



2019

Consolidated Annual Management Activity Report



Representations related to future indicators

This report includes representations and forecasts related to the future, such as “believe”, “envisage”, “expect”, “estimate”, “suppose”, “aim”, “plan”, etc. Such statements are directly dependent on a number of risks and uncertainties that may not only impact but also result in changes and differences between the Group’s actual achievements and our present expectations and forecasts.

Please consider all risks and limitations that might impact the results of Group Speedy and do not overly rely on the accuracy of forecasts included in this statement.

We undertake no commitment to update this statement based on events circumstances or changes in expectations or unforeseen phenomena after the date of the abovementioned representation.

Upon preparing this Consolidated Annual Management Activity Report, we have used financial indicators according to the Group’s consolidated annual financial statements for year 2019.

We highlight the fact that in 2018 the Company adopted IFRS 9 and IFRS 15, effective for annual periods beginning on or after 1 January 2018. The management has elected earlier application of IFRS 16, as from 1 January 2018; the standard is mandatory for annual periods commencing on or after 1 January 2019.

As a result, some of the indicators for periods before 1 January 2018 may not be fully comparable.



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Group Speedy in figures



This is a translation from Bulgarian of the Consolidated annual management report of Group Speedy for year 2019.

CONSOLIDATED ANNUAL MANAGEMENT ACTIVITY REPORT

1. Main activities and development of the Group over the year

A. Business model and development

Speedy AD is a company entirely focused on the provision of courier services. Revenue is almost entirely from the delivery of parcels, pallets, and the services related thereto. The Company's vision is to be focused on its main activities, in the meantime aiming to constantly develop the services offered and to introduce new ones to the market.

Group Speedy comprises Speedy AD (the parent company) and 5 subsidiaries: DPD S.A., Romania, Speedy EOOD, Geopost Bulgaria EOOD, Rapido Express and Logistics EOOD (as from 1 October 2018) and OMG Mobile EOOD (as from 21 December 2018), in which it directly holds 100% of the capital.

Historically, the Group has developed competitive advantage in offering courier and logistic services to corporate clients. This also allows the development of significant capacity and know-how in the transportation of mid-sized and large parcels. A continuation thereof is the already established Pallet One service which now forms a significant portion of the Group's revenue in Bulgaria and which we are actively developing in Romania, including on a regional level.



In 2019, we continued to focus on servicing the growth in deliveries from online trade, and care for end customers – the recipients of these deliveries. Throughout the year, the Group monitored the needs of the B2C segment. The preferred courier channel of retail customers are office deliveries. To meet these needs, the Group expanded and modernized its network of offices and automatic stations in Bulgaria, and starting



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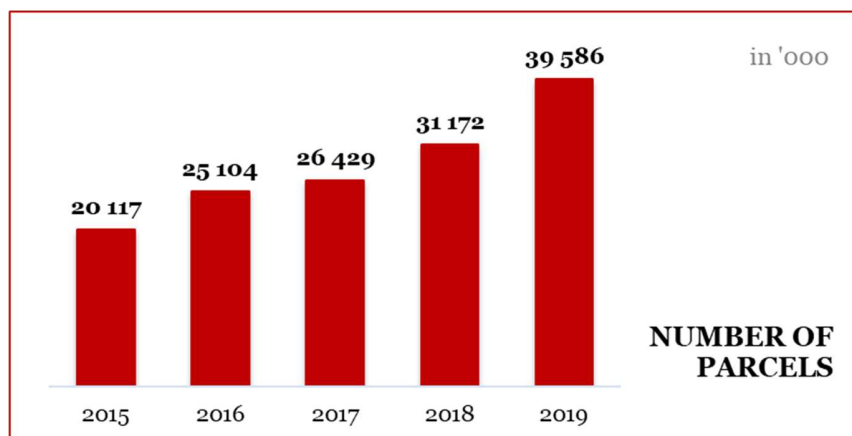
from 2018 began developing an office network in Romania with the free option to forward parcels to an office or an automatic station.

Another long-term objective is the integration of the courier market on a regional level. The Express Balkans service offers customers deliveries to/from Bulgaria, Romania and Greece at the same rates as express deliveries on the territory of Bulgaria, and is the fastest growing segment in the product mix. For the Romanian market the service also includes deliveries in Hungary. Operations on the territory of Greece are carried out through the Thessaloniki-registered branch of the subsidiary Geopost Bulgaria, which obtained franchise rights of the DPD network in Greece. Deliveries are made through a local operator with whom Speedy AD has established partner relations.

The Group's strategy has proven to be successful and in 2019 it achieved another highest level of revenue and profit. The investments made in 2018 in a new logistics scheme and information infrastructure in Romania resulted in a record growth in revenue and a significant increase in profitability. The favourable economic environment has also had a positive impact – the two main markets (Bulgaria and Romania) are among the fastest growing in the EU. The economic activity and consumption continue to grow, which is maintained by the aggressive appearance of online trade. The latter is among the main drivers of the courier services market. Group Speedy, with its established logistic capacity and office network, is well positioned to benefit from the market growth.

There has also been a positive impact on results from the acquisition of Rapido Express and Logistics EOOD, which allowed the Group to strengthen its market positions, especially with respect to online trade, where the acquired company had strong positions. Apart from the higher revenue, there has also been a significant impact on the Group's profitability as a result of the economy of scale.

Courier services are developing at a rate higher than that of the economy, and this opportunity is also a challenge. Group Speedy meets the high dynamics in demand by investing in building logistic and professional capacity and managing the risks that accompany rapid development.



A key factor to realise the available potential is offering the most economically favourable logistic solution to customers, as compared to other transport alternatives. The Group's long-term objectives are to provide a high-quality service, flexible solutions and a competitive price for the quality offered. There is constant work towards offering attractive services, in the meantime seeking a possibility for customers to be easily aware of the service mix offered and rate mechanisms thereof. This has resulted in an additional increase in the customer base, especially among retail customers, whom the Group has been actively targeting over the last few years. The Group has enhanced its focus on quality and starting from this year, customers may through a message quickly and easily submit feedback for the service received. This makes it possible to quickly identify problems and take measures to eliminate them. Programmes are applied for staff qualification and motivation and optimise the work processes. There is a constant development of the



information infrastructure and development and introduction of new software solutions to enhance comfort in using the service and operational effectiveness.

The Group also attracts new customers through expanding the range of services offered and the development of new functionalities to increase the added value to customers. Since the first quarter, we introduced in Bulgaria the Smart Control service, which provides high-quality customer service management. The parcel recipient can find all the necessary information about the sender, parcel contents, the cash on delivery and services due (if any), and most important – a free option to forward the parcel to the nearest office/automated station in the same settlement. An additional service is the address visit time on the next day with a +/- 30 min. time window with the new service in Smart Control, PREDICT, fully implemented in January 2019. The same service was later launched in Romania. The service launch was extremely successful, and the Group quickly achieved a service level comparable to and exceeding standards in the other European countries.

B. Market and regulatory environment

The postal market in Bulgaria continues to develop very rapidly on the background of the favourable economic situation and the continuing boom in online trade, which according to data of the CRC increased by 54% in 2018 following 46% in 2017. The latter has been the main driver on the postal market and is directly related to customer trust and end use, which have increased over the last few years. Revenue from postal services increased in 2018 by 10%, which is a significant growth compared to the previous year (8.1%). The growth in parcel deliveries is significantly lower – 2%, and is due to the decrease in the share of small parcels and an increased share of international deliveries. The two result in a higher average revenue per delivery.

There has also been contribution from the integration of the Bulgarian economy in the European and global supply chains and the related increase in import and export and involving the country in regional networks. This has contributed not only to the development of international deliveries, but indirectly also of domestic ones. The role of retail customers has increased; and they generate a growing portion of postal market revenues.

