



**ANNUAL REPORT ON THE ACTIVITIES OF
BILLBOARD AD, SOFIA
FOR THE FINANCIAL YEAR 2018**

THIS REPORT WAS PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE. 39 OF THE ACCOUNTANCY ACT, ARTICLE 100N, PARAGRAPH 7 OF THE LAW ON PUBLIC OFFERING OF SECURITIES AND ANNEX № 10 TO ARTICLE 32, PARAGRAPH 1, ITEM 2 OF ORDINANCE № 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION.



DEAR SHAREHOLDERS,

We, the members of the Board of Directors of BILLBOARD AD, led by the desire to manage the company in the interest of the shareholders and pursuant to the provisions of art. 39 of the Accountancy Act, article 100n, paragraph 7 of the LPOS and Annex No 10 to art. 32, para. 1, item 2 of ORDINANCE No. 2 OF SEPTEMBER 17, 2003 ON THE PROSPECTUSES TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET AND ON DISCLOSURE OF INFORMATION prepared this Activity Report /the Report/. The Report presents comments and analysis of financial and non-financial essential indicators regarding the results from the activities, related to the economic activity of the company, including information on issues, related to ecology and personnel. The report includes objective review that presents in a true and fair way the development and performance of BILLBOARD AD, and its position, together with a description of the main risks the company faces.

Enclosed to this Report is a Corporate Governance Declaration of BILLBOARD AD pursuant to Art. 100n, para. 8 of the Law on Public Offering of Securities.

Information regarding the circumstances occurred in 2018 that the company's management believes could be of importance to investors when taking a decision to acquire, sell or continue holding shares of BILLBOARD AD has been publicly disclosed to the Financial Supervision Commission, the public /investors/ and the regulated securities market within the terms and in accordance with the procedure for regulated information disclosure on the part of public companies and other issuers as provided by the LPOS and Ordinance No 2. The information is also available on the company's website www.bilbord.bg, News section.

I. GENERAL INFORMATION ABOUT THE COMPANY

BILLBOARD AD is a company with the following scope of activity: foreign and domestic trade; specific trade operations; barter and cross transactions; sales under the conditions of letters of credit; export of Bulgarian products to the international market; distribution of great volumes of imported goods; commercial representation; intermediation between local and foreign parties; printing and wide format printing activities; advertising activity; acquisition and incorporation of new companies with a scope of activity – printing, wide format printing activities, advertising activity as well as sale of such companies; acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, evaluation and sale of patents; transfer of licenses for use of patents to companies where the company participates; financing of companies where the company participates.

The company was incorporated on 07.02.2001 under the company name „BILLBOARD PRINT” Ltd. On 23.12.2003 the company was reorganized into a Joint Stock Company – BILLBOARD AD.

The company was filed with the Commercial Register of Sofia City Court under company's case N 1298/2001, volume 672, page 200.

On 22.04.2008 BILLBOARD AD was re-registered with the Registry Agency to the Ministry of Justice – Commercial Register under UIC: 130472125.

As of 31.12.2018 the company has a registered seat, business address, telephone, telefax, e-mail, website, as follows:

Registered seat and business address: No 1 Bulgaria Sq., National Palace of Culture, AI4 entr., Triaditza district, 1463 Sofia.

Address for correspondence: No 1 Bulgaria Sq., National Palace of Culture, „low-rise building”, floor 2, Triaditza district, 1463 Sofia.

Telephone: +359 2 9166500

Fax: +359 2 9630606

e-mail: ir@digitalprint.bg;

web: <http://www.bilbord.bg/>



As of 31.12.2018 the share registered capital of BILLBOARD AD is in the amount of BGN 15 000 000 divided in 15 000 000 dematerialized registered shares with a nominal value of BGN 1.00 each of them.

In 2018 the company has not made a capital increase or decrease.

Information on whether more than 10 percent of the capital has been paid with assets other than cash and information on changes in the capital of the company

○ On 01.02.2006, the share capital was increased by means of a non-cash contribution - contribution in kind in the amount of BGN 1.1354 million of "IBT INTERNATIONAL BUSINESS AND TRAYDING" AD - Switzerland from "BILLBOARD" AD, which derived based on a pecuniary receivable in the amount of € 580,533.06 arising from a cash loan agreement - financial loan signed on 20.07.2005 between "DEDRAX" Ltd. and "BILLBOARD" AD and subsequently acquired by "IBT INTERNATIONAL BUSINESS AND TRAYDING" AD under an Agreement N: 104 of 25.10.2005 between "KEYLO INTERNATIONAL", "IBT INTERNATIONAL BUSINESS AND TRAYDING" BILLBOARD AD.

○ By Resolution № 6 of Sofia City Court dated 04.06.2007 in the Commercial Register under the batch of BILLBOARD AD were filed the following changes: capital increase with company's own funds from BGN 3.1404 million to BGN 6 000 000 (six million), by means of the issuance of 2,859,600 (two million eight hundred and fifty-nine thousand six hundred) registered dematerialized voting shares with a nominal value of BGN1.00 lev each.

○ By Resolution № 9 of Sofia City Court dated 20.12.2007 in the Commercial Register under the batch of BILLBOARD AD was filed a capital increase of the company from BGN 6 million (six million) lev to BGN 7.5 million (seven million five hundred thousand) lev, divided into 7,500,000 registered dematerialized voting shares with a nominal value of BGN 1.00 lev each, through the issuance of 1,500,000 (one million five hundred thousand) registered voting shares with nominal value BGN 1.00 lev each.

○ On 19.08.2008, based on the resolution of the regular general assembly of shareholders held on 30.06.2008 to increase the company's capital from BGN 7.5 million lev to BGN 15 000 000 Levs under the procedure of art. 246, para. 4 of the Commerce Act by means of transformation of part of the company's reserves into capital through the issuance of new 7.5 million registered dematerialized voting shares with nominal value of BGN 1.00 lev each, was filed a capital increase in the Commercial Register. The new shares were distributed among the shareholders proportionate to their participation in the capital until the capital increase, as entitled to participate in the distribution of the new shares with which the capital was increased were persons who have acquired shares not later then 14 days following the date of the decision of the General Assembly of the Shareholders for the capital increase. Each shareholder who acquired shares until the 14th day following the date of the General Assembly of the Shareholders when the decision for the capital increase was adopted received 1 new share.

Table №1

As of:	31.12.2016	31.12.2017	31.12.2018
Amount of the capital in BGN	15 000 000	15 000 000	15 000 000
Number of shares	15 000 000	15 000 000	15 000 000
Number of the issued and fully paid shares	15 000 000	15 000 000	15 000 000
Nominal value of the shares in BGN	1	1	1



As of 31.12.2018 the shareholders' structure of BILLBOARD AD is the following:

Table №2

Name of the shareholder	Number of shares hold	Percentage of the capital
Vassil Stefanov Genchev	3 753 730	25.024 %
Stephan Vassilev Genchev	3 000 000	20.00 %
Kalin Vassilev Genchev	3 000 000	20.00 %
Veneta Stephanova Gencheva	1 483 738	9.89 %
Other shareholders – physical persons and legal entities	3 762 532	25.086 %

**INFORMATION ON THE GROUP OF ENTERPRISES (ECONOMIC GROUP)
OF THE ISSUER:**

BILLBOARD AD is part of group of enterprises within the meaning of §1, item 2 from the Additional provisions of the Accountancy Act and is a parent company, holding over 50 % of the votes at the general assembly of several subsidiaries.

**As of 31.12.2018 the companies in the group of enterprises (economic group) of
BILLBOARD AD are:**

○ **DEDRAX AD**

Scope of activity: desktop publishing and graphic design, publishing and advertising activities, development, adaptation, implementation, support of software products and systems, marketing and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law.

The company was registered with a capital amounting to BGN 5 000. In 2010 the company's capital was increased to BGN 2 800 000 by its own funds representing a part of the profit for 2009 in the amount of BGN 310 750.92 and non-distributed company's profit from previous years in the amount of BGN 2 484 248.08.

At the regular annual session of the general assembly of the shareholders of Dedrax AD, held on 30.07.2014 was approved a resolution for a capital increase from BGN 2 800 000 to BGN 4 878 627 as the increase in the amount of BGN 2 078 627 was made by company's own funds representing not distributed profit for the period 2010 – 2013.

As of 31.12.2018 BILLBOARD AD holds directly 60 % of the votes at the general assembly.

○ **MOTION ARTS Ltd.**

Scope of activity: trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

As of 31.12.2018 BILLBOARD AD holds directly 255 company stakes, representing 51 % of the votes at the general assembly.



○ **DIGITAL PRINT EOOD**

Scope of activity: digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law.

The company was registered with a capital in the amount of BGN 5 000.

On 28.05.2015 in the Commercial Register to the Registry Agency under the batch of the company was filed a capital increase based on a resolution of the single owner. The company's capital is in the amount of BGN 3 000 000 (three million) out of which BGN 5 000 (five thousand) – money contribution and BGN 2 995 000 (two million nine hundred ninety-five thousand) – contribution in kind.

