the period climbed 75.5%. EBITDA attained BGN 20m or with 33.5% increase compared to the 9-months of 2017. On consolidated basis EBITDA margin hit 15.6% and Net Profit Margin – 7.64%

## **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.

**NON-CONSOLIDATED FINANCIAL STATEMENTS**

**SPEEDY AD**

**AS OF 30.09.2018**

**SPEEDY AD****NON-CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 30 September 2018

		<u>30.09.2018</u>	<u>31.12.2017</u>
	<i>Notes</i>	<b>BGN'000</b>	<b>BGN'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	21,780	26,122
Intangible assets	4	1,777	2,603
Investments in subsidiaries	5	26,447	26,447
Loans to related parties	29	9,098	5,867
Deferred tax assets	6	263	263
<b>Total non-current assets</b>		<b><u>59,365</u></b>	<b><u>61,302</u></b>
<b>Current assets</b>			
Inventories	7	316	261
Trade receivables	8	19,006	12,126
Current part of long-term receivables from related parties	29	-	3,134
Other receivables and prepayments	9	2,648	3,845
Cash and cash equivalents	10	6,649	7,293
<b>Total current assets</b>		<b><u>28,619</u></b>	<b><u>26,659</u></b>
<b>TOTAL ASSETS</b>		<b><u>87,984</u></b>	<b><u>87,961</u></b>



**SPEEDY AD****NON-CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 30 September 2018

**EQUITY AND LIABILITIES****Equity**

Share capital	11.1	5,378	5,378
Statutory reserves	11.2	538	538
Premium reserves	11.3	19,565	19,565
Retained earnings	11.4	17,349	15,452
Current profit	11.4	10,921	8,350
<b>Total equity</b>		<b>53,751</b>	<b>49,283</b>

**Non-current liabilities**

Long-term interest bearing liabilities	12	8,475	13,531
Subsidies	13	199	439
Long-term provisions for pension benefits	14	157	157
<b>Total non-current liabilities</b>		<b>8,831</b>	<b>14,127</b>

**Current liabilities**

Current part of long-term interest bearing liabilities	12	8,535	8,501
Accounts payable	15	6,563	4,744
Payables related to remunerations and for social securities	16	3,614	3,660
Tax payables	17	1,783	1,562
Subsidies	13	320	320
Other current liabilities	18	4,587	5,764
<b>Total current liabilities</b>		<b>25,402</b>	<b>24,551</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>87,984</b>	<b>87,961</b>

		<u>30.09.2018</u>	<u>30.09.2017</u>
	<i>Notes</i>	<b>BGN'000</b>	<b>BGN'000</b>
Revenues	19	87,459	73,957
Other revenues(losses) from the core activity, net	20	3,689	3,039
Costs of materials	21	(4,938)	(4,234)
Costs of external services	22	(46,900)	(40,329)
Compensation costs	23	(20,398)	(18,031)
Depreciation and amortization	3, 4	(6,100)	(5,974)
Other operating expenses	23	(1,079)	(1,535)
<b>Operating profit</b>		<b>11,733</b>	<b>6,893</b>
Financial revenues	24	748	377
Financial expenses	25	(376)	(499)
<b>Financial revenues/expenses, net</b>		<b>372</b>	<b>(122)</b>
<b>Profit before taxes</b>		<b>12,105</b>	<b>6,771</b>
Income taxes	26	(1,184)	(677)
<b>Net profit for the year</b>		<b>10,921</b>	<b>6,094</b>
<b>Other comprehensive income</b>		<b>10,921</b>	<b>6,094</b>
<b>Earnings per share</b>	27	<b>2.04</b>	<b>1.14</b>
	BGN		

<i>Notes</i>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Cash flows from operating activity</b>		
Proceeds from customers	103,245	93,063
Payments to suppliers	(63,930)	(58,233)
Payments related to remunerations and for social security	(20,318)	(16,863)
Tax payments	(7,161)	(7,448)
Income tax paid	(852)	(574)
Other proceeds/payments, net	214	1,532
<b><i>Net cash flow from operating activity</i></b>	<b>11,198</b>	<b>11,477</b>
<b>Cash flows from investing activity</b>		
Purchase of plant and equipment	(1,055)	(1,578)
Proceeds from sale of plant and equipment	321	156
Extended loans, net	(362)	(2,382)
Loans repaid	500	
Interest on loan extended	533	-
Dividends received	325	-
Other proceeds/payments, net	298	
<b><i>Net cash flow from investing activity</i></b>	<b>560</b>	<b>(3,804)</b>
<b>Cash flows from financing activity</b>		
Payments under financial lease agreements	(4,445)	(4,331)
Proceeds from long-term loans	920	2,603
Repayment of long-term loans	(2,263)	-
Paid interests and bank charges	(124)	(147)
Dividends paid	(6,444)	(6,018)
Issuance of equity	-	42
<b><i>Net cash flow from financing activity</i></b>	<b>-12 356</b>	<b>-7 851</b>
<b>Change in cash and cash equivalents</b>	<b>-644</b>	<b>-255</b>
Cash and cash equivalents beginning of period	7 293	6 011
<b>Cash and cash equivalents as of period</b>	<b>6 649</b>	<b>5 756</b>