Market of postal services in the country

	2015	2016	2017
Market of postal services, BGN million	393	425	467
NUP, BGN million	305	324	361
UPS, BGN million	77	89	105
Market share of SPEEDY AD	24%	24%	26%
Market share of SPEEDY AD from NUP	30%	31%	34%
Parcel number, millions	184	193	197

Source: Communication Regulatory Commission

The total number of registered operators in Bulgaria is relatively high, and in 2018 73 companies provided NUP (non-universal parcels). Even though the number of participants is high, most of the revenue is concentrated in several companies, and the 5 biggest companies generate 74% of the total postal market revenue. The market leaders with similar market shares are Speedy AD and Econt Express OOD, and the former monopoly holder in the sector, Bulgarian Posts, is losing positions and has a market share of just 12%.

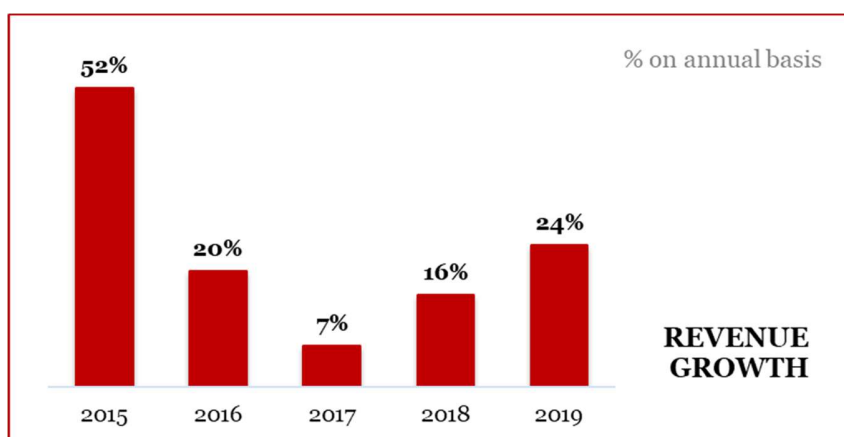
International deliveries form 26.5% of revenue from courier services, and this segment is dominated by the international companies DHL, TNT, InTime (UPS), and among domestic companies, Speedy AD is the only one with strong positions, holding 19% of international deliveries.



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Despite the registration procedure and specialized regulatory body, the NUP segment in Bulgaria is relatively open and has low entrance barriers for starting business. The regulator's role is focused on establishing standards and ensuring a minimum level of service in favour of the market and companies with a long-term and strategic business vision. Over the last year there have been no changes in the regulatory framework that have a significant impact on the market environment.

A significant effect on the postal market in Bulgaria is expected of the NRA interpretation that the universal postal service (UPS) is exempt of VAT on delivery only with respect to Bulgarian Posts AD, while private operators should charge VAT. This resulted in a 20% increase in prices for the end customers of the respective services. The potential NRA decision to demand tax payment for prior periods will have an adverse effect on Group Speedy without a significant impact on its financial stability. UPS services have been offered for 3 years and have a small share in the Group's overall revenue.



There is no official statistics about the Romanian market. According to our estimates, the total amount of the postal service market is about 3-4 times bigger than the Bulgarian ones. The market is developing dynamically, and the rates are close or even higher than those of the Bulgarian market. The biggest participant is Posta Romana with about 37% market share. In 2018, the courier service market (NUP) in Romania, based on the financial results of the operating companies, is valued at EUR 500 million, and revenue growth is about 9-10%. The segment leader is Fan Courier, which is reinforcing its leading position compared to the second biggest market participant, Urgent Cargus, which as a result of financial problems lost market positions and was acquired at the end of 2017. Similar to Bulgaria, there are strong positions of the international companies DHL and TNT, but their focus are international deliveries. Following the acquisition of DPD Romania, the subsidiary has been gradually increasing its market share and from 4.7% in 2013 we expect it to reach 6.5% in 2019.

C. Services offered

The focus of Group Speedy in 2019 has traditionally remained on the Group's main activity – courier services, which form almost 96% of the Group's revenue. Additional attention is paid on to/from office-type deliveries whose share has significantly increase and at the end of the year reached about 60% of all deliveries in Bulgaria. In Romania, this share is still low, in view of the initial stage of building an office network. In order to support this development, a number of actions were taken to enhance and improve the office network with new points and re-equipment and modernization of the existing ones, re-design of the operators' public tariff for the purpose of simplification and greater clarity for users.

It is important to point out that a significant portion of deliveries that the Group makes through Speedy AD, are typical courier services – door to door or address/office to office/address. In view of the Company's market share, Speedy AD is the only courier company in Bulgaria which has the necessary logistic and



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technical base to ensure and carry out deliveries in such volume. In Romania, deliveries to an office are at an initial stage of development; courier companies did not have an office network and courier deliveries were traditionally made door to door. DPD Romania is among the first companies in the country which in 2018 began to develop an office network and respectively, offer office dispatch and delivery.

The international land deliveries from and to European countries continue to form an important part of the Group's portfolio and to increase their share in the mix of services forming the Group's revenue. This is achieved through all Group companies, the aim being to also use the strong positions of DPD Romania and Rapido, for which the share of international deliveries is twice higher than at Speedy AD. Over the last year, Group Speedy continued to work and consistently developed the delivery services between Bulgaria, Romania and Greece, and for the customers of DPD Romania, the regional service also includes Hungary.



In 2019 Group Speedy launched the full Smart Control service and the Predict functionality, initially offered in Bulgaria, and later – also in Romania. The service was created to meet growing customer needs of full and exhaustive information on deliveries and the possibilities for real-time management thereof – remote forwarding, postponement, etc. At the end of the year, Group Speedy managed to offer to all of its customers a registered and operational e-mail postal address and the so-called Preliminary Parcel Notice by email. Each recipient, when a parcel is sent thereto, may receive an e-mail notification about the delivery expected on the next day with a link to Smart Control. By clicking on the link or opening it in a browser, the parcel recipient will find all the necessary information about: the sender, parcel content, the cash on delivery and services due (if any), and most important – a free option to forward the parcel to the nearest office/automated station in the same settlement.

For address deliveries, following distribution, the customer again receives free of charge the new Predict services, which provides an accurate time window of 60 minutes for delivery. Thus recipients do not waste time waiting for the courier, and if they wish, they can easily – through their mobile phone, confirm delivery in this timeframe or forward their parcel free of charge to the nearest office/automatic station in the same settlement. Through Predict, Group Speedy introduced a new, higher European delivery standard for deliveries to addresses of its customers in Bulgaria and Romania.

In order to expand its positions in online trade services, the Group also developed the MarketConnect platform launched last year. The platform is an integrated solution linking online traders to some of the most popular marketplaces in Europe and Speedy AD's delivery network. This allows local entrepreneurs to easily and quickly reach customers in other European member states without significant investments. MarketConnect offers a complete solution with high automation when adding products to marketplace platforms, delivering orders to customers and servicing payments, incl. cash on delivery.



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The portfolio of services offered by the Group has optimized parameters of the main and additional services in order to combine effective allocation of the Company's resources in performance of the services provided while maintaining features important and necessary to users. In the meantime, additional services are constantly being added – starting from 2019, customers pay send parcels with cash-on-delivery to countries from Central and Eastern Europe and to offices in Romania, thanks to the new functionalities of the web portal of the respective Group company, and customers have a possibility for overall management of their parcels and preparing a wide range of references.



The Group has been increasing its focus on quality and starting from this year, customer can through a message easily and quickly provide feedback for the service received. This makes it possible to quickly identify and make measures to eliminate problems. A project which is very important to the Group and the future development of the B2C and C2c segment is the commissioning of a network of Automatic Postal Stations (APS) which offer extended working hours and a particularly easy and fast process of parcel sending and receiving.

The Group, through the subsidiary Rapido, continues to develop services focused on servicing online shops in Bulgaria, and apart from extending the network of partners, it works on improving the quality of services, and introducing accompanying services for the respective markets, such as cash on delivery.

One-day deliveries of domestic parcels continue to have the biggest weight in the formation of revenue, but there is also stable growth in pallet deliveries and international deliveries. In addition to its main activity, the Group continues to offer additional services such as cash on delivery, receipt notice and sending back documents, parcel packaging, declared value, etc., and develops additional functionalities, constantly adapting their parameters in accordance with the requirements of the market and users.