The single owner of capital BILLBOARD AD transferred at nominal value, fully and unconditionally its receivable to DIGITAL PRINT Ltd. in the amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) leva, representing part of monetary receivables arising from a Loan agreement concluded between BILLBOARD AD - lender and DIGITAL PRINT Ltd. - borrower, which receivable is part of the principal under the Loan agreement as from 01.08.2008 at nominal value amounting to BGN 5 000 000 (five million) leva and the part of the receivables - subject to the contribution in kind is in the total amount of BGN 2 995 000 (two million nine hundred and ninety-five thousand) leva.

Amount: BGN 2995000.

Number of the Act for assignment of experts: 20150312145317/13.03.2015.

As of 31.12.2018 BILLBOARD AD is a single owner of the company's capital.

Information on the Management System of the Issuer

BILLBOARD AD has a one-tier management system. The company is being managed by a Board of Directors.

As of 31.12.2018 the Board of Directors of BILLBOARD AD includes the following members:

1. Kalin Vassilev Genchev – Chairperson of the Board of Directors
2. Stefan Vassilev Genchev – Executive Director
3. Borislav Hristov Borisov – Independent member of the Board of Directors
4. Asen Georgiev Kostadinov – Independent member of the Board of Directors

The company is represented by the Executive member of the Board of Directors. No changes in the way of representation of the company have been made neither any appointment or discharge of procurator has occurred during 2018.

At the extraordinary session of the general meeting of the shareholders of BILLBOARD AD, held on 12.11.2018 was adopted a resolution for changes in the Board of Directors as Zarina Vassileva Gencheva and Dessislav Grozev Tomov were released from their positions as board members and Asen Georgiev Kostadinov was elected to be a new independent member of the Board of Directors of BILLBOARD AD for 5-years terms of office as from the date of entering the resolution with the Commercial Register to the Registry Agency.

The changes in the Board of Directors were filed with the Commercial Register to the Registry Agency on 16.11.2018 under № 20181116161641.

Information on amendments in the Company's Articles of Association made during the reported financial year

During 2018 have not been approved amendments to the company's Articles of Association.



II. OVERVIEW OF THE ACTIVITIES AND THE STATUS OF THE COMPANY

1. Major activity

The company has the following scope of activity: foreign and domestic trade; specific trade operations; barter and cross transactions; sales under the conditions of letters of credit; export of Bulgarian products to the international market; distribution of great volumes of imported goods; commercial representation; intermediation between local and foreign parties; printing and wide format printing activities; advertising activity; acquisition and incorporation of new companies with a scope of activity – printing, wide format printing activities, advertising activity as well as sale of such companies; acquisition, management, evaluation and sale of share participations in Bulgarian and foreign companies; acquisition, evaluation and sale of patents; transfer of licenses for use of patents to companies where the company participates; financing of companies where the company participates.

BILLBOARD AD and the companies included in the economic group perform activities in the following major spheres:

- Digital wide format printing;
- Offset printing;
- Construction and maintenance of advertising facilities;
- Information technologies and professional solutions for digital printing;
- Design and construction of integrated management information systems in the field of printing and advertising business;
- Complex solutions in the field of outdoor and interior advertising.

In 2018 BILLBOARD AD continued conducting its activities in the following areas: outdoor advertising, indoor advertising, transport advertising and metro advertising, events and exhibitions, photographs and reproductions. The company is a representative of 3M for the products of Commercial Graphics Division and is the only authorized 3M Scotchprint manufacturer. Thereby the company's customers receive additional support and guarantee from the world giant for the implementation of their projects.

In the field of **outdoor advertising** BILLBOARD AD develops and offers various types of billboards, mega boards, City Lights, advertising shop windows, awnings, facade advertising with integrated lighting and unlighted facade advertisement banners and packing of buildings.

In the field of **indoor advertising** BILLBOARD AD develops and offers printing of posters and banners with photo quality, including 3D posters, illuminated advertisements, banners, floor graphics, design and implementation of various backdrops, branding, development of boards and panels, models of objects and people in natural size, advertising on custom interior spaces, expo systems.

In the field of **transport advertising** BILLBOARD develops and offers a variety of services in the field of branding for different types of vehicles - cars and trucks, airplanes, ships and boats, means of public transportation.

MAJOR PRODUCTS AND THEIR VARIATIONS PRODUCED BY BILLBOARD AD AND THEIR SHARE OF THE TOTAL 2018 PRODUCTION

Table №3

Type of product	Description	TYPES	%	
OUTDOOR ADVERTISING	PRINT FOR OUTDOOR ADVERTISING	Types		
Billboard 4 x 3 Piza type	Billboard is a standard advertisement facility for outdoor advertisement, positioned in an urban or country area with standard size 4x3 m. By means of billboard advertisement one realizes successfully both image and product advertisements	made of PVC Vinyl Front lighted	10.90 %	
		made of Backlit PVC Vinyl		



	and the message reaches a wide range of public. For the realization of a successful campaign one recommends a selection of a sufficient number of locations, which could be rotated in the period of advertising and a location, which is in compliance with the advertised product	Scroller Printed on paper for metal plates Made of Selfadhesive PVC film		32,90%
Megabillboards	These are advertisement constructions with big sizes, which are positioned along the highways or on residential buildings in the urban area. This type of advertisement carriers is used for the realization of the long-lasting image campaigns, in which the accent is on the brand. Since the size of the advertisement posters are impressive, there are big requirements for the facility and the board. For the advertisement facilities, placed on buildings, it is necessary an additional accuracy when making the poster, since the strength caused by the heavy winds often reaches 50 kg/m2. For this purpose it is mandatory to use strengthened seams, fixes and ropes when making the advertisement board.	Wall Murals	3.00 %	
		Highway Megabillboard 8x4m and 12x4m		
		Over-roof Megabillboards		
		Made of Mesh		
City Light	Advertisement facilities, located in pedestrian areas and at the public transport stops. Standard size 1,20m x1,80m, backlit. Typical for them is that they have a bigger readability compared to the other elements of outdoor advertisement. This makes the realization of brand advertisements possible. The materials used are mainly paper for backlit, vinyl or backlit film. The easy assembly and disassembly provide the opportunity for holding of campaigns and entire media planning.	Vien pillar	2.30 %	
		Rockets		
		Bus Shelter		
Shop windows advertising	Advertisement vision, located on the front building part, means a maximum efficient way for use of the buildings as a place for advertisement. It is realized by means of sticking perfo folio from the outdoor side of the windows, which folio imitates blinds and doesn't prevent the light to enter the building. The effect is a very pleasant one both for the employees working inside the building and for all the people outside the building, cause the perfo folio merges in a natural way with the front building part. The advertisement on glass front building parts is an image one and is efficient for a long period, since the production of the vision and the assembly are relative expensive.	Transperant film	4.90 %	
		Tight and sandblasting foil		
		Perforated foil		
		Rear projection		
Tents	They are used mainly in the public food facilities both with an advertisement purpose and in order to keep the visitors protected from sun, rain, snow etc. They are made out of vinyl or textile. They require that a particular construction on a preliminary draft should be erected, on which the canvas is to be set. The shapes and size are individual, in accordance with the capacities of the site.		0.60 %	
		Vinyl Tents		
Facade advertising	This is the widest spread advertisement in urban area. The front building areas are used of the trade sites, offices, restaurants and bars, institutions. Specific constructions are made with possibilities for diversity with the used printing media, lighting or not lighting, volume, neon etc.	luminous facade and feyshi	4.10 %	
		with no ligh		
Banners	The banners are advertisement materials with non-standard sizes, not requiring a particular metal construction. It is specific for them, that they are easily to change and do not require high budget. They are produced most often of laminated or oiled vinyl. Depending on the envisaged way of suspension they could be made of pins, pockets, PVC or metal pipes.	Vinyl banner	3,20 %	
		Mesh banner		
		Transperant		
		Vertical vinyl baner		
		Textile banners		
Wrapping of Buildings	One of the most actual recent tendencies for sending of advertisement messages is the use of the front building parts as an advertisement area. Besides the unique in its size visual	made of Vinyl net	0.30 %	
		made of construction net		