	Notes	Share capital BGN'000	Premium reserves BGN'000	Statutory reserves BGN'000	Retained earning BGN'000	Total BGN'000
<b>Balance as of 1 January 2017</b>	<b>19</b>	<b>5,336</b>	<b>19,565</b>	<b>534</b>	<b>21,482</b>	<b>46,917</b>
<i>Change in equity for 2017</i>						
		42	-	-	-	42
Issuance of shares		-	-	4	(6,034)	(6,030)
Distribution of profits, incl.		-	-	4	(4)	-
* Reserves		-	-	-	(6,030)	(6,030)
* Dividends		-	-	-	-	-
		-	-	-	8,354	8,354
Total comprehensive income for the year, incl.		-	-	-	8,350	8,350
* Net income for the year		-	-	-	4	4
* Other comprehensive income, net of taxes		-	-	-	-	-
<b>Balance as of 31 December 2017</b>	<b>19</b>	<b>5,378</b>	<b>19,565</b>	<b>538</b>	<b>23,802</b>	<b>49,283</b>
<i>Change in equity for 2018</i>						
Distribution of profits, incl.		-	-	-	(6,453)	(6,453)
* Reserves		-	-	-	-	-
* Dividends		-	-	-	(6,453)	(6,453)
Total comprehensive income for the year, incl.		-	-	-	10,921	10,921
* Net income for the year		-	-	-	10,921	10,921
* Other comprehensive income, net of taxes		-	-	-	-	-
<b>Balance as of 31 September 2018</b>	<b>19</b>	<b>5,378</b>	<b>19,565</b>	<b>538</b>	<b>28,270</b>	<b>53,751</b>

### 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:

	Plant and equipment	Vehicles	Computers	Investments in rented assets	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>31 December 2017</b>						
<b>Book value at the beginning of the period</b>	<b>2,600</b>	<b>15,399</b>	<b>2,018</b>	<b>2,202</b>	<b>4,957</b>	<b>27,176</b>
Acquired	366	5,198	402	115	447	6,528
Written-off	-	(1,567)	(2,261)	-	(9)	(3,837)
Depreciation	(414)	(5,249)	(711)	(552)	(514)	(7,440)
Written-off depreciation	-	1,429	2,261	-	5	3,695
<b>Book value at the end of the period</b>	<b>2,552</b>	<b>15,210</b>	<b>1,709</b>	<b>1,765</b>	<b>4,886</b>	<b>26,122</b>
	4,708	35,437	5,140	4,363	6,623	56,271
<b>31 December 2017</b>	4,708	35,437	5,140	4,363	6,623	56,271
<b>Initial value</b>	(2,156)	(20,227)	(3,431)	(2,598)	(1,737)	(30,149)
<b>Accumulated depreciation</b>	<b>2,552</b>	<b>15,210</b>	<b>1,709</b>	<b>1,765</b>	<b>4,886</b>	<b>26,122</b>
<b>Book value</b>	<b>2,600</b>	<b>15,399</b>	<b>2,018</b>	<b>2,202</b>	<b>4,957</b>	<b>27,176</b>
<b>31 September 2018</b>						
<b>Book value at the beginning of the period</b>	<b>2,552</b>	<b>15,210</b>	<b>1,709</b>	<b>1,765</b>	<b>4,886</b>	<b>26,122</b>
Acquired	180	506	336	238	666	1,926
Written-off		(2,676)	(5)		(516)	(3,197)
Depreciation	(346)	(3,908)	(526)	(411)	(416)	(5,607)
Written-off depreciation		2,531	5			2,536
<b>Book value at the end of the period</b>	<b>2,386</b>	<b>11,663</b>	<b>1,519</b>	<b>1,592</b>	<b>4,620</b>	<b>21,780</b>
<b>31 September 2018</b>						
<b>Initial value</b>	4,888	33,267	5,471	4,601	6,773	55,000
<b>Accumulated depreciation</b>	(2,502)	(21,604)	(3,952)	(3,009)	(2,153)	(33,220)
<b>Book value</b>	<b>2,386</b>	<b>11,663</b>	<b>1,519</b>	<b>1,592</b>	<b>4,620</b>	<b>21,780</b>

### 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	Cost of acquired assets	Total
	BGN'000	BGN'000	BGN'000
<b>31 December 2017</b>			
Book value at the beginning of the year	1,992	915	2,907
Acquired	228	78	306
Written-off	-	-	-
Depreciation	(610)	-	(610)
Written-off depreciation	-	-	-
<b>Book value at the end of the year</b>	<b>1,610</b>	<b>993</b>	<b>2,603</b>
<b>31 December 2017</b>			
Initial value	6,159	704	6,863
Accumulated depreciation	(4,260)	-	(4,260)
<b>Book value</b>	<b>1,899</b>	<b>704</b>	<b>2,603</b>
<b>31 September 2018</b>			
Book value at the beginning of the year	1,899	704	2,603
Acquired	14	279	293
Written-off	-	(626)	(626)
Depreciation	(493)	-	(493)
Written-off depreciation	-	-	-
<b>Book value at the end of the year</b>	<b>1,420</b>	<b>357</b>	<b>1,777</b>
<b>31 September 2018</b>			
Initial value	6,173	357	6,530
Accumulated depreciation	(4,753)	-	(4,753)
<b>Book value</b>	<b>1,420</b>	<b>357</b>	<b>1,777</b>