Customers' use of the online service package of the Group companies continues to mark a permanent growth. Over 90% of parcels are processed in the online platforms of the corporate website of the respective company; the process is fully automated, and the risk of errors is minimal. The integrations developed in the standard online platforms are more and more used in joint operations with online traders, and so are the finished developments for customized integrations. New functionalities are constantly developed and added to the Group's existing modules in the online trade platforms.



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D. Customer base

The Group continues to prioritise the biggest market segment in Bulgaria, corporate customers. The sectors in which most of the companies' customers work can be split into two groups:

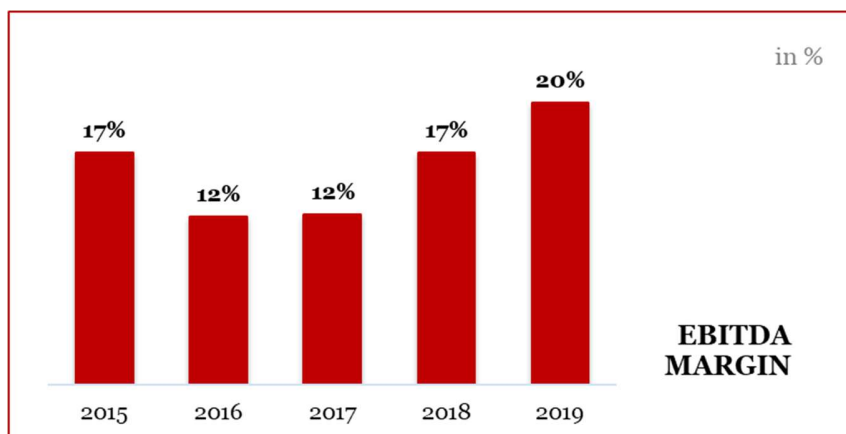
- B2C (business-to-customers) – the counterpart services a relatively big number or geographically scattered end customers. Such are retail goods companies, online shops, mail order companies, mobile operators.
- B2B (business-to-business) – deliveries between legal entities. In addition, the companies also carry out internal logistics between the companies' different units and warehouses, as well as correspondence between them.

Though with a lesser weight, Speedy AD's C2C and C2B customers have also been actively targeted over the last two years through suitable services and a marketing campaign to make them popular, which has significantly increased their share in the Group's revenue.

The same strategy is being developed in Romania, where the implementation is still at an early stage and we expect to have more visible results in the next periods. The aim is to make the company's domestic and international services popular among retail customers and expand the customer base.

The Group already services over a million customers (individual and corporate) from all economic sectors. Of them, over 30,000 customers are regular users of the Group's services based on long-term contracts, which is an indicator of stable and long-term business relations and a diversified customer base. The biggest Group customers are companies from the commerce and service sectors – telecommunications, online shops, insurers. Industrial companies have a lower share. Having a wide customer base, Speedy AD's revenue is very diversified. There is no single customer accounting for more than 2% of the Group's revenue.

In 2019 business-to-business services continue to hold an important place in the mix of services offered, but the boom in online trade over the last few years has changed customers' profile. The weight of business-to-customer services and end customers – economically active natural persons – has significantly increased over the last few years; this trend is continuing and has already taken over the B2B segment.



Note: Upon calculation of the EBITDA margin indicator, revenue from operations and other income/losses, net have been included.

In the past 2019, another important service was introduced which confirms that Group Speedy monitors its customers' needs on a daily basis. Apart from the customer satisfaction terminals in 100 offices of the parent company in Bulgaria, Group Speedy introduced a feedback system at waybill level on the Bulgarian market, for each customer type and for each delivery. In the form of feedback, the customer may choose one of the three: green, yellow and red evaluation, and when they are displeased, the customers may specify their negative experience with the specific delivery or courier. Over a million sms-s were sent – again free for



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charge for the customer. Over 15% of all customers evaluated and continue to evaluate Speedy deliveries, and almost 95% of all customers who provided feedback are satisfied. This result exceeds the European standard.

Group Speedy values feedback and tries to quickly and adequately resolve customer issues. In order to improve customer service, in case of negative feedback, a customer service employee calls the customer to find out what was wrong and to try to help for quickly resolving the problem, if there is any.

The customers of Geopost Bulgaria continue to be companies from the DPD network.

E. International operations

The share of international deliveries is constantly growing in the Company's service mix. In 2019, the department's objectives were:

- Increasing the market share of Speedy AD and DPD Romania in international deliveries to/from Europe with DPD services;
- Popularisation and development of the product DPD CLASSIC Greece – deliveries from/to Greece to/from Europe;
- Expanding the position of the Speedy Balkan service (in Bulgaria)/ DPD Regional (in Romania).
- Development of services aimed at servicing online traders with deliveries to Europe.

The Group offers to its customers a full set of price-effective services for parcels and pallets: Bulgaria, Balkans and Western Europe, and from 2019, also actively in Central Europe: Poland, the Czech Republic, Slovakia, Slovenia and Croatia. Integration continues with new online platforms, and there is expansion of the partner network in new countries, which expands online shops' access to new markets.

During the year, TV and digital internet campaigns were carried out aimed at the wide target audience, in order to popularize and increase recognition of the international product DPD ECONOMY, mainly aimed at retail customers and end users of the service in Bulgaria, Romania, and Greece. The main destinations of the DPD ECONOMY service are the countries Germany, UK, France, Italy, and Austria. For Romanian customers, a project was initiated for proactive tracking of each international delivery. Some product features have been updated and additional options have been implemented that allow delivery management in real time. All this aims to increase customer satisfaction, to significantly improve the client experience and provide a higher quality that meets the increasingly growing market demands and needs. Work has commenced on implementing specialized software in relating to managing UK-bound deliveries after BREXIT.

Regarding the new product DPD CLASSIC Greece, digital internet campaigns were carried to increase recognition of the product and its features. A print campaign was carried out to develop and establish the DPD product on the territory of Greece. In Greece two Group office are already operational, in the capital city of Athens and in the second biggest city, Thessaloniki. Work has commenced on implementing a specialized software for managing deliveries from Greece to Europe, including generating waybills, tracking thereof, financial impact and a set of different additional reports.

The biggest weight in international deliveries is that of the Speedy Balkan service (in Bulgaria), respectively DPD Regional (in Romania). Intensive business relations with Romania, Greece and Hungary, the attractive price offers, and the active popularization of the service have made this segment the fastest growing one, which already forms over half of the revenue from international operations. The possibility for additional functionalities, such as management of deliveries and payments, has increased interest in the Group's services and has helped attract new customers.



F. Logistic network

Group Speedy has a fully built logistic network with distribution centres and depots providing 100% coverage of the territory of Bulgaria and Romania, and deliveries to the whole of Europe. Thanks to its daily international lines, the Group offers 24-hour delivery to Romania and Greece. In 2019, the operationing department has processed almost 40 million parcels, marking a 27% growth as compared to the same period of last year.

Expansion of warehouse premises

Following significant investments in the logistic network over the last few years and in 2019, the Group, through Speedy AD, continued to expand and modernize its warehouse facilities. Starting from 25 July 2019, a new distribution centre in Bozhurishte has been operational, which services the territory of Sofia-West. As from 1 June 2019, the Varna distribution centre was expanded by 300 square meters.

In Romania, following the overall restructuring of the logistic network, the focus is on optimizing the structure. In order to improve quality and control, the share of own depots and staff was increased.

Office network

Following the planned coverage of the Bulgarian market, the Group optimized its office network, in view of the dynamic management of office capacities, workplaces and logistics schemes, and in the other markets it aims to increase its presence where this is economically justified. The Group's own office network has been fully renovated with a new modern design, and so have partner offices, in accordance with the corporate interior and customer service standard.

The subsidiary DPD Romania is actively working on establishing an office network on the local market.