	effect this type of advertisement has a purely practical benefit, as it covers the repair works during renovation of the buildings. Depending on the period of “wrapping” and the specific location of the site, one can use vinyl or construction net.			
Signboards	The signboards are being placed predominantly on the streets and have the function to give additional information about the location and scope of activity of a particular company. It is typical for them to synthesize key information and data - company name, direction, remaining meters / kilometers. They can be one - or two-sided. They are being made of comatex, steel with PVC film. Reflective foil may also be used.	Metal plate with PVC	0.80 %	
		Reflective signs		
		Advertising and directive signs		
		Corporate totems		
Pavilions	Branding of a pavilion is an effective way of advertisement in urban environment. For its realization one performs an individual designer’s project and in this way one achieves uniqueness of the commercial area. The purpose is attraction of customers and respectively increase of the sales. The materials, which are used for the “wearing” are 3M PVC folio (on metal parts) and perfo folio (on glass parts).	Branded with selfadhesive	1,00 %	
		Whole tent of Vinyl		
Flags	The flags are bearers of advertisement messages, related mostly with the image of a particular brand. They are used mainly for outdoor advertisement. They are assembled on pillars with the help of hooks or fixes, additionally strengthened with cord. For their production one uses especially developed polyester fabrics, which are more durable to weather conditions – wind, rain, snow, sunlight etc. The standard sizes are 4x1.5 m, but they could vary.	Advertising flags	1,20 %	
		National Flags		
		Windblade		
		Special flags for strong wind		
Gas stations	Billboard AD offers also variable materials, related with the layout of the gas station as a trade object. They have no advertisement nature, but rather an image and informational one. Their production is fully in compliance with the specifics and requirements for layout of gas stations. In order to avoid the standard vision, one puts emphasis on the unique design, which distinguishes the different chains. The products, which are produced, are various: totems, stickers for gas station posts, lighting boxes, advertisement canvasses, front building part constructions, indicating signs.	Branding of pistol holders	0.20 %	
		Light boxes on the cashdesks		
		Totems		
Interior advertising	PRINT FOR INTERIOR ADVERTISING	Type		
POS	Advertising on the place of purchase is related with most efficient way of presenting the products, or so cold Merchandise. Billboard offer a wide variety of differetn size, type or shape of printed material for POS, as well as the hanging system or any individual projects. The better way of presenting the products and their technical datas is important part of selling the products.	Translites	18.50 %	
		Stands		
		Pallet zone		
		Security zone		
Posters	Printing of posters and placards with photo quality of different media – regular, poster or photo paper, gloss or matt, with additional option for laminating. It successfully replaces the offset printing provided that there are single items needed or there is a need of small volume of printing or printing with many different visions. Also here the maximum width of printing is 160 cm, without restrictions in the length. The printing is with solvent UV and water durable inks.	Stoppers	9.91 %	
		Poster		
		Carton board		
		Vinyl board		
Illuminated advertising	Metal or aluminium constructions with inbuilt lighting bodies, directed to the front part. Depending on the sizes and the location, where they are assembled, their visions could be printed on different medias. One uses a special mode of printing, in which the colours are more thick and bright and compensate the backlit. Their main advantage against the other advertisement bearers is that their vision is active 24 hours. The advertisement could be done in different ways: plexiglass with	PP poster	1.80 %	40.81 %
		3D lenticular board		
		Backlite boxes		
		Menu boards		

	PVC folio, backlit film, vinyl for back lighting.			
Banners	The banners are advertisement and information elements, designed for location on various sites. They are with non-standard sizes and are to be applied as well for outdoor as for indoor advertisement. They are used for events with short duration – conferences, promotions, forums or as information boards. The way of fixing is always individual, depending on the conditions, but most often by means of fixes, pockets, metal or PVC pipes. They are made mainly of laminated or glued vinyl and they do not require a special construction for assembly.	Made of Vinyl	2.70 %	
		Textile banners		
		Tranperants		
Floor graphic	The floor graphic is a non-standard and breath taking advertisement product. It is used for branding, promoting, advertisement and decoration. It is extremely suitable for big commercial sites, sport halls, museums, airport and bus terminals, gas stations and fast food restaurants. They are made of high quality folio of the 3M brand and are placed on all types of smooth floor surfaces. For the more bigger events and promotions one can use them as outdoor advertisement on sideboards and squares.	Standart floorgraohic	2.80 %	
		Stairways		
		3D floor graphics		
Sets and other decorations	One of the main tasks of the indoor designers is to give the space coziness and comfort, as in this way they make so that the people feel comfortable, without difference where they are. The contemporary technologies allow the production of different sets and other decorations such as curtains, table-cloths, floor covers, damasks etc. The most often used materials are textile and paper, as they are most common for the human	Sets for rest places	0.60 %	
		Sets for TV studios		
		Sets of showrooms		
		Theatre sets		
Refrigerating shop-windows and vending machines	Branding of refrigerating glass windows is used for indoor advertisement, mainly in the commercial sites and public facilities. It is made by means of application of 3M PVC film, as its designation is to introduce the commercial brand and the main product, which is offered to the users.	Coffe machines	0.20 %	
		Refrigerators		
		Refrigerating shop-windows and automates		
Dashboards and panels	These are articles, which are placed with decorative, advertisement or indicative purpose. They are intended to be used mostly in the commercial sites. They are made out of different surfaces: foamboard, comatex, PVC material and depending on the function they have they could be printed both one-sided and two-sided. In the cases when one seeks photographic quality, the vision is printed on photo paper and then it is cashed on the surface.	PVC Board	1.10 %	
		Models and Figures		
		Canvases of Foamboard		
Lifts and escalators	Advertisement on non-standard indoor spaces such as lifts, escalators and staircase rooms by means of sticking with PVC folios. This is an extremely suitable way for realization of long-term image non-standard advertisement campaigns in the commercial or public sites, where there is a huge stream of passengers every day.	Lifts and escalators	1.20 %	
		Elevetor doors		
		Whole branding of elevator		
		Halls		
Transportation advertising	PRINTING OF TRANSPORTATION ADVERTISING	Type		
Cars	Cars are extremely suitable for entire branding. The lack of complex curves makes them into an ideal subject of full wrapping. In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. The cars are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. In case of full wrapping one recommends the use of folios 3M from the series SC 40;50 and SC 180;380 depending on the warranty and	whole branding	4.00 %	14.91%
		partial branding		
		reflective		
		tunning of cars		



	stability of the application.		
Jeeps and vans	Jeeps and vans are extremely suitable for entire branding. The lack of complex curves makes them an ideal object for “covering”. In this way one increases the advertisement area and strengthens the effect of the advertisement and the esthetics. They are intended mainly for transfer of passengers, so that one could avoid the branding of the glasses, but often one covers also the roof, which is easily accessible. With the full wrapping one recommends the use of folios 3M of the series SC 40;50 and SC 180;380 depending on the warranty and the stability of the application.	whole branding	0.20 %
		partial branding	
		reflective	
		tunning	
Motors	Branding of motors is another non-standard and attractive way of submitting the advertisement message. The sticking could be both partial and full. The advantage of these vehicles is the lack of complex curves, although the selection of folio is strictly specific. One recommends the series for vehicles of 3M - ScotchCal 40 and ScotchCal 50, because of the additional scratch resistant cover. Prior to the assembly of the stickers it is necessary that the motor should be measured and designed by the experts of Billboard JSC.	whole branding	0.01 %
		partial branding	
		reflective	
		tunning	
Cargo vehicles	Cargo vehicles are more and more often used for supply with goods. Almost all companies performing commercial activities have at least one cargo vehicle. That’s why the branding namely of this type of vehicles is the most wide distributed both with advertisement purposes and with identification purpose. Big commercial companies, distributors or speditors create an entire corporate fleet, thus demonstrating the presence on the market during goods delivering. The quality for execution of the advertisement is of great importance because it additionally contributes for the good image of the company. Low quality with the performance of the advertisement is inadmissible. At the same time cargo vehicles are most complex from technical point of view, as they have complex curves. This makes the selection of folio restricted and increases the price. Recommended are the materials for entire branding 3M Scotchcal 180 and 3M Scotchcal 380 depending on the depth of the curves	whole branding	4.80 %
		partial branding	
Trucks	Even more companies brand their trucks, with which they operate. Depending on the work activity the application could be an image one or it could provide visual information about the offered products and services. The main advantage is the bigger area of this kind of vehicles, which could be partially or fully branded. The trucks are one of the most appropriate bearers of advertisement, cause they are always on the move and so they are influencing a bigger public. It is recommended that one uses the folio of the specially distributed series for vehicles of 3M - Scotchcal 40 and Scotchcal 50.	with metal sides	1.30 %
		with PVC vinyl	
		Petrol tank trucks	
Special purpose cars	Special purpose cars require high level reflective materials. Billboard AD offers all reflective series of 3M - SC 580; SC 680; Diamand Gray etc.	Police vehicles	0.50 %
		Ambulances	
		Security vehicles	
Public transport	Public transportation is used more and more often as a bearer of advertisement messages. They reach a wider range of consumers. The visual effect is made through the entire or partial branding. The visions are printed on 3M PVC folio of the metal parts. The windows are branded with perfo folio, which doesn’t prevent the light from entering the vehicle, so that the advertisement message doesn’t obstruct the visibility from the inside to the outside. Besides the outdoor branding	Buses	4.10 %
		Troleys	
		Trams	
		Mini Buses	
		Metro	



	with folios, there are another possibilities available for indoor and outdoor advertisement: lighting and non lighting constructions, advertisement posters, banners etc.			
Projects	COMPLETE PROJECTS EXECUTION	Type		
Events and exhibitions	Every event is unique in itself from the point of view of the used advertisement elements. The purpose is that one should combine all visual materials, such as banners, columns, billboards, screens etc, so that they should strengthen and express to the maximum extent the effect from the size. The task and the purpose of the company Billboard JSC is to create a visual communication, which should strengthen the influence on the public by means of optimal use of the possibilities of the rooms and the environment. When decorating a particular event it is important, that one should consider the nature of the event as well as its purpose. In this case one achieves a suitable selection and quality make of the advertisement materials.	Events	0.30 %	8.60 %
		Concerts		
		Oppening		
		Press-conference		
		Company partys		
		Sepmling nad presentations		
Complete projects execution	Billboard AD offers complete projects execution for visual communication. The company has a highly trained proffesional team of designers, prepress and applications who can creating a compleate interior or exterior project from the Idea to the final details. The company has also offices in the main cities of Bulgaria - Sofia, Plovdiv, Varna and Bourgas witch serve the local markets and national campains.	Design	8.20 %	
		Engeneering		
		Prepress		
		Construction		
		Aplication		
Photographs and reproductions	Making of images of photograph quality designed for professional photograph exhibitions and reproductions. Most often there are used different types of photo paper, canvas and other art materials.	Reproduction of art	0.10 %	
		Photo Exhibitions		

During the reported year 2018 BILLBOARD AD has implemented a large-scale project for branding of various national sites related to the Bulgarian Euro-Presidency for the period January - June 2018. The project included printing and production of advertising facilities located on key national sites such as the National Palace of Culture, Boyana Residence, Council of Ministers, Ivan Vazov National Theater, Sofia Airport Terminal 2, Sofia VIP Terminal, ATC, as well as major boulevards in the capital city. The project was implemented on time and in compliance with all the requirements of the Ministry for the Bulgarian Presidency of the Council of the European Union (EUBAC), and the performance was rated extremely high by the Bulgarian Ministry as well as by the foreign delegates.