## 5. INVESTMENTS IN SUBSIDIARIES

As of 31 September 2018, the investments in subsidiaries are as follows:

	<u>30.09.2018</u>	share	<u>31.12.2017</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%
<b>Total</b>	<b>26,447</b>		<b>26,447</b>	

## 6. INVENTORIES

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Materials	204	153
Fuel	112	108
<b>Total</b>	<b>316</b>	<b>261</b>

## 7. TRADE AND OTHER RECEIVABLES

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Receivables from customers	19,950	12,933
Less impairment	(944)	(807)
<b>Receivables from customers, net amount</b>	<b>19,006</b>	<b>12,126</b>
<i>including receivables from related parties (Note 29)</i>	<i>3,619</i>	<i>1,349</i>

The change of the impairment has been changed as follows:

	<u>2018</u>	<u>2017</u>
	BGN'000	BGN'000
At the beginning of the year	807	922
Impairments booked	137	70
Impairments recovered	-	-
Written-off impairments	-	(185)
<b>At the end of the period</b>	<b>944</b>	<b>807</b>

## 8. OTHER RECEIVABLES AND PREPAYMENTS

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Receivables on payments made on behalf of related parties	-	1,192
Prepayments	828	901
Receivables from trustees	-	601

Deposits	735	673
Receivables on government grants	-	298
Receivables on payments made on behalf of third parties	-	159
Advances paid	1,085	19
Other receivables	-	2
<b>Общо</b>	<b>2,648</b>	<b>3,845</b>

## 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Pitty cash	4,659	4,571
Cash in bank accounts	1,745	2,570
Petty	245	152
<b>Total</b>	<b>6,649</b>	<b>7,293</b>

## 10. EQUITY

### 10.1 SHARE CAPITAL

As of 30.09.2018 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 represent one vote at the General Meeting of Shareholders of the Company.

	<b>2018</b>	<b>2017</b>
	<b>Number of shares</b>	<b>Number of shares</b>
Number of issued and fully paid-in shares:		
At the beginning of the year	5,377,619	5,335,919
Number of issued and fully paid-in shares	-	
<b>Number of shares, outstanding on 31 September 2018</b>	<b>5,377,619</b>	<b>5,335,919</b>

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

	<b>30.09.2018</b>		<b>31.12.2017</b>	
	<b>Number of shares</b>	<b>%</b>	<b>Number of shares</b>	<b>%</b>
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%
<b>Total</b>	<b>5,377,619</b>	<b>100.00%</b>	<b>5,377,619</b>	<b>100.00%</b>



## 10.2 STATUTORY RESERVES

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Statutory reserves	538	538
<b>Total</b>	<b><u>538</u></b>	<b><u>538</u></b>

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>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Premium reserves	19,565	19,565
<b>Total</b>	<b><u>19,565</u></b>	<b><u>19,565</u></b>

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 per share BGN 23.

## 10.4 RETAINED EARNINGS

Changes of the undistributed profit is as follows:

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN '000	BGN '000
<b>Balance as of 1 January</b>	<b><u>23,802</u></b>	<b><u>21,482</u></b>
Net profit for the year	10,921	8,350
Dividends distributed	(6,453)	(6,030)
Actuary losses from revaluations, net of taxes	-	4
Distribution for reserves	-	(4)
<b>Balance as of 31 September 2018, including</b>	<b><u>28,270</u></b>	<b><u>23,802</u></b>
<i>undistributed profit</i>	<i>17,349</i>	<i>15,452</i>
<i>current profit</i>	<i>10,921</i>	<i>8,350</i>

## 11. INTEREST BEARING LIABILITIES

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Payables under financial lease agreements	9,428	13,100
Long-term bank loans	7,582	8,932
<b>Total</b>	<b><u>17,010</u></b>	<b><u>22,032</u></b>
non-current part	<i>8,475</i>	<i>13,531</i>
current part	<i>8,535</i>	<i>8,501</i>

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

As of 30.09.2018, the payables of the Company under financial lease agreements are the following:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under financial lease agreements	9,428	13,100
- Long-term part	4,778	7,558
- Short-term part	4,650	5,542
<b>Total</b>	<b>9,428</b>	<b>13,100</b>

The lease agreements consist of fixed lease payments and purchase option at the end of the term of the lease. As of 30.09.2018, amount due under bank loans are the following:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under received loans from banks, incl.:	7,582	8,933
- <i>short-term part</i>	3,885	3,012
- <i>long-term part</i>	3,697	5,921
<b>Total</b>	<b>7,582</b>	<b>8,933</b>

As of 30.09.2018 as a short-term interest-bearing liabilities are included BGN 920k overdraft.