The office network development in Bulgaria focused on optimization thereof in terms of coverage and workplaces. In 2019, over 60 new offices and 7 new automated stations were opened. In order to meet the growing number of parcels at existing Speedy offices, 70 new workplaces were created in over 40 offices, and during the Black Friday and Christmas campaigns, the working hours of over 100 offices was extended to help all end customers receive their parcels.



In Romania, the focus is on APS, which form over half of the customer service network – 39 out of a total of 62 service points.



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At the end of the year, the Group had a total of 535 customer service points, including over 100 APS. In 2019, it continued to develop the APS network, through which Speedy customers may receive and send their parcels at their own convenience, in a fully automated manner. 20 new automated stations were commissioned in big retail centres in Bulgaria and Romania, and the network expansion will continue in 2020, the aim being to install at least another 30 automated stations.

Vehicles

As a leading courier company in Bulgaria, Speedy AD guarantees fast, reliable and high-quality deliveries of parcels and pallets. For this purpose, the company uses own and leased vehicles to carry out its operations. Vehicles comprise cars and freight vehicles, and obsolete vehicles are replaced by modern ones on an annual basis.

The vehicles owned by DPD Romania are significantly smaller due to the wider use of subcontractors. Over the last years, the share of own transport has increased through the development of the City Logistics service and the logistic restructuring.

As at 31 December 2019 the Group has 1,070 vehicles for transport and delivery of parcels and pallets. In the year, in order to expand and renew its car fleet, were acquired, incl. under lease, vehicles in total amount of BGN 11,4 mln, compared to BGN 4.8 mln in 2018..

Courier partners and agents

A characteristic feature of the courier business is the widespread use of partners and agents who service an important portion of operations, especially end contact with customers, and are of key importance for the Group's successful development.

Over the last few years the Group, through Speedy AD, has been successfully developing the Bulgarian the Couriers-Partners programme allowing best performing employees to develop their own business by concluding partnership contracts. The regrouping of courier areas which commenced in 2017 and the new model of a partner firm to comprise a courier partner, several offices and a customer service office continued in 2019, and the model has expanded to provide a possibility for partner firms to also open a second customer service office. The focus is in enhancing customer service quality by introducing a standard; for this purpose, trainings were held and control systems were introduced. As at the end of 2019, Speedy AD had 133 courier partners, and 590 employees were hired at their firms.

The Group has concluded contracts with agent firms responsible for servicing deliveries in a certain area. In Bulgaria, this practice is relatively limited, while in Romania, it has traditionally relied on local agents in the region. The work with partners and agents has been an important part of managing growth over the last years, by applying training, organization and motivation programmes for partners and supporting them to maintain quality and efficiency.

Control systems

The Group has an operational information system for control of employee performance on a weekly, monthly, quarterly, and annual basis. In 2019, we continued to monitor the quality of processes and the financial results achieved based on the key indicators set for all Company levels. The quality achieved in the whole operational process is 98,45% and meets the quality standard adopted by the Group.

G. Information systems

In 2019, efforts were focused on creating possibilities to expand the portfolio of courier services and gain competitive advantage based on information technologies. Long-term strategic projects were approved related to state regulations or adding value to the business and customer satisfaction.



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Development and optimization of the office and courier network in Bulgaria and Romania

The development of the hardware and software IT infrastructure is key for improving the effectiveness of the Group companies while maintaining high quality standards. Over the past years, we continued the integration of the internal communication networks and the connectivity between partner offices. We reconstructed the data centres and optimized the server systems, which, together with investments in new equipment, enhanced the efficiency of the hardware resources used.

Optimisation of communication means and modernization of notices to customers

A substantial portion of developments aim to support customers and their satisfaction in using the services. A significant innovation this year was the implementation of the webpage for information and management of expected deliveries by the recipient (Smart Control), which sends notices through SMS/Viber/E-mail. In addition parcel senders and recipients receive e-mail notices related to the deliveries, as well as in the self-service modules MySpeedy and MyDPD. An option was also introduced to send parcels without registration in the Company's official website in a fast, easy and convenient manner. The delivery management system was also adapted so as to more adequately register customers' working hours.

Expanding the service portfolio

The implementation of the Predict service required significant work to develop the necessary software. Integration continues of the operating systems with new partners of the company in the Balkans and Europe, and so does the improvement of the methods for link to corporate customers' information systems. In order to facilitate the document flow, e-protocols were introduced and e-signatures for receiving/sending parcels at an office.

Changes resulting from regulatory requirements

The imposing of new legislative requirements in Bulgaria on the one hand requires clear identification of customers and parcel contents (for instance, excise goods). On the other hand, the strict personal data protection regulations in the EU introduce high standards for handling personal data. In view of these requirements, SPEEDY AD implemented additional functionalities for entering personal data for international deliveries and cash on delivery deliveries, in the meantime protecting access to these data and restricting editing options. For the Group companies operating in Bulgaria, software was provided for applying the new NRA requirements related to the amendments to Ordinance 18.



Technical and software availability is of key importance for the Group, for the efficiency and security of operations, and the Group invests substantial resources in development thereof. The elaboration of the



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information system is an ongoing process related to a number of projects which will continue and increase in the next years. The aim is to constantly innovate information services to meet the legislative requirements and the growing expectations of our customers and users.

H. Personnel management

Personnel management is among the main priorities of the Group companies. The aim is to increase staff qualification and motivation, as well as their productivity, by means of trainings, stimulating best practices, remuneration dependent on the results achieved and perspectives for long-term development of the Group.

Our training programmes are a major element of the preparation of employees at all levels and in all units, including at courier subcontractors. The project which commenced in 2017 to standardize and prepare newly appointed employees continued in 2018 and 2019. Apart from synchronizing the approach of different positions, such as courier drivers (partner holders and employees thereof), office couriers, sorters, we simplified the training programme, with the aim of focusing on the basic skills related to work with the Group software and customer service. In the meantime, we base our trainings on a customer service standard, maintaining the balance between theoretical and practical training. Newly appointed employees get 1 to 5 days of training before starting work.

In 2019, we focused on trainings for employees in the Sales and Customer Service department. We held a total of 5 sessions for 23 employees on the topics of “Sales and Negotiation Skills” and NLP in Sales. The aim was to improve the commercial team’s sales skills and achieve better results in attracting new customers of the Group. In relation to the increased focus on the internal audits held at the Group, we trained and certified 34 employees from different departments on the SGS methodology, who will participate once or twice per month in internal audits at various units and departments. Courses and seminar visits are held to obtain technical, language and other skills directly related to the respective employee’s field of work. On an annual basis, the Group finances education in master programmes and other specialized courses to increase staff qualification.

Average annual number of staff in categories

	2017	2018	2019
Managers	129	137	89
Specialists	90	98	125
Technicians and applied specialists	192	231	285
Support administrative staff	161	186	198
Machine and installation operators	120	288	213
Without professional qualification	790	841	1090
Other	7	8	7
TOTAL STAFF	1 489	1 789	2 007

Note: Excluding maternity leaves

In 2019 the parent company maintained its 2018 focus on the possibility for regular dynamic performance appraisal of employees at operational positions. Over the year, the dynamic weekly appraisal model for the Courier and Team Manager positions exercises immediate control over objective-meeting by couriers and employees with employment contracts at Speedy AD, but also at courier partners. The aim is to allow for more employees to get the opportunity for objective and regular appraisal in the future, and respectively – motivation for better and sustainable results.



This is a translation from Bulgarian of the Consolidated annual management report of Group Speedy for year 2019.

Bulgaria is actively developing programmes that aim to attract young talents and to partner with vocation schools teaching professionals that would be needed for the Company's operations. For this purpose, the Group, through Speedy AD, has been actively involved in providing specialists in the respective professional area, providing practical training at the Company and paid internships for students.

The Group's activity is not seasonal in nature; therefore, it does not recruit employees on temporary contracts.