During the reported period, the company has continued expanding its presence on foreign markets by winning a contract with a large international customer for a three-year period with the option of extending to five years. Overall, the company's policy is to build partnership relations with major Bulgarian and international clients - corporate customers, thus reducing the risk of fluctuation, with a continuous increase in volume and capacity. The objective of the management is to maximize production capacity and increase productivity while reducing manual labor and uptaking higher printing capacity orders.

The relative growth in production of interior promotional materials could be assessed as a continuous trend. With the increase in the number of retail outlets, as well as the need for promotional materials at the point of sale - POS, interior advertising appeared to be one of the main channels. BILLBOARD AD, as a leader in the field of digital wide format printing, has the most advanced technologies produced by leading manufacturers such as HP, FUJI, EFI VUTEK and others, which contributes to strengthen its leadership position namely in the field of interior advertising solutions due to the fact that they require extremely high quality and precise production. Thus the company gains new markets and customers, while at the same time developing the range of products offered.



Technologies

In carrying out its activities in the different fields BILLBOARD AD uses various technologies, such as:

- **solvent printing** - characterized by high resistance to external conditions and suitable for the production of outdoor advertising with high resistance. BILLBOARD AD has the most modern equipment for digital wide format solvent printing with almost all models of the brand Vutek - a world leader in the field as all of them are the latest generation of 8-color models. Also, the printing base is equipped with a HP Turbojet 8530 machine, which is unique for its kind.

- **ink-jet printing** – the technologies for digital wide format printing on a water base are of high quality and are used for printing on paper. BILLBOARD AD has the latest models of the brand HP Designjet which manifest extremely high quality, reliability and fast performance. The company participated as a co-organizer in many exhibitions.

- **UV printing** - the most advanced technology in printing with liquid polymer inks, cured by irradiation with UV light. Instant drying of the inks enables this technology to be used for direct printing on all materials. The printing quality is very high in color mode, which enables displacing the screen printing technologies.

- **textile printing** – the Dye Sublimation technology is the basis for dyeing in textile industry. With the development of digital technologies, the classic method of printing is being displaced by direct printing with sublimation inks and non-standard sizes and formats.

- **3D printing** - the development of digital printing opens up new possibilities for production of 3D models applicable both in the art field and in the field of industrial design, architecture, etc. New technologies facilitate and expedite the process in modeling, which is already been implemented entirely by using computer systems, 3D modeling softwares and make it much more accessible for implementation.

- **multimedia screens** - development of digital technologies increasingly leads to imposition of multimedia screens as a means of visual communication with consumers in interior environments. Through them, static images are being developed in an interactive multimedia environment which creates a dynamic atmosphere and enhances the effect of advertising.

- In addition to the aforementioned technologies BILLBOARD AD has all the necessary equipment needed for cutting the printed output or finished color and for performing all finishing works such as sewing and gluing, laminating, routing and milling.

BILLBOARD AD disposes of high quality and advanced technology and excellent machine base, including VUTEK UltraVu 3360; VUTEK UltraVu 5330; VUTEK UltraVu 2600; HP DesignJet 9000ps, HP DesignJet Z6100, Z3100, TextileJet, VUTEK UltraVu 200/600W+, Vutek UltraVu 200/600 SC, HP Scitex TurboJet Digital Press, enabling the maximum good production of all of the products offered such as: billboards, banners, mega boards, posters, citylight posters, stickers, pictures, car graphics, floor graphics, decoration for events, packaging of buildings, shop windows graphics, exhibition stands, interior decoration, banners, printing plates, POS advertising, decors.



Vutek Ultra Vu 3360 EC

The UltraVu® 3360 prints with extremely high quality of 1200 dpi being resistant to outdoor conditions with 5 years annual warranty without lamination. Exceptional solution for making Vinyl or PVC foil products with both larger and smaller sizes up to a maximum width of 320 sm, such as: Billboards 4x3m, building wrapping nets, banners, vitrine advertising and more. BILLBOARD AD has three machines of this type.



Vutek Ultra Vu 5330 EC

UltraVu® II 5330 is a combination of high performance, reliability and huge sizes up to width of 500 sm. An ideal solution for products such as: mega boards, billboards, scrollers, banners, vinyl nets with enormous sizes for building wrapping etc. This technology uses high UV resistance solvent base with stability to outdoor conditions up to 5 years. BILLBOARD AD has 4 machines of this type.



Vutek Ultra Vu 2600 EC, Vutek Ultra Vu 2360 SC

The UltraVu® 2600 has a photorealistic print quality, eight colors and exceptional resistance to external conditions without the need for laminate up to 5 years. The technology allows printing on any PVC materials, incl. monomer and polymer film, carcass foil for car branding, translucent foil for backlighting, vinyl for banners etc.

BILLBOARD AD has two machines of this type.



HP-Scitex Turbojet Digital Press

Wideformat digital machine with very high speed of 400 m² /h and resolution of 720 dpi. The machine is designed for mass production of large prints of advertising materials made of paper or PVC foil. The technology is the best combination of speed and self-cost with resistance of the advertising materials up to 5 years. This technology allows printing 10 times faster than others. BILLBOARD AD produces various types of posters and stickers with large volumes and requested short production time.



HP Latex 3100

The HP Latex 3100 printer is designed with the ability to produce the highest quality for unique products such as glowing advertising and displays, interior decoration, etc. HP Latex 3100 delivers speed, quality and flexibility to meet peak production and avoid outsourcing.

The HP Latex 3100 printer uses the latest technology innovations that rely on the benefits of the third-generation HP Latex Ink.



HP Latex 850

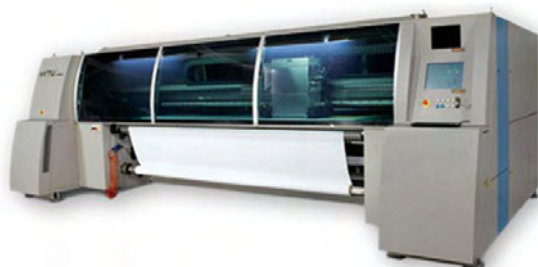
HP Latex Printing Technologies is a HP-based technology for water-based latex printing. They combine the best characteristics of water and solvent inks to achieve photorealistic print quality and maximum resistance to the external environment of a wide variety of media. Also, the printed production can be laminated for greater UV resistance. The machine is suitable for production of transport advertising products as well as for interior solutions with a maximum width of 3m.



HP Latex 370

HP Latex Printing Technologies is a HP-based technology for water-based latex printing. They combine the best characteristics of water and solvent inks to achieve photorealistic print quality and maximum resistance to the external environment of a wide variety of media. Also, the printed output can be laminated for greater scratch and UV resistance. The machine is suitable for the production of transport advertising products as well as for interior solutions with a maximum width of 1.6m.

BILLBOARD AD has 4 machines of this type.



Polytype Virtu RS 35, RS 25

Virtu RS 35 is the best UV printer model of the company Spuhl which is leading machine tool maker. The machine provides possibilities for direct printing on any rigid and flexible materials with up to 10 sm thickness such as PVC, Plexiglas, Polypropylene, MDF, Glass, Aluminum and many others. The



extra white color allows printing on colorful and transparent materials. The massive construction and the amazing head movement technology make it possible to print up to 100 m2 per hour, as well as print on heavy and massive materials. BILLBOARD AD has 3 machines of this type.



Fujifilm Acuity HD 2504, OCE ARIZONA 350GT

FujiFilm Acuity HD 2504 and OCE ARIZONA 350GT is a modern technology for direct UV printing with Variable Dot Printing technology with a drop size of 6 to 40 picolitres. This OCE technology, along with the special inks, allows production of photographic quality promotional materials on any flat and flexible material such as: PVC boards, cardboards and all types of paper, PVC foil, glass, etc. The extra white color adds the capabilities of using colorful and transparent materials to make unique promotional products.