## 12. TRADE AND OTHER PAYABLES

As of 30.09.2018, the trade and other payables include:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Trade payables	4,372	3,013
Payables to related parties	2,191	1,731
Payables for remunerations	2,816	2,937
Payables for social security	798	723
Taxes payable	1,783	1,562
Other payables	4,587	5,764
<b>Total</b>	<b>16,547</b>	<b>15,330</b>

## 13. REVENUES

The revenues of the Company consist of:

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Revenues from courier services	87,459	73,957
<b>Total</b>	<b>87,459</b>	<b>73,957</b>

## 14. OTHER REVENUES

Other revenues of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from renting out of motor vehicles	2,529	2,012
Other revenues	920	800
Financing	240	227
<b>Total</b>	<b><u>3,689</u></b>	<b><u>3,039</u></b>

## 15. COSTS OF MATERIALS

Costs of materials include:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	2,670	2,491
Delivery-related materials	1,114	1,184
Office materials and consumables	244	191
Uniforms	131	120
IT consumables	420	140
Other costs	359	108
<b>Total</b>	<b><u>4,938</u></b>	<b><u>4,234</u></b>

## 16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	36,264	31,247
Rents	3,152	2,613
Communications and utility services	1,254	1,593
Vehicle maintenance	1,929	2,191
Insurance	1,150	828
Office/warehouse maintenance	560	284
Staff training	120	155
Marketing	444	311
Audit, consultant and other services	1,161	458
Other costs	543	405
Fees	323	244
<b>Total</b>	<b><u>46,900</u></b>	<b><u>40,329</u></b>

## 17. COMPENSATION COSTS

Compensation costs consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Salaries and wages	17,425	15,440
Social security contributions	2,973	2,591
<b>Total</b>	<b><u>6,405</u></b>	<b><u>5,951</u></b>

## 18. OTHER OPERATING COSTS.

Other operating expenses of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	BGN'000	BGN'000
Indemnities for parcels	375	671
Representation costs	243	308
Other costs	461	556
<b>Total</b>	<b><u>1,079</u></b>	<b><u>1,535</u></b>

## 19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	BGN'000	BGN'000
Interests income	423	377
<b>Total</b>	<b><u>423</u></b>	<b><u>377</u></b>

## 20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	BGN'000	BGN'000
Interest expenses	308	400
FX exchange loss, net	60	87
Other	8	12
<b>Total</b>	<b><u>376</u></b>	<b><u>499</u></b>

## 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>30.09.2018</u>	<u>30.09.2017</u>
	BGN'000	BGN'000
<b>Accounting profit before taxes</b>	<b><u>12,105</u></b>	<b><u>6,771</u></b>
Increase	60	-
Decrease	(325)	-
<b>Taxable net income</b>	<b><u>11,840</u></b>	<b><u>6,771</u></b>
<b>Income tax</b>	<b>(1,184)</b>	<b>(677)</b>
Tax rate	10%	10%
<b>Deferred taxes</b>	<b>-</b>	<b>-</b>
Tax rate	10%	10%

<b>Total income tax and deferred taxes</b>	(1,184)	(677)
<b>Net income</b>	<b>10,921</b>	<b>6,094</b>

## 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>30.09.2018</u>	<u>30.09.2017</u>
	BGN'000	BGN'000
Distributable net income /BGN'000. /	10,921	6,094
Weighted average number of shares	5,356,712	5,377,619
<b>Earnings per share /BGN per share/</b>	<b>2,04</b>	<b>1,13</b>

### 22.2 Dividends

No dividends distributed in Q1

## 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.

<b>Related Party</b>	<b>Type of relationship</b>
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	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 oil 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

### Extended loans

As of 31 December 2017, Company's receivables from extended loans are as follows:

	<b>2018</b>	<b>2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Dynamic Parcel Distribution S.A., Romania	9,132	9,001
incl.		
- principal	9,098	8,736
- interest	34	265
<b>Total</b>	<b>9,132</b>	<b>9,001</b>
<i>incl. current part</i>	<i>5,867</i>	<i>5,867</i>
<i>incl. non-current part</i>	<i>3,265</i>	<i>3,134</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

#### Trade and other receivables from related parties

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Receivables from subsidiaries	3,000	1,029
Receivables from companies under common control	371	108
Receivables from shareholders with significant influence	214	212
<b>Total</b>	<b>3,585</b>	<b>1,349</b>

#### Trade and other payables to related parties

The payables to related parties include:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Trade payables, incl.	2,081	1,498
Payables to subsidiaries	1,603	974
Payables to companies under common control	478	524
Other payables, incl.	110	233
Deposits from the Members of the BoD	110	110
<b>Total</b>	<b>2,191</b>	<b>1,731</b>

As of 31.12.2017 the company has payables to the BoD's members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code.

#### Commercial transactions with related parties

<i>Sales to related parties</i>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>

	<u>8,528</u>	<u>6,379</u>
Subsidiaries	5,423	3,733
Companies under common control	2,509	2,285
Shareholders with significant influence	596	361

	<u>30.09.2018</u>	<u>30.09.2017</u>
<i>Purchases from related parties</i>	<b>BGN '000</b>	<b>BGN '000</b>
	<u>13,811</u>	<u>14,047</u>
Companies under common control	8,855	8,749
Subsidiaries	4,956	5,298

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.