I. Financial results

According to the NRA requirement, as from April 2019 the Group companies operating in Bulgaria (as well as all other operators) started charging VAT on UPS services, which resulted in an increase in the process of the respective services by 20%. Since 80% of the revenue is from legal entities which can deduct the VAT charged, most of the customers were not affected by the change. The impact is on physical persons and entities without VAT registration. The increase in prices did not impact demand by retail customers – the new services introduces, the attractive price offers, and the successful marketing campaign resulted in a revenue growth of over 40% on non-consolidated basis. DPD Romania, whose revenue is formed mainly by corporate customers, is also successfully expanding its customer base towards retail customers, and has marked significant growth.

Revenue structure

BGN'ooo	2017	2018	2019	Variance 18/17	Variance 19/18
Domestic market	88 737	106 484	120 510	20.0%	13.2%
% of total revenue	56.0%	58.0%	65.6%		
Foreign market	62 868	70 645	98 468	12.4%	39.4%
% of total revenue	39.7%	38.5%	53.6%		
Other revenue and other income/(losses), net	6 829	6 581	9 081	-3.6%	38.0%
% of total revenue	4.3%	3.6%	4.9%		
Number of parcels shipped	26 429	31 172	39 586	17.9%	27.0%
Total	158 434	183 710	228 059	16.0%	24.1%

The Group's revenue growth from core services has significantly increased to 24% (compared to +17% in 2018) and reached BGN 219 million, as a result of the strong performance in Romania, where revenue increased by over 35%. Bulgarian operations maintain their stable results and contributed over 15% to revenue – a slight increase compared to the previous year. There has been growth in all segments, the main drivers being online trade and international deliveries. A contribution for the increase in revenue is Rapido's acquisition in the second half of 2018. The reporting period is the first year in which the consolidation includes whole year of Rapido's operations. The acquired company is among the big companies on the Bulgarian market, with strong positions in international deliveries, which comprise 1/3 of its revenue and has a significant contribution to the growth in revenue, on both the domestic and international markets.

Apart from the acquisition of Rapido, the good performance of the Romanian subsidiary has also contributed to the excellent results on the foreign markets, as well as the regional service Speedy Balkans, from which we achieved over 50% revenue growth. Contributing less, but having significant perspectives, are the deliveries in the other Eastern European countries, which we are actively developing.



The number of parcels delivered reached 39.6 million, 27% more compared to the last year. The faster growth in parcels has been the result of the increasing weight of retail customers and the B2C segment, which is partially offset by the increased share of international deliveries, where the targets are higher.

Other operating income are also related to the Group's main activities and have a regular nature; these constitute mainly vehicle rental (BGN 6.2 million for the period), Other income/(losses) from operations consist mainly of sale of old vehicles (BGN 1.4 million net income) and the higher value for the period is a result of vehicles renewed and the sale of old assets.

Over the reporting period, there has been a significant change in the costs directly related to the number of parcels processed – subcontractors, salaries, materials for deliveries, communication and bank charges (the latter mainly for Bulgarian operations). As a result of the measures taken to optimise the processes and cut costs, as well as the acquisition of Rapido and the resulting economies of scale, costs have increased less than revenue and have remained at levels around or under those in 2018. This has resulted in an increase in net profit of the Group by 90%, and profitability has increased from 5.5% in 2018 to 8.3% in 2019. The improved increase in the Romanian capacity has also resulted in a significant improvement in operational efficiency.

Cost structure

In BGN'000	2017	2018	2019	Variance 18/17	Variance 19/18
Materials and consumables	7 109	9 101	9 467	28.0%	4.0%
Hired service expenses	95 941	101 391	121 215	5.7%	19.6%
Employee benefit expenses	32 133	38 400	48 138	19.5%	25.4%
Other expenses	3 874	4 172	3 916	7.7%	-6.1%
Capitalized expenses	-	-	(971)	-	100%
Depreciation and amortization expenses	10 676	17 533	22 299	64.2%	27.2%
EBITDA	19 377	30 646	46 294	58.2%	51.1%
Total comprehensive income for the year	6 774	9 999	18 640	47.6%	86.4%

In cash on delivery, there is a growing proportion of customers who pay with credit/debit cards, which is related to additional costs for bank charges. The Smart Control service and the feedback programme launched has significantly increased the volumes of messages exchanged, which has resulted in an increase in costs for communication.

Bulgaria's labour market is characterized with low unemployment and high demand for qualified staff, which results in an increase in remunerations. The parent company has investment funds and efforts to increase productivity, which allows the increase in employee benefit expenses to remain around or below the rate of increase of revenue. The biggest cost is that for subcontractors, which has increased by 22% on a consolidated basis, which is close to the increase in revenue, but below the growth in parcels processed, which is again the result of the measures taken to optimise operations.

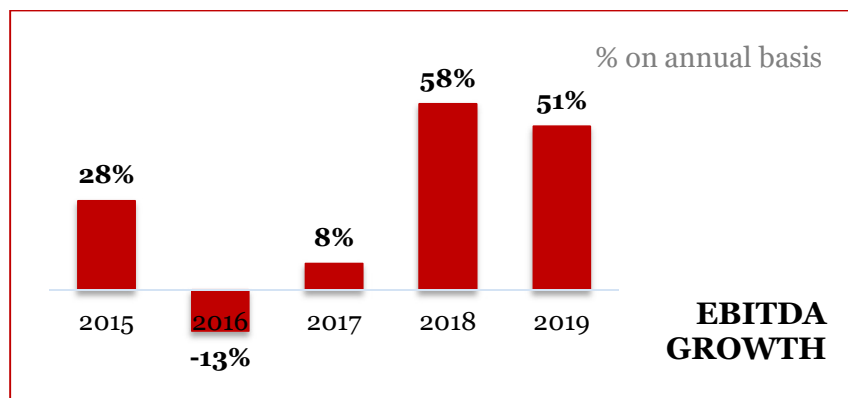
In order to improve control and quality, in Romania some of the logistic activities formerly performed by subcontractors, were taken over by DPD Romania, which had an impact on the cost structure – subcontractor costs were limited at the expense of additional expenses for remuneration, maintenance, and fuel.

As far as suppliers are concerned, there are sizable transactions with Transbalkan group AD. The related company is a key partner of Speedy AD in transportation of loads between hubs and for the services rendered



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the expenses stated amount to BGN 9.5 million. Despite the concentration, the risk is mitigated as 1/3 of the services are assigned to third parties, Speedy AD is a key customer of Transbalkan Group, which makes the related party dependent on Speedy AD. In the meantime, most of the assets that Transbalkan Group uses in its operations are leased under operating leases from Speedy AD.



Note: The indicated growth in the EBITDA indicator does not take into consideration the impact of adoption of IFRS 16 as from 1 January 2018

J. Financial position

In 2019 Speedy AD significantly increased its investments compared to the previous year to BGN 34.5 million, incl. transport vehicles (incl. leasing) for BGN 11.4 million and other Right-of-use assets (incl. buildings) BGN 20.4 million. The other assets that the Group usually prioritizes in its investments are equipment and computer equipment (BGN 2.3 million) and software for the operations (BGN 1.7 million). With the adoption of IFRS 16, the biggest weight became that of right-of-use assets. Over the reporting period, there has been a significant expansion of the capacity of the distribution network, the biggest of which is the new logistic hub in Bozhurishte. In Romania, we increased the share of own logistic hubs and depots, which resulted in an increase in right-of-use assets by over 10%. The new contracts added BGN 20 million to right-of-use assets and enhancement in the leased assets and are the main factor that contributed to the increase in lease liabilities to BGN 63 million despite the lease payments made over the year, of BGN 16.8 million.

In 2018 Speedy AD acquired investments in the subsidiaries Rapido Express and Logistics EOOD and OMG Mobile EOOD. The transaction price agreed between the parties is deferred, and its amount is subject to meeting certain conditions. The acquired investments have been measured as of the date of acquisition at the present value of the agreed payments (fixed and conditional), including direct costs for acquisition. The amounts paid in total for the period for the two transactions are BGN 8.3 million. The acquisition fee due as at 31 December 2019 for the acquisition of the investments, amounting to BGN 10.5 million, has been recognized as a liability.