Esko Kongsberg iXL

Esko Kongsberg iXL is the most modern, unique in its kind milling machine for cutting flat materials. In its functionality it combines several machines in one with a set of different cutting tools and a router with a torque of 60 000 rpm. and air cooling; an oscillating knife, a planing machine and a V-shaped cutter blade. All this is combined with an optical navigation control system during cutting, as well as a reinforced vacuum table for maintaining the cutting material. BILLBOARD AD has two machines of this type.



The Original Direct Printing & Fixation

It is a machine for direct printing and fixation of polyester textiles. It is designed to make high-quality banners and textile banners for both interior and exterior use. The technology allows printing of any type and thickness of polyester fabrics which can be used for production of products such as flags, umbrellas, curtains, wallpaper, interior decoration, fabrics and many others. Direct fixation greatly improves quality and speeds up processes to shorten production deadlines to the maximum.



WeldMaster 112 CS

WeldMaster 112 CS is a sticking machine using hot compressed air for vinyl sticking. The machine was manufactured by the American company WeldMaster - a leader in the field. The combination of temperature, pressure and speed give extreme bonding strength for both small and large plots. BILLBOARD AD has two machines of this type. One has a maximum sticking size of 13 meters and the other has a maximum size of 8 meters. The technology allows sticking of various types of vinyls and nets, for billboards, truck covers, for illuminated advertising, stadium networks, building networks, etc.



Summa S 160 T

Summa S160 T is the top quality cutting plotter with tangential knife and pressure up to 600N. This cutting plotter is an ideal machine for cutting images, text and printing with maximum precision, high speed and reliability. The plotter also has a special Opos system for cutting the line of print graphics. The additional pressure of the knife allows cutting of thicker materials such as laminated PVC, cardboard, paper, PP film etc.



Rolls Roller

Rolls Roller is a unique of its kind flat laminator for casing, placing transportation paper and laminating flat and rigid materials. The advantage of machine casing and lamination is the high speed and quality of the process. The maximum sheet size is 540 x 220 sm.

BILLBOARD AD is the only company that has this modern machine and provides a 100% quality guarantee when applying foil on hard surfaces.

2. Major raw materials

Prime and raw materials essential to the core business of BILLBOARD AD - wide-format digital printing are four main groups - vinyl and vinyl mesh, PVC folios, paper and ink.

Vinyl And Vinyl Mesh

Vinyl is one of the most commonly used materials in outdoor advertising. It is characterized by the following qualities:

- weather-resistant;
- strength and toughness of the material;
- excellent color rendering;
- allows repeated assembly/disassembly without changing its quality and appearance.

This material is most commonly used to print advertising images for billboards, banners, blinds, signs, and other non-standard advertising solutions. For the purpose of billboard advertising two types of vinyl are most commonly used:

- **coated vinyl** - extremely durable and suitable for prolonged advertising campaigns or such with multiple rotations;
- **laminated vinyl** - suitable for shorter campaigns, characterized by lower cost and lower strength (weather resistance) than coated vinyl.

Vinyl mesh is a highly preferred material, most commonly used to "wrap" buildings under repair or in construction. It is also be used for production of banners for indoor and outdoor use as well as to replace any vinyl alternatives where air or light passage through the advertising material could be required. Although the structure of the fabric is not dense, images are being printed with good quality, visions attract with their dimensions, and the scale of the canvas gives consumers the confidence and thrust in the brand to be advertised.

In 2018 vinyl and vinyl mesh registered a minor decrease compared to the previous year. Stabilization in the price of the offered product was observed and for the first time there was an increase in the use of higher quality vinyl compared to the previous year.

BILLBOARD AD continues developing new materials (lighter and thinner) to create a new market niche with a higher profit margin. This is mostly the case for billboards.



PVC foil

Foil finds application in many different aspects. In advertising, it is most often used for window displays branding and decoration, complete and partial branding of cars, buses and other types of vehicles, stickers for various use, for illuminated and non-illuminated, decorative plates, signboards, doors and others. It is used in both outdoor and indoor environments. As a material, PVC foil is distinguished by the possibility for excellent printing on gloss or matte surface and is found in different colors. Part of the folios BILLBOARD AD uses are:

- **Reflective foil** - mainly used for non-illuminated advertisements; in billboard advertising separate inscriptions are placed on the advertising visions for good visibility on the part of users traveling in the dark part of the day;

- **Perfo self-adhesive foil** - mainly used for branding of shop windows, shops, vehicles;

- **Automotive foil** - used primarily for plates with uneven curves, such as car advertising etc.

BILLBOARD AD uses high quality products of 3M which allows implementation of any creative ideas and various projects.

The prices of this type of material are relatively constant, with fluctuations in the range of 1-2% per year. In 2018 was reported stability in the price of this raw material.

BILLBOARD AD changes its policy and focuses on a segment of higher quality products by putting into practice the new HP Latex technologies that enable increased profit margins from PVC stickers production.

Paper

Paper is a material, intended for short-term and promotional campaigns. This is the cheapest material for production, the price of which is almost constant. The basic characteristic that determines the price of this type of material is the volume being purchased. In this respect, the expenses of BILLBOARD AD have decreased over the years. Transportation expenses for delivery are also essential, which are also being influenced positively by the economies in the volumes.

In 2018 were not reported any changes in the price levels of paper as a raw material for digital printing and the management of the company believes that decreasing the price in 2019 is unlikely to be a trend.

Ink

Ink is another major consumable for the company's production. The price of ink is directly dependent on the quantities used. BILLBOARD AD consumes about 13 tons of inks for different types of machines per year, and given the volumes, the company achieves the best prices offered by suppliers in Bulgaria. For the last few years the management of BILLBOARD AD succeeded to negotiate more than 20 % reduction in the ink price.

3. Markets And Sales

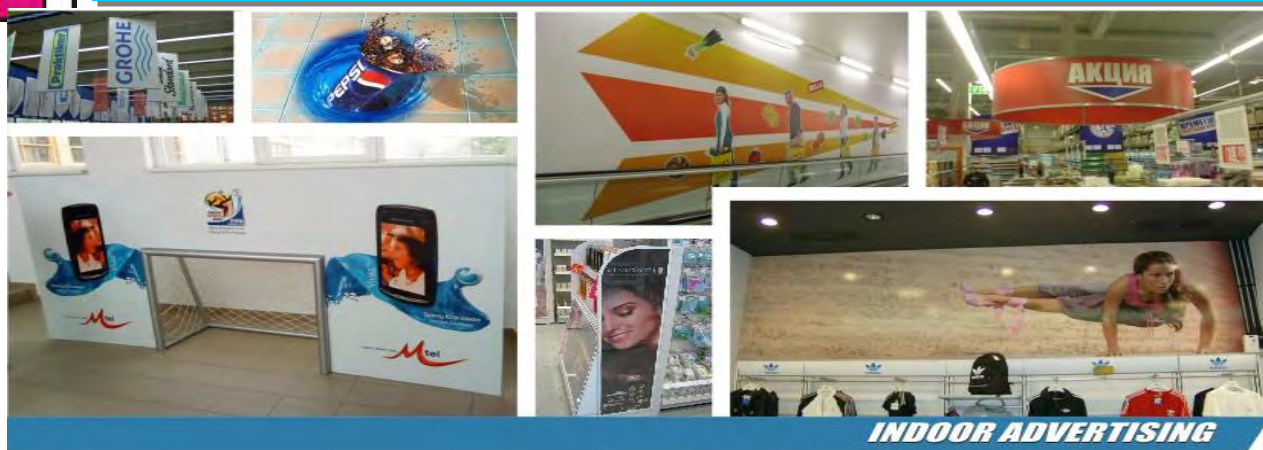


BILLBOARD AD has more than 16 years of experience in wide format digital printing. Outdoor advertising products are the core product category since the foundation of the company. The constant investing in printing technologies gives possibility for:

- Production of huge sizes and variety of the images that could be printed on media with the width of 5 m. Mega boards with sizes 12 x 5 m, 8 x 4 m could be produced with one piece of vinyl without sticking or sewing which improves quality and resistance to external conditions;
- Short production time – BILLBOARD AD has a large number of digital printing machines with sizes 3 and 5 meters, allowing optimization of production deadlines and capacity;
- Competitive prices – company's big capacity leads to lower production costs.

BILLBOARD AD has a major market share in the production of the following outdoor advertising products:

- Vinyl billboards - 450 gr/m²,
- Blue back paper billboards – 150 gr/m²
- Vinyl megaboards with up to 5m width - 450 gr/m²
- City lights paper posters - 150 gr/m²
- Vinyl mesh for wrapping of buildings, stadiums etc. – perforated PVC vinyl 9x9
- Vinyl banners 450 gr/m² with different sizes for outdoor advertising.



With the introduction of the HP Scitex Vision Turbojet city lights technology posters are being produced at a speed of $400\text{m}^2 / \text{h}$ - productivity that surpasses any competition in the Balkan Peninsula. The most commonly used media for outdoor advertising are vinyl, mesh, PVC etc.

The product range of BILLBOARD AD was sharply enlarged in the sector of POS advertising and indoor decoration. For this purpose, a large variety of over two hundred media is used, which, in combination with the most contemporary printing technologies, offer distinctive and memorable vision of products such as:

- Hangers from forex or lightboard 3/5 mm;
- Window graphics from perforated PVC foil, sandblast, thick or transparent foil;
- Floor graphics from PVC foil with special floor lamination;
- Promotional stands and Displays branding from PVC foil, lightboard or paperboard 10-16mm
- Wall and ceiling decoration from special PVC foil or textile;
- Art reproductions from canvas.