**CONSOLIDATED FINANCIAL STATEMENTS**

**SPEEDY AD**

**AS OF 30.09.2018**



**SPEEDY AD****CONSOLIDATED STATEMENT OF FINANCIAL STANDING**

as of 30 September 2018

		<b>30.09.2018</b>	<b>31.12.2017</b>
	<i>Notes</i>	<b>BGN'000</b>	<b>BGN'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	30,697	34,468
Goodwill and Intangible assets	4	20,680	22,438
Deferred tax assets	5	265	265
Other long term receivables	6	301	213
<b>Total non-current assets</b>		<b>51,943</b>	<b>57,384</b>
<b>Current assets</b>			
Inventories	7	720	417
Trade receivables	8	24,872	19,716
Other receivables and prepayments	9	3,805	3,538
Cash and cash equivalents	10	11,386	12,663
<b>Total current assets</b>		<b>40,783</b>	<b>36,334</b>
<b>TOTAL ASSETS</b>		<b>92,726</b>	<b>93,718</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11.1	5,378	5,378
Statutory reserves	11.2	19,347	19,341
Current profit	11.2	24,153	20,796
<b>Total equity</b>		<b>48,878</b>	<b>45,515</b>
<b>Non-current liabilities</b>			
Long-term interest bearing liabilities	12	9,400	13,652
Deferred tax liabilities		963	963
Subsidies	13	199	439
Long-term provisions for pension benefits	14	157	157
<b>Total non-current liabilities</b>		<b>10,719</b>	<b>15,211</b>
<b>Current liabilities</b>			
Current part of long-term interest bearing liabilities	12	8,831	8,557
Accounts payable	15	10,182	9,014
Payables related to remunerations and for social securities	16	4,312	4,221
Tax payables	17	1,803	1,664
Subsidies	13	320	320
Other current liabilities	18	7,681	9,216
<b>Total current liabilities</b>		<b>33,129</b>	<b>32,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>92,726</b>	<b>93,718</b>

**SPEEDY AD****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

as of 30 September 2018

		<u>30.09.2018</u>	<u>30.09.2017</u>
	<i>Notes</i>	<u>BGN'000</u>	<u>BGN'000</u>
Revenues	19	122,381	110,367
Other revenues(losses) from the core activity, net	20	6,054	5,338
Costs of materials	21	(6,057)	(5,072)
Costs of external services	22	(74,100)	(69,724)
Compensation costs	23	(26,345)	(22,925)
Depreciation and amortization	3, 4	(8,396)	(7,910)
Other operating expenses	23	(1,869)	(2,953)
<b>Operating profit</b>		<u><b>11,668</b></u>	<u><b>7,121</b></u>
Financial revenues	24	121	213
Financial expenses	25	(661)	(1,035)
<b>Financial revenues/expenses, net</b>		<u><b>(540)</b></u>	<u><b>(822)</b></u>
<b>Profit before taxes</b>		<u>11,128</u>	<u>6,299</u>
Income taxes	26	(1,318)	(708)
<b>Net profit for the year</b>		<u><b>9,810</b></u>	<u><b>5,591</b></u>

<i>Notes</i>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Cash flows from operating activity</b>		
Proceeds from customers	142,096	134,063
Payments to suppliers	(95,107)	(92,055)
Payments related to remunerations and for social security	(25,514)	(21,502)
Tax payments	(8,000)	(8,100)
Income tax paid	(854)	(598)
Other proceeds/payments, net	(416)	2,313
<b><i>Net cash flow from operating activity</i></b>	<b>12,205</b>	<b>14,121</b>
<b>Cash flows from investing activity</b>		
Purchase of plant and equipment	(1,530)	(3,965)
Proceeds from sale of plant and equipment	321	166
Other proceeds/payments, net	298	-
<b><i>Net cash flow from investing activity</i></b>	<b>(911)</b>	<b>(3,799)</b>
<b>Cash flows from financing activity</b>		
Issuance of equity	-	42
Payments under financial lease agreements	(4,445)	(4,388)
Proceeds from long-term loans	920	1,105
Repayment of long-term loans	(2,263)	-
Paid interests and bank charges	(278)	(147)
Dividends paid	(6,444)	(6,018)
<b><i>Net cash flow from financing activity</i></b>	<b>(12,510)</b>	<b>(9,406)</b>
<b>Change in cash and cash equivalents</b>	<b>(1,216)</b>	<b>916</b>
FX exchange effects	(61)	(174)
Cash and cash equivalents beginning of period	12,663	11,055
<b>Cash and cash equivalents as of period</b>	<b>11,386</b>	<b>11,797</b>