A cornerstone of the Group strategy is sustainable growth. Taking into account significant market potential, the management of the Group monitors the rapid growth not to be at the expense of financial stability. In recent years, the parent company has made significant investment in capacity and acquisitions, as maintaining debt and liquidity ratios at healthy levels, and there has been an improvement over the last year.

The Group policy is to not to invest in real estate, therefore all its offices, logistic centres and sorting centres are rented under leases (therefore the significant amount of right-of-use assets). This allows for greater flexibility when organizing and restructuring the activities considering the dynamic group development. The



low capital intensity and the good profitability enabled us to achieve a remarkably high return on equity capital without raising the financial risk.

	2018	2019
EBITDA Margin	16.7%	20.3%
Net profit margin	5.4%	8.3%
ROE	21.2%	35.0%
ROA	7.9%	11.6%
ROIC	13.6%	16.6%
Receivables collection period	41.5	37.3
Inventory processing period	1.3	1.2
Payment period of account payables	35.5	40.5
Cash conversion cycle	7.9	-2.0
Interest coverage	7.3	9.3
Interest-bearing debt/Equity	1.5	1.4
Interest-bearing debt/Assets	0.5	0.5
Current ratio	0.9	0.8

Note: In calculating above ratios we use revenue and other income/ (losses), (net), as it is presented in the table "Revenue structure" in p. 1

In the case of services "Cash on delivery" and "Postal money order" upon delivery of the shipment the courier receive the respective amount and within one business day that amount is paid back to the sender. All the sums collected from the services "Cash on delivery" and "Postal money order" appear as "Other liabilities" in the balance sheet. As at 31.12.2019 the amount of these liabilities totalled BGN 8.4 million. Cash flows related with amounts collected from "Cash on delivery" and "Postal money order" are reported in the consolidated statement of cash flows as "Other proceeds (payments) from operating activities".

Except disclosures in the Note 36 to the consolidated financial report for 2019, there are no other significant events which occurred between reporting date and the date of preparation of the statement of financial position which require changes and/or additional disclosures in the consolidated financial statements as at 31 December 2019.

Except already disclosed, to the extent of our knowledge, there are no events and indicators with unusual nature for the Group that could have considerable impact on its operations during the period, realized revenues and expenses incurred.

K. Resources management and capacities for investment plans realization. Changes in financing structure after completion of the latter

Group Speedy devotes considerable efforts for planning and control of its financial resources. Short and long-term plans are prepared with the objectives have been planned in detail up to staff level, whose performance is constantly monitored. The investment plan is financed with combination of own funds and external sources (loans and leasing). The cash flow from operating activities (excluding the effect of change of cash on delivery) is sustainably high and is over BGN 39 million in 2019. It allows the company to finance

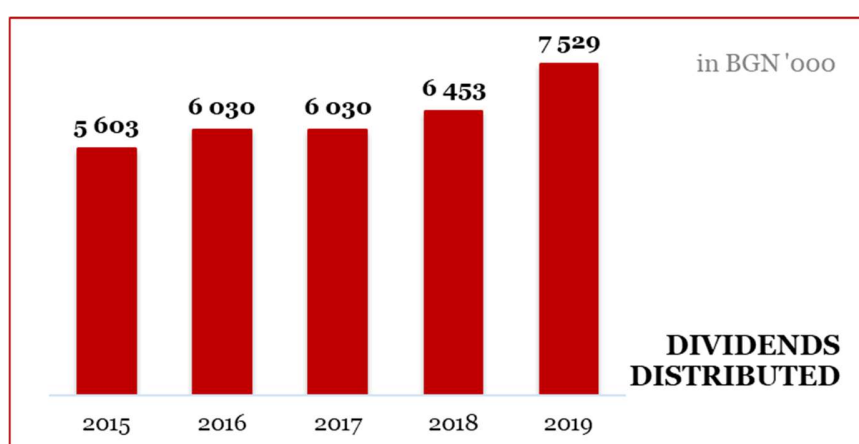


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its investment program and to meet its obligations in a due manner and to follow its dividend policy of distributing at least 50% of the annual profit of the parent company as a dividend to its shareholders. Part of bank loans are for financing the investment program in of the subsidiary company DPD Romania.

Currently there are no risks for the financial stability of the Group. The Group maintains low indebtedness ratio and sufficient liquidity while the cash flow from operating activity exceeds multiple times the maturing obligations. In addition, the parent company has approved overdraft credit lines, which have not been used as at 31 December. This provides a solid buffer to guarantee the Group's financial position even in adverse market situations. This allowed for 2019 profit distribution from the parent company in amount of BGN 7.5 million (62% of the Speedy AD's profit), payment of maturing instalments for the investments acquired in 2018 and increase investments in non-current assets almost two fold without aggravating the financial sustainability indicators.

There are no investments planned or possible events in amount that could result in meaningful change in current capital structure.



L. Expected future Group development

In view of the positive perspectives for the economies of our main markets, we expect the market growth to remain high, while the courier market in Romania continues to grow faster than in Bulgaria.

The main priority is the development of the B2C segment and expanding online trade positions. For this purpose, in Bulgaria we develop partnerships, infrastructure and software to allow us to expand the scope of our services (geographically and in terms of products), which will make the Group, in the face of Speedy AD, a preferred supplier in the segment. As significant element of these efforts is the development and upgrade of the MarketConnect service to optimise the platform, expand access to marketplaces and adding new functionalities. With respect to that, we make intensive efforts to introduce internal standards and control compliance thereof, which will improve service quality and customer satisfaction.

In Romania, the building of the office network will continue, with a large share of automated postal stations.

In 2020 we will continue implementing our long-term programme for development, establishment and expansion of the regional service (Bulgaria, Romania, Hungary and Greece) and Europe-bound deliveries, as well making popular supplies from and to other states, neighbouring our main market in Bulgaria and Romania.

The investments planned aimed to ensure the capacities necessary to meet the growing delivery volumes. Following last year's increase, in 2020 the investment volume is planned to be limited to the levels of the last few years.



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The management continues to focus on staff and company management in the Group and programmes to increase motivation, activity and qualifications, attract high-quality personnel and retain it. A periodic assessment is made of the positions, their responsibilities and tasks.

M. Information about substantial, unusual and off-balance transactions

There are no other substantial transactions that could impact revenue, profit or other financial indicators under para 1, p. 8 of additional provisions of POSA, apart from the ones disclosed in item I.

N. Information about related party transactions

There are no related party transactions of any significance and/or transactions that could significantly impact the company's financial situation or results of the activities during the reporting period. There are no related parties transactions outside regular line of business or substantially to diverge from market levels.

There are no other transactions under art. 240b of the Commercial Act with the Members of the Board of Directors of Speedy AD or related parties which fall outside the ordinary course of business or substantially deviate from market conditions.

The information on related party transaction is presented in Note 33 to the consolidated annual financial statements.

O. Information about participation in the equity, its main domestic or foreign investments (financial instruments, intangible assets and real estate), and investments in capital outside its economic group and the sources/ways of financing.

The Group has no investments in shares.

No other investments were made in financial instruments and real estates. Information about intangible assets are announced in the notes to the Consolidated annual financial statement.

Registered branches of the Group

The Group has two branches:

- Dynamic Parcel Distribution -Bulgaria. A branch of DPD Romania, registered on 11.03.2015.
- Dynamic Parcel Distribution -Greece. A branch of Geopost Bulgaria, registered on 22.06.2016.

P. Information about the loans, guarantees and other financial instruments received or granted by Group Speedy, Speedy Group AD.

GROUP SPEEDY

Loans obtained

Bank loans

The Group, through Speedy AD, uses bank borrowing (investment-purpose loans and loans for working capital). Detailed information on the obtained loans and the collaterals thereof is provided in Note 15 to the consolidated annual financial statements.

The subsidiaries do not use bank borrowing.