Digital printing is the best method for interior decoration and creative design projects.

The indoor service of the products brings the necessity for maximum quality of the printed image as well safely while using. Therefore, BILLBOARD AD uses HP's latest generation digital machines HP Latex with latex based printing technology. They allow the production of completely harmless and environmentally friendly products. Such types of products are also:

- backlit films;
- premium photo paper posters;
- paper posters 120 – 250 gr/m² without limitation in size;
- textile frames - with the possibility for frontlight or backlight;
- magnetic foils - designed for sticking to metallic objects.

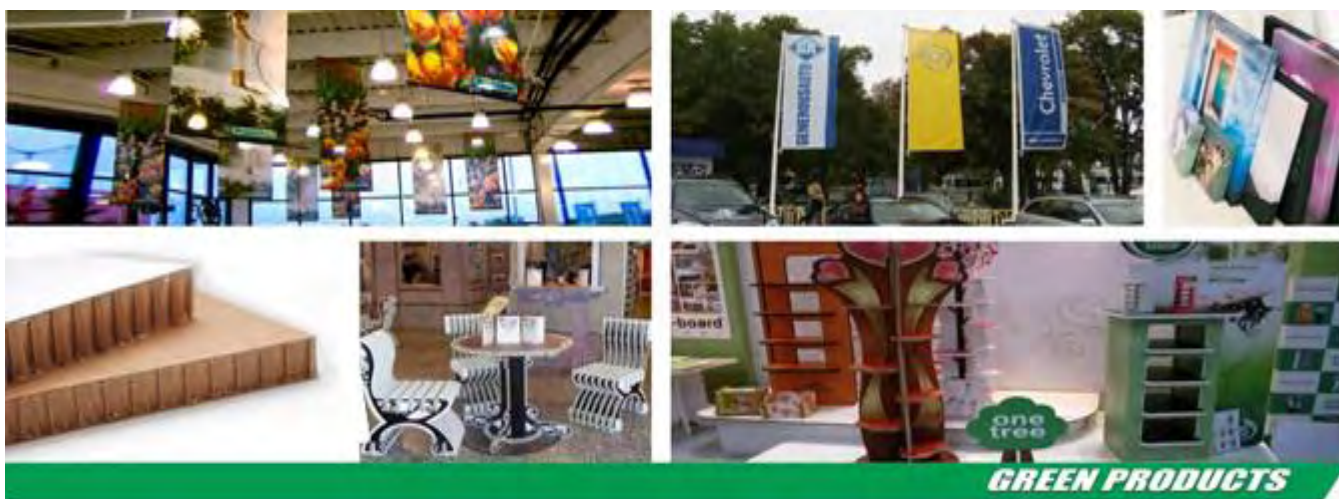


Vehicles could be fully or partially branded for both advertising and private usage. BILLBOARD AD is the only oauthorized 3M Scotchprint producer for Bulgaria which gives additional guarantee for the highest quality. The company has its own teams working on branding. Major products of transport advertising are:

- Automobiles without compound 3D curves (material 3M Scotchcal 40 + 3M 40-11 lamination);
- Automobiles with compound 3D curves (material 3M cast foil SC 170 + lamination 3M8518);
- Transportation vehicles – trucks, buses, tanks etc. (material 3M foil SC 40 + lamination 3M 40-11);
- Public transport – buses, trolleys, trams, trains (material 3M Scotchcal 25 + lamination 3M 25-11).

Transport advertising is an effective marketing tool with proven success for both corporate image and promotional campaigns. Different 3M materials are used depending on the complexity of the project and the warranty sought. Night vision images made of special 3M reflective foils could also be produced.

BILLBOARD AD offers the car branding t service throughout the country with the support of the regional offices in Sofia, Plovdiv, Varna and Bourgas.



BILLBOARD AD offers comprehensive solutions for socially responsible companies that focus on using environmentally friendly products. The range of products is focused on using recyclable materials or those that naturally dissolve in nature. Such type of products are:

- Stands and paperboard figures - produced from unique material of 100% recycled paper with thickness of 10 or 16 mm. The structure consists of wavy multilayered cells and a special pad. Constructions are strong enough and do not require additional holding means. Products include: promotional stands, displays, panels, entire solutions for events and exhibitions, pallet zones, racks, hangers, mobiles, 3D figures etc.

- Textile products - 100% polyester with full recycling possibilities. They are lightweight and easy to place. They are suitable for both interior and exterior use. Textile products are:

- corporate and national flags;
- textile banners, gonfalons;
- wind blades, pop-up;
- ceilings, curtains and decorations.

BILLBOARD AD develops products which are out of the standard and need special design. The company has a special "Projects" department, which carries out activities on the so-called "Project Management". It specializes in design, planning and building advertising constructions, illuminated advertisement and entire branding design. The projects are developed and implemented for buildings, offices and petrol stations, as well as corporate and special events. They include a variety of visuals to fulfill effective and memorable atmosphere:

- Window graphics
- Illuminated signs and logos
- Totems
- Flags
- Information and security signs
- Interior decoration
- Others

As of 31.12.2018 the individual net sales revenues of BILLBOARD AD pursuant to the IAS/IFRS amounted to BGN 7 856 000 which represents a decrease by 0.04 % compared to the individual net sales revenues reported by 31.12.2017 in the amount of BGN 7 859 000. As of 31.12.2018 the production sales revenues of the company were in the amount of BGN 7 735 000 and the service sales revenues were in the amount of BGN 121 000.

Table № 4

Revenue type	31.12.2016	31.12.2017	31.12.2018
Production sales including	7 578	7 752	7 735
sales revenues from servives including	678	107	121
Total	8 256	7 859	7 856

In 2018 BILLBOARD AD generated the following revenues from abroad:

Table № 5

Sales revenues generated abroad	Value in BGN '000
Hungary	32
Romania	24
France	22
Serbia	19
Switzerland	9
Others	11
Total	117

In 2018 BILLBOARD AD used the following basic marketing strategies:

Direct marketing - The Trade Department of the company continuously collects information about the market - for new customers, for those who do not work with the company, for competitors and others. The information is being analyzed and a specific strategy to the specific client is been set. When the new customer is a company that does not use the services of BILLBOARD AD and does not work with



competitive companies, meetings with the management of the company are being organized, where to present all products and services of BILLBOARD AD, explain their competitive advantages and identify an appropriate approach to the customer. When the potential new client develops its potential towards a competitor, the management and the Sales Department of the company look for weaknesses of the competition and offer better solutions.

Direct sales - The Sales Department of the company accepts all requests from the customers clarify their requirements and advise them on the best way for implementation. Then all the information is being systematized and formed in an order with the help of a specialized information system and the production is being launched. In the implementation process BILLBOARD AD monitors and controls the proper execution of the contract by informing the customer at every stage of its implementation.

Advertisement - BILLBOARD AD regularly uses the classic advertisement as a means of promoting new services, general price conditions and others. As major marketing channels the company uses outdoor advertising, radio advertising for the implementation of an image campaigns, and some specialized media, such as magazines and newspapers. The Company regularly updates its production website that provides detailed information on all products and services offered by BILLBOARD AD in the field of wide-format digital printing, price lists and information about the technologies used by the company.

Sponsorship - BILLBOARD AD is a traditional sponsor of many events and organizations such as the National Academy of Art, marketing forums, sports rallies, the Center For Disadvantaged People, different forums on the capital market and others. Sponsorship activities are part of the overall marketing strategy of the company, thereby simultaneously increasing the company's image and help various important causes.

Exhibitions and events - BILLBOARD AD participated in most marketing, advertising, PR and Internet business exhibitions such as Com Print, Print & Pack, Advertising Expo, Webit Expo and others. On these exhibitions the company presents its new products and collects information from the market. Together with 3M, the company annually organizes a workshop presenting the latest world trends and experience through the eyes of an outdoor advertising company.

Image - One of the most important preconditions for the company's success is its good reputation and high quality of products and services imposed on the market. BILLBOARD AD strictly adheres to the principle that the best advertisement is the work itself. For this purpose the company does not compromise on quality, paying due attention to the orders of each customer and constantly investing in promoting the qualification of its employees as well as in new advanced technologies that are unique for the Bulgarian market.

INFORMATION ON ISSUES RELATED TO ECOLOGY AND EMPLOYEES

ECOLOGY

BILLBOARD AD is a company whose main activity does not directly affect the environment. BILLBOARD AD develops its activities, complying with the requirements of environmental protection by means of independently recycling all quantities of residual ink using specialized equipment.

The Company has developed and consistently applies environmental policy related to the obligations for charging the waste of packaging. BILLBOARD AD works jointly with Eco Bulpack in order to optimize the the quantities of packaging waste. An Environmental Committee monitors the consistent implementation of the policy of the Company.



The company has implemented a number of environmental projects following its responsible policy on environmental protection.

BILLBOARD AD was certified under ISO 9001:2008 and SMETA standard which also help improving environmental protection.