**SPEEDY AD**

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

As of 30 September 2018

	Share capital	Statutory reserves	Premium reserves	FX translati on effects	Retained earning	Total
	BGN'000	BGN'000	BGN'000		BGN'000	BGN'000
<b>Balance as of 1 January 2017</b>	<b>5,336</b>	<b>534</b>	<b>19,565</b>	<b>(361)</b>	<b>19,655</b>	<b>44,729</b>
<b>Change in equity for 2017</b>						
Issuance of shares	42	-	-		-	<b>42</b>
Distribution of profits, incl.					(6,034)	<b>(6,030)</b>
* Reserves		4			(4)	
* Dividends					(6,030)	(6,030)
					8,354	<b>8,354</b>
Total comprehensive income for the year, incl.				(401)	7,175	<b>6,774</b>
* Net income for the year	-	-	-	-	7,171	<b>7,171</b>
* Other comprehensive income, net of taxes				(401)	4	<b>(397)</b>
<b>Balance as of 31 December 2017</b>	<b>5,378</b>	<b>538</b>	<b>19,565</b>	<b>(762)</b>	<b>20,796</b>	<b>45,515</b>
<b>Change in equity for 2018</b>						
Distribution of profits, incl.					(6,453)	<b>(6,453)</b>
* Reserves						
* Dividends					(6,453)	(6,453)
Total comprehensive income for the year, incl.					9,810	<b>9,816</b>
* Net income for the year					9,810	<b>9,810</b>
* Other comprehensive income, net of taxes				6		<b>6</b>
<b>Balance as of 31 September 2018</b>	<b>5,378</b>	<b>538</b>	<b>19,565</b>	<b>(756)</b>	<b>24,153</b>	<b>48,878</b>

As of 30 September 2018

**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:

	Plant and equipment	Vehicles	Computers	Machinery	Investments in rented assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>31 December 2017</b>						
<b>Book value at the beginning of the period</b>	<b>4,812</b>	<b>18,491</b>	<b>2,281</b>	<b>5,271</b>	<b>2,963</b>	<b>33,818</b>
FX revaluation	(77)	(81)	(68)	(28)	(35)	(289)
Acquired	410	5,418	1,004	2,547	866	10,245
Transfer	(608)	-	820	(212)	-	-
Written-off	(198)	(2,216)	(2,282)	(9)	-	(4,705)
Depreciation	(1,024)	(6,107)	(875)	(520)	(677)	(9,203)
Transfer of depreciation	695	-	(638)	(57)	-	-
Written-off depreciation	198	1,998	2,278	5	-	4,479
FX effect on depreciation	29	40	49	1	4	123
<b>Book value at the end of the period</b>	<b>4,237</b>	<b>17,543</b>	<b>2,569</b>	<b>6,998</b>	<b>3,121</b>	<b>34,468</b>
<b>31 December 2017</b>						
<b>Initial value</b>	<b>7,746</b>	<b>40,302</b>	<b>8,127</b>	<b>8,889</b>	<b>6,095</b>	<b>71,159</b>
<b>Accumulated depreciation</b>	<b>(3,509)</b>	<b>(22,759)</b>	<b>(5,558)</b>	<b>(1,891)</b>	<b>(2,974)</b>	<b>(36,691)</b>
<b>Book value</b>	<b>4,237</b>	<b>17,543</b>	<b>2,569</b>	<b>6,998</b>	<b>3,121</b>	<b>34,468</b>
<b>31 September 2018</b>						
<b>Book value at the beginning of the period</b>	<b>4,237</b>	<b>17,543</b>	<b>2,569</b>	<b>6,998</b>	<b>3,121</b>	<b>34,468</b>
FX revaluation	(23)	(39)	(1,020)	292	(34)	(824)
Acquired	1,959	1,692	527	666	249	5,093
Written-off	(197)	(2,895)	(525)	(516)	-	(4,133)
Depreciation	(772)	(4,549)	(835)	(416)	(520)	(7,092)
Written-off depreciation	4	2,691	506			3,201
FX effect on depreciation	(2)	-	(9)	(4)	(1)	(16)
<b>Book value at the end of the period</b>	<b>5,206</b>	<b>14,443</b>	<b>1,213</b>	<b>7,020</b>	<b>2,815</b>	<b>30,697</b>
<b>31 September 2018</b>						
<b>Initial value</b>	<b>9,485</b>	<b>39,060</b>	<b>7,109</b>	<b>9,331</b>	<b>6,310</b>	<b>71,295</b>
<b>Accumulated depreciation</b>	<b>(4,279)</b>	<b>(24,617)</b>	<b>(5,896)</b>	<b>(2,311)</b>	<b>(3,495)</b>	<b>(40,598)</b>
<b>Book value</b>	<b>5,206</b>	<b>14,443</b>	<b>1,213</b>	<b>7,020</b>	<b>2,815</b>	<b>30,697</b>

**4. INTANGIBLE ASSETS**

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

	<b>Goodwill and rights acquired under business combination</b>	<b>Software</b>	<b>Cost of acquired assets</b>	<b>Total</b>
		<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>31 December 2017</b>				
Book value at the beginning of the year	<b>18,902</b>	<b>3,121</b>	<b>915</b>	<b>22,938</b>
FX revaluation	(328)	(70)		(398)
Acquired		1,015	296	1,311
Written-off		289	(289)	-
Depreciation	(534)	(939)		(1,473)
FX effect on depreciation	28	32		60
<b>Book value at the end of the year</b>	<b>18,068</b>	<b>3,448</b>	<b>922</b>	<b>22,438</b>
<b>31 December 2017</b>				
Initial value	19,692	9,145	922	29,759
Accumulated depreciation	(1,624)	(5,697)	-	(7,321)
<b>Book value</b>	<b>18,068</b>	<b>3,448</b>	<b>922</b>	<b>22,438</b>
<b>31 September 2018</b>				
Book value at the beginning of the year	<b>18,068</b>	<b>3,448</b>	<b>922</b>	<b>22,438</b>
FX revaluation				
Acquired	-	116	61	177
Written-off	-	(5)	(626)	(631)
Depreciation	(411)	(893)	-	(1,304)
FX effect on depreciation				
<b>Book value at the end of the year</b>	<b>17,657</b>	<b>2,666</b>	<b>357</b>	<b>20,680</b>
<b>31 September 2018</b>				
Initial value	19,692	9,256	357	29,305
Accumulated depreciation	(2,035)	(6,590)	-	(8,625)
<b>Book value</b>	<b>17,657</b>	<b>2,666</b>	<b>357</b>	<b>20,680</b>