Leases



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Lease liabilities have originated as a result of the Group's investment and financial policy to expand the office and logistics network and acquire non-current tangible assets needed for the Group's operations. The lease liabilities under leases with a purchase option are secured by the underlying assets – vehicles, machines, equipment, technical devices. Detailed information on the lease liabilities is provided in Note 13.2 to the consolidated annual financial statements.

Intra-group loans

As at 31 December 2019, Speedy AD had obtained a loan from a subsidiary.

Name	Amount in BGN '000	Interest rate %	Maturity	Purpose
Speedy EOOD	522	3%	31.12.2019	Working capital

The loan is unsecured.

As at 31 December 2019, Speedy AD had granted a loan to a subsidiary.

Name	Amount in BGN '000	Interest rate %	Maturity	Purpose
DPD SA, Romania	7 840	3-5%	Dec 2023	Investment

The loan is unsecured.

No other financial instruments are used, incl. hedging.

Speedy AD and its subsidiaries have not provided guarantees to third or related parties outside the Group Speedy.

SPEEDY GROUP AD

Loans obtained by Speedy Group AD

Type of financing	Investment	Working Capital
<i>Creditor</i>	Unicredit Bulbank	Transbalkan Group OOD
<i>Amount of financing</i>	EUR 7 866 thousand	BGN 400 thousand
<i>Purpose</i>	Investment in subsidiaries	Working capital needs
<i>Maturity</i>	28.06.2028	26.06.2020
<i>Interest rate</i>	1,42%	3%
<i>Amount as of 31.12.19</i>	EUR 5 890 thousand	BGN 406 thousand

Loans extended by Speedy Group AD in BGN'000

Name	Gross Amount	Interest rate	Maturity
<i>Subsidiaries</i>	4,491	3-4.5%	Up to 1 year
<i>Other related parties</i>	1,568	3-4.5%	Up to 1 year
<i>Natural persons, incl. related</i>	1,296	3.80%	31.12.2020
Total	7,355		

The extended loans are for financing projects with common strategic purposes.

Extended guaranties by Speedy Group AD, in '000 BGN

Name	Amount
<i>Subsidiaries</i>	32 918
<i>Other related parties</i>	35 528
Total	68 446



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Q. Information regarding share buy-back transactions

Speedy AD did not acquire and does not hold treasury shares.

R. Use of funds raised from new issue of securities

No shares were issued in the reporting period.

S. Information regarding ecology and employees

The information is presented in the Non-financial report of Group Speedy.

T. Research and development

The Group has no R&D activities.

U. Analyses of the financial results and published forecasts

Group Speedy has not published forecasts.

V. Information about changes made during the reporting period in the main management principles of the issuer and its economic group.

No changes in the reporting period.

W. Main characteristics of the applied systems for internal control and risk management.

(See Corporate Governance Declaration)

X. Changes in the Board of Directors

No changes occurred in the reporting period.

Y. Remuneration paid to the members of the Board of Directors

	Base salary (BGN)	Non-cash benefits (BGN)	Other payments (BGN)
Valeri Mektupchiyan	240 000	-	66 667
Danail Danailov	66 000	-	27 778
Georgi Glogov	66 000	-	27 778
Avak Terziyan	66 000	-	27 778
Remuneration from Speedy EOOD			
Valeri Mektupchiyan	35 656		
Remuneration from Dynamic Parcel Distribution, Romania			
Danail Danailov	RON 32 000		



As of 31.12.2019 the amount of compensations due to the members of the BoD of Speedy AD, as decided by GMS and BoD, payable within 3 years are as follows:

	Remuneration for 2017 (BGN)	Remuneration for 2018 (BGN)	Remuneration for 2019 (BGN)
Valeri Mektupchiyan	5 926	13 333	22 222
Danail Danailov	2 469	5 556	9259
Georgi Glogov	2 469	5 556	9259
Avak Terziyan	2 469	5 556	9259

In 2019, the GMS, in compliance with art. 9 (2) of Remuneration policy of the members of the BoD, approved maximum amount of variable remuneration totalling BGN 135 thousand that is going to be paid to the board members for their activity in 2019 and is going to be distributed between them with a decision in 2020.

Z. Information about the shares held by members of the Board of Directors of Speedy AD at the end of the reporting period and changes occurring during the previous year

As at 31 December 2019:

	Acquired during the period	Sold during the period	No of directly owned shares	No of indirectly owned shares	Total No of shares owned (directly and indirectly)	% ownership
Valeri Mektupchiyan	0	0	0	3 500 367	3 500 367	65,09%
Avak Terziyan	0	0	1 800	0	1 800	0,03%
Danail Danailov	0	0	2 160	0	2 160	0,04%

The members of the Board of Directors have no options or other rights to acquire shares in the parent company or other companies in the Group.

The Group has not issued bonds.

AA. Information about agreements that the Group knows about that could result in a change in ownership structure of equity or bond issues.

There is an agreement between Speedy Group AD and GeoPost SA France providing the option for GeoPost SA France to increase its share from the currently 24.81% of the capital to a considerable majority stake in the company in 2020.

BB. Information about any pending court, administrative or arbitration proceedings concerning jointly or separately the payables or receivables amounting to at least 10 percent of the issuer's equity.

There are no court or other type of proceedings of any significance.

Information about the Director of Investors Relations:

Krasimir Tahchiev
Director of Investors Relations
Tel. 02 8173 999
E-mail: k.tahchiev@speedy.bg
Sofia City, Abagar St., Sofia City Logistic Park (SOMAT)



This is a translation from Bulgarian of the Consolidated annual management report of Group Speedy for year 2019.

2. Main risks faced by the Group

Group Speedy endeavours to keep a low risk profile by maintaining low levels of financial and operating leverage and high level of operating efficiency, by applying strict rules and procedures for management of activities and by strictly controlling their compliance, by diversifying its customers and suppliers.

Macroeconomic risk

Group Speedy operates in Bulgaria, Romania and Greece, performs deliveries throughout Europe and services companies in various sectors of the economy. Accordingly, our business activity of the Group companies depends heavily on the overall economic growth of the respective countries, the general condition of business environment, and particularly the customer trust, and respectively, end consumption. A possible shrinking of the economy and consumption would put pressure on profit margins, and a possible strong and continuous setback of business activity could result in negative trends in sales. The Group is trying to minimize that risk by maintaining high levels of financial autonomy and by investing continuously in efficiency improvement, which enable it to operate at a higher profitability compared to its competitors. Even though there has been a slight delay compared to 2018, the economies of the main markets on which the Group operates register stable growth which are expected to become positive and in the current year, both the main markets, Bulgaria and Romania, and the other Central and Eastern European countries are among the fastest growing on the continent, while Greece marked a significant recovery.

Risks related with announced emergency situation following COVID-19 epidemic are disclosed in the Note 36 to the Consolidated annual financial statement for 2019.

Regulatory risk

The regulatory risk is related to the adoption of regulatory changes that could involve additional expenses or restrictions of Group companies' activities. Currently, no implementation of any requirements that could either burden or involve additional expenses related to company activities is expected.

Over the last few years there has been an effect of the strict regulations related to personal data protection, the measures against money laundering, the trade in excise goods and taxation on e-shops, which necessitated changes in the activity of courier companies. Even through the regulations are related to some, though not significant, additional expenses, these regulations do not impact the market position of the Group companies, as far as they refer to all market participants and do not effectively limit activities.

Interest rate risk

The Group has lease liabilities, and Speedy AD has long-term bank loans. Group Speedy's interest payables have both fixed and floating interest rates. Accordingly, any general increase of interest rates would produce a negative effect on the Group. The strongly expansive money policy of leading central banks lowered the base interest rates. The policy of the European Central Bank is to maintain interest rates that stimulate economic development, therefore short-term and medium-term negative changes are not likely to occur.

Credit risk

About 85-90% of the income is generated by customers served on contractual basis, and the service is accordingly paid not at the time it is delivered but rather on a monthly basis. If economic situation worsens, the amount of overdue receivables may rise significantly. The Group has implemented a detailed and strict system of monitoring all due sums and the deadlines of payments, including an action plan in case of past dues.