EMPLOYEES

As of 31.12.2018 BILLBOARD AD has 83 employees. 46 people out of these employees or 55 % are engaged in the production activity. The total number of employees engaged with administrative services in the company is 37 people or 45 %.

Table № 6

Type of personnes	2016	2017	2018
Management Specialists	13	12	17
Analytical Specialists	10	7	9
Professionals	7	6	9
Administrative personnel	2	3	2
Qualified production personnel	43	33	39
Machine operators	1	1	2
Low qualified personnel	2	3	5

The structure of employment by type of personnel corresponds to the activities and needs of BILLBOARD AD so that the company may provide highly effective services.

III. OPERATING RESULTS

As a result of the economic activity carried out in 2018 BILLBOARD AD reported individual financial result - net profit in the amount of BGN 330 000, compared to the net profit in the amount of BGN 260 000 reported for 2017 which is a 26.92 % growth of the net profit.

In 2018 BILLBOARD AD generated individual profit before taxes in the amount of BGN 321 000 compared to the company's profit before taxes for 2017 in the amount of BGN 277 000 which is a 15.88 % increase of the profit before taxes.

Table № 7

BGN '000					
SHAREHOLDERS' EQUITY	2016	%	2017	%	2018
a	1		2		3
SHAREHOLDERS' EQUITY					
Share capital	15000	0%	15000	0 %	15000
Revaluation reserve	1 020	0%	1 020	16.67%	1 190
Reserves	3 688	0%	3 688	0%	3 668
Financial result	1 037	25.07%	1 297	- 154.51%	-701
1. Retained earnings (losses)	862	20.30 %	1037	-200 %	-1 031
2. Current year profit	175	48.57 %	260	26.92%	330
3. Current year lost	0	0%	0	0%	0
TOTAL SHAREHOLDERS' EQUITY	20 725	1.25 %	20 985	-8.7 %	19 157

Operating revenues by category

Table № 8

BGN '000					
SALES REVENUES	2016	%	2017	%	2018
Production sales	7 578	2.30 %	7 752	-0.22 %	7 735
Service sales	678	-84.22 %	107	13.08 %	121
Total:	8 256	-4.84 %	7 859	-0.04%	7 856
FINANCIAL INCOME					
Interest revenue	172	0.58%	173	2.31%	177
Divident income	0	100 %	53	137.73 %	126
Total financial income:	172	31.40%	226	34.07%	303

As of 31.12.2018 BILLBOARD AD reports individual net sales revenues in the amount of BGN 7 856 000 which is a 0.04 % decrease compared to the individual net sales revenues as of 31.12.2017 which were in the amount of BGN 7 859 000.

The financial income of the company as of 31.12.2018 were in the amount of BGN 303 000 and report a growth by 34.07 % compared to the previous year.

Operating expenditures by category

Table № 9

BGN '000					
EXPENSES	2016	%	2017	%	2018
Expenditures					
Materials	2 636	10.77 %	2 920	10.86 %	3 237
External services	2 605	-31.75 %	1 778	-9.84 %	1 603
Depreciation	1 141	0 %	1 141	1.32 %	1 151
Salaries	1 082	-6.65 %	1 010	6.14 %	1 072
Social secutiry	171	-1.75 %	168	7.14 %	180
Net book value of assets sold (finished goods excluded)	1 601	-84.57 %	247	44.53 %	357
Others, including	94	209.57 %	291	-97.25 %	84
impairment of assets	12	1608.33 %	205	-111.79 %	28
Total:	9 330	-19.08 %	7 550	1.77 %	7 684
Financial expenses					
Interest expenses	445	-11.68 %	393	-16.03 %	330
Negative exchange differences	5	-60 %	2	200 %	6
Other financial differencies	56	-1.79 %	55	-5.45 %	52
Total financial expenses	506	-11.07%	450	-13.78%	388

As of 31.12.2018 the expenditures of BILLBOARD AD were in the amount of BGN 7 684 000 and report a increase by 1.77 % compared to the company's expenditures for 2017. The largest share of the expenditures reported by BILLBOARD AD for 2018 takes the materials amounting to BGN 3 237



000, followed by external services amounting to BGN 1 603 000 and expenses for depreciation in the amount of BGN 1 151 000.

FINANCIAL INDICATORS

1. LIQUIDITY INDICATORS

Table № 10

LIQUIDITY INDICATORS	31.12.2016	31.12.2017	31.12.2018
Total liquidity ratio	2.81	2.96	2.64
Quick liquidity ratio	2.52	2.73	2.53
Absolute liquidity ratio	0.27	0.11	0.25
Immediate ratio	0.755	0.68	0.78

The trend of the liquidity indicators over time provides the most valuable information. It is supposed that liabilities to creditors are being paid off in cash rather than using inventories or equipment. I.e., these factors describe the company's ability to pay off its debts on time.

TOTAL LIQUIDITY RATIO

The total liquidity ratio is considered to be universal and ratio represents the ratio of current assets to current liabilities. The optimum values of this ratio are over 1-1.5.

As of 31.12.2018 the value of the total liquidity ratio of BILLBOARD AD was 2.64 and reported a slight decrease compared to the value of 2.96 for 2017. The decrease in the value of this ratio for 2018 compared to 2017 is due to the decrease in the current assets of the company by 4.06 % and the increase of the current liabilities by 7.52%.

IMMEDIATE LIQUIDITY RATIO

The immediate liquidity ratio represents the ratio of short-term receivables to cash and current liabilities of the company.

In 2018 the value of the immediate liquidity ratio was 0.78 and reported a slight increase compared to the value registered by the company for the previous financial year. In 2018 compared to 2017 the current financial assets decreased by 0.99 %, the company's cash and cash equivalents increased by 149.31 % and the current liabilities increased by 7.52 %.

QUICK LIQUIDITY RATIO

The quick liquidity ratio represents the ratio of current assets minus inventories to current liabilities.

The value of the quick liquidity ratio of BILLBOARD AD as of 31.12.2018 was 2.53 and decreased inconsiderably compared to its values reported for 2017.

The decrease in the value of the quick liquidity ratio of BILLBOARD AD in 2018 compared to 2017 was due to the decrease in the value of the company's inventories by 50.65 %, the increase in the company's current liabilities by 7.52 % and the decrease in the value of the current assets by 0.99 %.

ABSOLUTE LIQUIDITY RATIO

The absolute liquidity ratio is calculated as the ratio of cash and short term liabilities and indicates Company's ability to meet its short term liabilities with its available cash.



The value of the absolute liquidity ratio by 31.12.2018 was 0.25. In 2018 compared to 2017 the individual current liabilities of BILLBOARD AD increased by 7.52 % and the cash and cash equivalents increased by 149.31 %.

2. Capital resources

Table №11

LEVERAGE INDICATORS	31.12.2016	31.12.2017	31.12.2018
Financial leverage indicator	0.47	0.44	0.45
Debt/Assets	0.32	0.31	0.31
Financial autonomy indicator	2.14	2.27	2.23

The financial autonomy and financial leverage indicators report on the ratio between own funds and borrowed funds in the capital structure of the company. High rates of the financial autonomy indicator, respectively, low rates of the financial leverage indicator, provide guarantee both for investors /creditors/ and for the owners themselves, on the ability if the company to pay regularly its long-term liabilities.

The effect of using borrowed funds (debt) by the company with a view to increase the final total net income from the funds involved in the activity (equity and borrowings) is called financial leverage. The benefit of using financial leverage appears when the company benefits from the investment of borrowed funds more than the expenses (interest) on their attraction. When a company achieves higher yields when using borrowed funds in its capital structure than the expenses on their attraction are, leverage is justified and should be considered in a positive way (with the reservation that the rate of leverage does not significantly negatively influence other financial indicators of the company).

The indicators on the share of capital obtained through loans show what part of the total capital represents borrowings. The larger the share of long-term debt compared to equity is, the bigger the probability of default in payment of fixed obligations will be.

FINANCIAL AUTONOMY RATIO

The financial autonomy ratio shows what percentage of the total liabilities represents the shareholders' equity of the company.

As of 31.12.2018 the value of the financial autonomy ratio was 2.23 and slightly decreased compared to its value reported for 2017. The decrease in the value of the financial autonomy ratio of BILLBOARD AD in 2018 compared to 2017 is due to the decrease in the total debt by 7.36 % while the shareholder's equity decreased by 8.71 %.

FINANCIAL LEVERAGE RATIO

The financial leverage ratio shows the ratio between debt and equity in the company.

The value of the financial leverage as of 31.12.2018 was 0.45 and slightly increased compared to its value as of 31.12.2017. The decrease in the value of the financial leverage ratio of BILLBOARD AD for 2018 compared to 2017 is due to the decrease in the total debt by 7.36 % in comparison with the decrease in the shareholder's equity by 8.71 %.

DEBT TO TOTAL ASSETS RATIO

The ratio of debt to assets shows what percentage of the assets is being financed through debt.

As of 31.12.2018 the value of the Debt/Assets ratio was 0.31 and remained unchanged compared to its value for 2017.