**SPEEDY AD****EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

As of 30 September 2018

**6. INVENTORIES**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Materials	609	309
Fuel	112	108
<b>Total</b>	<b>720</b>	<b>417</b>

**7. TRADE AND OTHER RECEIVABLES**

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Receivables from customers	26,906	21,265
Less impairment	(2,034)	(1,549)
<b>Receivables from customers, net amount</b>	<b>24,872</b>	<b>19,716</b>
<i>including receivables from related parties (Note 29)</i>	<i>833</i>	<i>371</i>

**8. OTHER RECEIVABLES AND PREPAYMENTS**

Other receivables and prepayments include:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Long term receivables	301	213
Short-term receivables and prepayments	3,805	3,538
<b>Total</b>	<b>4,106</b>	<b>3,751</b>

As *long-term receivables* as of 30.09.2018 are presented deposits for the long-term rental contract (operating lease) of real estates.

*Short-term receivables and prepayments* include:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Prepayments	828	1,376
Deposits	735	770
Receivables from trustees	-	601
Receivables on government grants	-	298
Tax receivables	286	284
Receivables on payments made on behalf of third parties	-	159
Advances paid	998	19
Other receivables	958	31
<b>Total</b>	<b>3,805</b>	<b>3,538</b>

**SPEEDY AD****EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

As of 30 September 2018

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Pitty cash in vaults	7,387	4,571
Cash in bank accounts	3,742	7,929
Petty cash	257	163
<b>Total</b>	<b><u>11,386</u></b>	<b><u>12,663</u></b>

**10. EQUITY****10.1 SHARE CAPITAL**

As of 30.09.2018 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>2018</u>	<u>2017</u>
	Number of shares	Number of shares
Number of issued and fully paid-in shares:		
At the beginning of the year	5,377,619	5,335,91
Number of issued and fully paid-in shares	-	
<b>Number of shares, outstanding on 31 September 2018</b>	<b><u>5,377,619</u></b>	<b><u>5,335,91</u></b>

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

	<u>30.09.2018</u>		<u>31.12.2017</u>	
	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%
<b>Total</b>	<b><u>5,377,619</u></b>	<b><u>100.00%</u></b>	<b><u>5,377,619</u></b>	<b><u>100.00%</u></b>

**10.2 STATUTORY RESERVES**

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Statutory reserves	538	538
<b>Total</b>	<b><u>538</u></b>	<b><u>538</u></b>



## SPEEDY AD

### EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

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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>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Premium reserves	19,565	19,565
<b>Total</b>	<b><u>19,565</u></b>	<b><u>19,565</u></b>

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 per share BGN 23.

The FX translation reserves BGN 756k, negative ((31.12.2017 г.: BGN 762 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:

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN '000	BGN '000
<b>Balance as of 1 January</b>	<b><u>20,796</u></b>	<b><u>19,655</u></b>
Net profit for the year	9,810	7,171
Dividends distributed	(6,453)	(6,030)
Actuary losses from revaluations, net of taxes	-	4
Distribution for reserves	-	(4)
Other changes	-	-
<b>Balance as of 31 September 2018, including</b>	<b><u>24,153</u></b>	<b><u>20,796</u></b>
<i>undistributed profit</i>	<i>14,343</i>	<i>13,625</i>
<i>current profit</i>	<i>9,810</i>	<i>7,171</i>

#### 11. INTEREST BEARING LIABILITIES

	<u>30.09.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Payables under financial lease agreements	10,649	13,277
Long-term bank loans	7,582	8,932
<b>Total</b>	<b><u>18,231</u></b>	<b><u>22,209</u></b>
non-current part	<i>9,400</i>	<i>13,652</i>
current part	<i>8,831</i>	<i>8,557</i>

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

As of 30.09.2018, the payables of the Company under financial lease agreements are the following:

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	<u>30.09.2018</u>	<u>31.12.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under financial lease agreements	10,649	13,277
- Long-term part	5,703	7,732
- Short-term part	4,946	5,545
<b>Total</b>	<b>10,649</b>	<b>13,277</b>

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

As of 30.09.2018, amount due under bank loans are the following:

	<u>30.09.2018</u>	<u>31.12.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under received loans from banks, incl.:	7,582	8,932
- <i>short-term part</i>	3,885	3,012
- <i>long-term part</i>	3,697	5,920
<b>Total</b>	<b>7,582</b>	<b>8,932</b>

**12. TRADE AND OTHER PAYABLES**

As of 30.09.2018, the trade and other payables include:

	<u>30.09.2018</u>	<u>31.12.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Trade payables	9,394	8,490
Payables to related parties	588	524
Payables for remunerations	3,179	3,205
Payables for social security	1,133	1,016
Taxes payable	1,803	1,664
Other payables	7,681	9,216
<b>Total</b>	<b>23,778</b>	<b>24,115</b>

**13. REVENUES**

The revenues of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Revenues from courier services	122,381	110,367
<b>Total</b>	<b>122,381</b>	<b>110,367</b>

**14. OTHER REVENUES**

Other revenues of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>

**SPEEDY AD****EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

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Revenues from renting out of motor vehicles	3,005	2,555
Other revenues	2,809	2,554
Financing	240	229
<b>Total</b>	<b>6,054</b>	<b>5,338</b>

**16. COSTS OF MATERIALS**

Costs of materials include:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	2,841	2,609
Delivery-related materials	1,672	1,547
Office materials and consumables	633	548
Uniforms	131	120
IT consumables	420	140
Other costs	360	91
<b>Total</b>	<b>6,057</b>	<b>5,072</b>

**16. COSTS OF HIRED SERVICES**

Costs of hired services consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	57,221	55,681
Rents	4,935	4,014
Communications and utility services	1,911	2,127
Vehicle maintenance	1,983	2,236
Insurance	1,287	963
Office/warehouse maintenance	834	526
Staff training	228	584
Marketing	811	576
Audit, consultant and other services	1,698	458
Other costs	2,562	2,315
Fees	630	244
<b>Total</b>	<b>74,100</b>	<b>69,724</b>

**17. COMPENSATION COSTS**

Compensation costs consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Salaries and wages	21,058	18,370
Social security contributions	5,287	4,555
<b>Total</b>	<b>26,345</b>	<b>22,925</b>

**18. OTHER OPERATING COSTS.**

Other operating expenses of the Company consist of:

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	<u>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Indemnities for parcels	685	1,617
Representation costs	243	308
Other costs	941	1,028
<b>Total</b>	<b><u>1,869</u></b>	<b><u>2,953</u></b>

**19. FINANCIAL INCOME**

Financial income of the Company consists of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Interests income	423	377
<b>Total</b>	<b><u>423</u></b>	<b><u>377</u></b>

**20. FINANCIAL EXPENSES**

Financial expenses of the Company consist of:

	<u>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Interest expenses	338	512
FX exchange loss, net	323	523
<b>Total</b>	<b><u>661</u></b>	<b><u>1,035</u></b>

**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>30.09.2018</u>	<u>30.09.2017</u>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Accounting profit before taxes</b>	<b><u>11,128</u></b>	<b><u>6,299</u></b>
Increase	2,052	-
Decrease	-	-
<b>Taxable net income</b>	<b><u>13,180</u></b>	<b><u>6,299</u></b>
<b>Income tax</b>	<b>(1,318)</b>	<b>(708)</b>
Tax rate	10%	10%
<b>Deferred taxes</b>	<b>-</b>	<b>-</b>
Tax rate	10%	10%
<b>Total income tax and deferred taxes</b>	<b>(1,318)</b>	<b>(708)</b>
<b>Net income</b>	<b><u>9,810</u></b>	<b><u>5,591</u></b>

**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>30.09.2018</u>	<u>30.09.2017</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Distributable net income /BGN'000. /	9,810	5,591
Weighted average number of shares	5,356,712	5,356,712
<b>Earnings per share /BGN per share/</b>	<b><u>1,83</u></b>	<b><u>1,04</u></b>

**22.2 Dividends**

No dividends distributed in Q3

**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.

<b>Related Party</b>	<b>Type of relationship</b>
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	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 oil 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>30.09.2018</u>	<u>31.12.2017</u>
	<u>BGN '000</u>	<u>BGN '000</u>
Receivables from companies under common control	619	159
Receivables from shareholders with significant influence	214	212
<b>Total</b>	<b><u>833</u></b>	<b><u>371</u></b>

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**Trade and other payables to related parties**

The payables to related parties include:

	<b>30.09.2018</b>	<b>31.12.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Trade payables, incl.	478	524
Payables to companies under common control	478	524
Other payables, incl.	110	125
Deposits from the Members of the BoD	110	110
Interest payables under loan from ultimate Parent	-	15
<b>Total</b>	<b>588</b>	<b>649</b>

As of 31.12.2017 the company has payables to the BoD's members in amount of BGN 110 thousand /31.12.2016 – BGN 110 thousand/ in compliance with art. 240, para 1 of Commercial Code.

**Commercial transactions with related parties***Sales to related parties*

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>
	<b>3,105</b>	<b>2,646</b>
Companies under common control	2,509	2,285
Shareholders with significant influence	596	361

*Purchases from related parties*

	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>BGN '000</b>	<b>BGN '000</b>
Companies under common control	8,855	8,749

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 Omnica Auto OOD.

- 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.**  
Not applicable.
- 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.**  
Anti-trust Commission announced its decision to allow concentration of companies that was going to be executed through acquisition of 100% by Speedy AD of Rapido Express and Logistics OOD.
- 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.**  
No other events except already announced.



**Executive Director:** .....

**/ Valery Mektupchiyan /**