Cash is kept in a way to minimize the risk. The servicing banks of the Group companies have the highest rating in the respective country.

Price risk

The price risk is linked to the general inflation rate on national level in the Group's countries of operation and the level of competition. Over the last few years, inflation in Bulgaria has been limited and in 2019 remained around 3%. Price levels are also stable in Romania, with inflation of 4%, and in Greece – below 1%. This fact in combination with the high level of competition puts service prices under pressure. Group



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Speedy is maintaining its competitiveness and aims to improve its price formation processes and control thereon, which allows us to improve profitability despite the price pressure.

The risk regarding the price level of supplies is related mainly with the price of the labour, which is the most significant factor in the cost structure. The low unemployment resulted in limited availability of qualified workers and respectively, a pressure for raise of compensations to attract new and retain existing employees. Substantial costs are also for fuel. The risk over the financial performance is limited, since the change in the price of oil is reflected in the fuel tax that is subject to monthly update and is payable by the clients. The highest weight has cost for subcontractors but they are also related with the costs of labour and fuel.

Currency risk

The Group's currency exposures originate in relation to the deliveries made from and to foreign countries, as well as its Romanian operations, which forms about 1/3 of the Group's revenue. Most of the currency transactions are in EUR, due to which the overall effect of foreign exchange translation is negligible. The increase in international deliveries is one of the main sources of growth, which resulted in an increase in foreign currency exposures, most of which this year were in EUR, BGN and RON, as well as transactions with the currencies of Eastern European countries under cash upon delivery. Regarding the latter, the risk of change in the exchange rate is borne by the customers. If BGN/EUR exchange rate remains fixed as it is now, we do not expect that fluctuations in the exchange rates of BGN and EUR could have any significant impact on the financial result of the company in medium-term. With the acquisition of DPD Romania S.A. the number of transactions in RON increased and accordingly the exposure to currency risk will rise. The BGN/RON exchange rates make a significant influence on the consolidation of DPD Romania S.A.

Liquidity risk

Liquidity risk is when the Group is unable to pay its maturing liabilities. The amount of Group Speedy's current liabilities is considerable and is related to payments of leasing contracts, loans and suppliers.

To manage its liquidity, the Group companies plan to negotiate payments in accordance with estimated future cash flows. In addition, cash reserves and free overdraft funds are maintained to serve as buffering in case of adverse turn in the market situation and temporary shrinkage of cash proceeds. Until now, the Group has been generating a stable positive cash flow which allows us to make without any trouble all due payments on time and maintains good liquidity indicators.



3. Insider information

Participation of members of the Board of Directors of Speedy AD in business entities as unlimited liability partners; ownership of at least 25% in the equity of another enterprise, as well as participation in managing and controlling bodies in other enterprises or corporations as procurators, control bodies or board members

VALERI HARUTYUN MEKTUPCHIAN

Omnicar“ EOOD	Manager	over 25%
„Omnicar BG“ EOOD	Manager	over 25%
„Omnicar S“ EOOD	Manager	over 25%
„Kiler storage“ EOOD	Manager	over 25%
„Omnicar auto“ OOD	Manager	over 25%
„Speedy group“ AD	Executive Director	over 25%
„Speedy“ EOOD	Manager	over 25%
„Lux light systems“ EOOD	Manager	
„Balkan holiday“ EOOD	Manager	
„Bulrom gas – 2006“ OOD	Manager	over 25%
„Concept invest 2011“ EAD	Executive Director	over 25%
„Plovdiv invest 2010“ EOOD	Manager	over 25%
„Brestnik“ EOOD	Manager	over 25%
„Geopost Bulgaria“ EOOD	Manager	over 25%
„DPD“ SA, Romania	Member of BoD	over 25%
„Winery Estate Dragomir“ OOD		over 25%
„Transbalkan“ SRL		over 25%
„Transbalkan group“ OOD		over 25%
„M Castel“ OOD	Manager	over 25%
„Sofia city logistic park“ EOOD	Manager	over 25%
„Omnicar plus“ OOD		over 25%
„Omnicar ocasion“ EOOD		over 25%
„Omnicar rent“ OOD		over 25%
„Sarbul 2014“ OOD		over 25%
„Kompresor BG“ EOOD		over 25%
Omnicar Varna OOD		over 25%
Allianz Auto Zapad EOOD		over 25%
Rapido Express and Logistics EOOD		over 25%
OMG Mobile EOOD		over 25%
Pit Box EOOD	Manager	over 25%
Star ABC Invest EOOD	Manager	over 25%

GEORGI IVANOV GLOGOV

„Speedy group“ AD	Member of the Board of Directors	
„Speedy“ EOOD	Manager	
„Concept invest 2011“ EAD	Member of the Board of Directors	
„Sandriny Flo“ OOD	Manager	50% of the capital
„Transbalkan Grup“ OOD	Manager	
„Transbalkan“ SRL	Manager	
„Aleks – G“ EOOD	Manager	sole proprietor
„Balkan holiday“ EOOD		sole proprietor
„Lux light systems“ EOOD		sole proprietor

DANAIL VASILEV DANAILOV

„Bioforest“ OOD	Manager	50% of the capital
DPD SA, Romania	Member of the Board of Directors	



This is a translation from Bulgarian of the Consolidated annual management report of Group Speedy for year 2019.

AVAK STEPAN TERZIYAN
“Star performing” OOD

Manager

over 25% of the capital

ROBERTUS TEODORUS van den HELDER

DPD Group International Services Management GmbH, Germany

Member of the Management Board

Rabobank Amstel en Vecht, the Netherlands

Member of the Supervisory Board



Key managers - Bulgaria



**Robertus Teodorus
van den Helder**

Member of the Board of
Directors

Experience and qualification

- Operational Director for Europe at DPDP Group
- Responsible for the European network, city logistics and "final mile" deliveries
- Since 2016, responsible for international customer service in Europe



**Valeri
Mektupchiyan**

Executive
Director

Experience and qualification

- Founder of Speedy
- Executive Director from the very beginning
- Operative director of Speedy from 2008 to 2011
- Serial entrepreneur, founder and owner of companies dealing with oil trading, motor vehicle trading, repair and maintenance, trading with fuels, transportation services

Specific responsibilities

- Overall management of Speedy's business



**Georgi
Glogov**

Member of the
Board of Directors

Experience and qualification

- Founder of Speedy
- Director Speedy international activities from 2003 to 2009
- Entrepreneur with more than 20 years of experience
- Owner of a financial and accounting house

Specific responsibilities

- Chairman of the Board of Directors



**Danail
Danailov**

Member of the
Board of Directors

Experience and qualification

- Investment and business consultant with more than 18 years of experience
- Experience in the field of macroeconomics, privatization and investment intermediation, management and investments
- Managing Director of a risk investments fund from 2009 to 2011
- Chief investment expert from 2003 to 2009

Specific responsibilities

- Strategy and business development, acquisitions and partnerships



**Avak
Terziyan**

Member of the
Board of Directors

Experience and qualification

- Regional manager for Southern Bulgaria in DHL and FedEx
- From 2000 responsible for human resources in Unilever and implementation of unified strategy of the company in Bulgaria, Macedonia, Albania and Kosovo
- From 2005 to 2008 Operating Manager in Speedy
- From 2008 HR Manager. Successfully implementing two EU funded projects under OP "Development"



Management responsibilities

The management of Group Speedy has prepared the consolidated annual financial statements for 2019, providing a true and fair presentation of the Group's position as at the year's end and of its accounting results. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

The management confirms that suitable accounting policies has been applied and that during the preparation of the Financial statements at 31 December 2019 was respected the precautionary principle in the assessment of assets, liabilities, revenues and expenses.

The management also confirms that it has complied with the accounting standards and that the Financial statements have been prepared on a going concern basis.

The Management is responsible for keeping proper accounting records, for safeguarding the assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director of
Investors Relations:

Krasimir Tahchiev



Valeri Mektupchiyan