3. Profitability indicators

Table № 12

PROFITABILITY INDICATORS	31.12.2016	31.12.2017	31.12.2018
Profitability of capital	0,012	0.017	0.022
Return on equity (ROE)	0,008	0.012	0.017
Return assets (ROA)	0,006	0.006	0.009

PROFITABILITY OF CAPITAL

As of 31.12.2018 the indicator for profitability of capital increased and reached the value of 0.022. In 2018 compared to 2017 the capital of the company remained unchanged as the net financial result reported an increase by 15.88 % compared to the previous financial year.

RETURN ON EQUITY (ROE)

As of 31.12.2018 the value of the Return on Equity indicator increased and reached 0.017. In 2018 compared to 2017 BILLBOARD AD reported an increase by 15.88 % in the net financial result and the shareholder's equity decreased by 8.71 %.

RETURN ON ASSETS (ROA)

The Return on Assets indicator shows the effectiveness of using the total assets. ROA is calculated as a ratio of operating profit to total assets and shows what operating profit is being generated for one BGN assets.

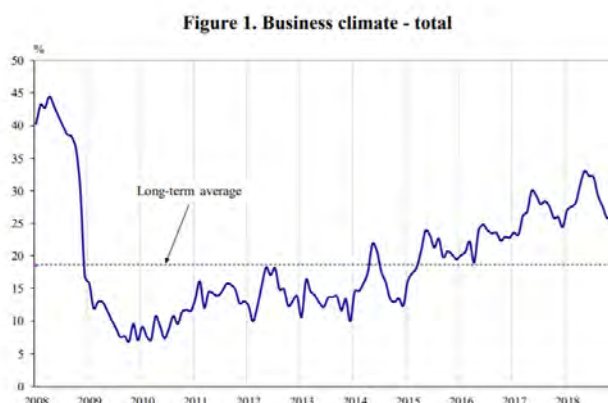
As of 31.12.2018 the value of the Return on Assets indicator was 0.009 and also reported an increase compared to its value for the previous year. In 2018 the company reported a 15.88 % growth of the net profit and the total assets of the company decreased by 8.30 % compared to 2017.

IV. PRINCIPAL RISKS WHICH THE COMPANY FACES

SYSTEMATIC RISKS

OVERALL MACROECONOMIC RISK

Pursuant to data of the National Statistical Institute in December 2018, the total business climate indicator⁴ decreases by 0.5 percentage points in comparison with the previous month as a result of the more unfavourable business climate in industry.



The composite indicator 'business climate in industry' decreases by 2.7 percentage points mainly due to the more reserved industrial entrepreneurs' expectations about the business situation of the enterprises over the next 6 month. In their opinion, the present production activity is preserved, as their expectations about the activity over the next 3 months are more favourable.

The uncertain economic environment and shortage of labour remain the most serious obstacles for the business development, pointed out respectively by 37.0 % and 34.1 % of the enterprises. As regards the selling prices in industry, the majority of the managers foresee preservation of their level over the next 3 months.

Pursuant to data of the National Statistical Institute in December 2018 preserves approximately its level from the previous month. The inquiry registers an improvement in the construction entrepreneurs' assessments about the present business situation of the enterprises, while their expectations over the next 6 months are more reserved.

The main problems for the activity continue to be connected with the shortage of labour, uncertain economic environment and competition in the branch, although in the last month a decrease of their negative influence is reported.

Concerning the selling prices in construction, the managers do not expect a change over the next 3 months.

Pursuant to data of the National Statistical Institute in December 2018 the composite indicator 'business climate in retail trade' increases by 3.2 percentage points which is due to the optimistic retailers' assessments and expectations about the business situation of the enterprises. However, their expectations about both the volume of sales and the orders placed with suppliers over the next 3 months are more unfavourable.

The most serious difficulty for the business remains the competition in the branch, pointed out by 57.0 % of the enterprises. In the last month an increase of the negative influence of the factor 'insufficient demand' is observed, which shifts to the third place the factor 'uncertain economic environment'.

The retailers foresee the selling prices to preserve their level over the next 3 months.

In December 2018, the composite indicator 'business climate in service sector' remains to its level as of November 2018. As regards the demand for services, the present tendency is assessed as reduced, as also the expectations over the next 3 months are more reserved. Competition in the branch and uncertain economic environment continue to be the main obstacles for the activity of the enterprises. Concerning the selling prices in the service sector, the managers expect them to remain unchanged over the next 3 months.

The assessment of the economy and finance of the Governing Council of the ECB as of December 13, 2018 showed that although global economic activity remains sustainable, it is even more uneven and signs of slowing growth appear.

The reached upturn in the global economic cycle, the weakening monetary stimulus in a number of developed economies and the impact of customs tariffs between the USA and China have a negative impact on global economic activity. World trade growth is slightly slowing down and uncertainties about future trade relations are rising. At the same time, financing conditions remain favourable in developed economies, while in some emerging countries they were tightened. In the future, global economic activity is expected to slow down in 2019 and then - to remain stable. The pressure to raise global inflation is expected to increase slowly with the decrease in free production capacity.

During the third quarter of 2018 the euro area real GDP has grown by 0.2 % on a quarterly basis, after growth of 0.4 % during the previous two quarters. The latest data and survey results are weaker than expected, reflecting the declining contribution of external demand and some specific factors for separate countries and sectors. Although some of these factors are likely to subside, this might be a sign of impending weaker growth momentum. At the same time, domestic demand, also backed by the position of the ECB's Governing Council for non-restrictive monetary policy, continues supporting the economic upturn in the euro area. Stable labour market, which finds expression in rising employment and increasing wages, still supports private consumption. In addition, domestic demand, favourable

financing conditions and improving balances have positive impact on business investments. Housing investments remain stable. In addition, global economic activity is expected to continue growing, although at a slower pace, stimulating euro area exports.

This assessment is broadly reflected in the Eurosystem staff macroeconomic projections of December 2018. According to these projections, GDP is expected to increase on a yearly basis by 1.9 % in 2018, 1.7 % in 2019, 1.7 % in 2020 and 1.5 % in 2021. Compared to the ECB's staff macroeconomic projections as of September, 2018, the forecast for real GDP growth has been slightly revised downwards for 2018 and 2019. The risks regarding the growth prospects in the euro area can still be assessed as broadly balanced. However, the risk balance shifts to lower-than-expected outcomes as a result of persistent uncertainty related to geopolitical factors, the threat of protectionism, vulnerabilities in emerging markets and fluctuations in the financial markets.

INTEREST RATE RISK

The interest rate risk is related to possible, contingent adverse changes in the interest rates, set by the financial institutions in the Republic of Bulgaria.

At its monetary policy meeting held on December 13, 2018, the Governing Council of the ECB decided to suspend the net asset purchases in December, 2018 while keeping the key ECB interest rates unchanged and further develop its asset reinvestment guidance. Although incoming data are weaker than expected, reflecting lower external demand and due to some country and sector-specific factors, the strong in its core domestic demand continues supporting the euro area's economic upturn and the gradually rising inflation pressure. This reinforces the confidence of the Governing Council that the sustainable convergence of inflation to its target level will continue and will persist even after the suspension of net asset purchases. At the same time, there remains considerable uncertainty related to geopolitical factors, the threat of protectionism, vulnerabilities in emerging markets and the fluctuations in financial markets. Therefore, a policy of significant monetary stimulus is still needed to support the further strengthening of domestic price pressures and overall inflation dynamics in the medium term. The Governing Council's benchmark in terms of key ECB interest rates, supported by the reinvestment of a significant volume of assets acquired, continues providing the necessary money supply for the sustainable convergence of inflation to its target level. In any case, the Governing Council is ready to adjust all of its instruments depending on the circumstances to ensure that inflation continues to be steadily closer to its target level.

Base interest rates set by the Bulgarian National Bank for the period 01.01.2018 – 31.12.2018

Table № 13

Month	Base Interest Rate
January, 2018	0.00 %
February, 2018	0.00 %
March, 2018	0.00 %
April, 2018	0.00 %
May, 2018	0.00 %
June, 2018	0.00 %
July, 2018	0.00 %
August, 2018	0.00 %
September, 2018	0.00 %
October, 2018	0.00 %
November, 2018	0.00 %
December, 2018	0.00 %

*Source:BNB

INFLATION RISK

Inflation risk is the overall increase in prices, where money is devalued and there is likelihood for households and businesses to suffer losses.

Pursuant to data of the National Statistical Institute, the consumer price index in October 2018 compared to September 2018 was 100.7 %, i.e. the monthly inflation was 0.7 %. The inflation rate since the beginning of the year (October 2018 compared to December 2017) has been 2.8 % and the annual inflation in October 2018 compared to October 2017 was 3.7 %. The annual average inflation, measured by CPI, in the last 12 months (November 2017 - October 2018) compared to the previous 12 months (November 2016 - October 2017) was 2.8 %.

Pursuant to data of the National Statistical Institute, the harmonized index of consumer prices in October 2018 compared to September 2018 was 100.2 %, i.e. the monthly inflation was 0.2 %. The inflation rate since the beginning of the year (October 2018 compared to December 2017) has been 2.6 % and the annual inflation in October 2018 compared to October 2017 was 3.6 %. The annual average inflation, measured by HICP, in the last 12 months (November 2017 - October 2018) compared to the previous 12 months (November 2016 - October 2017) was 2.5 %.

Pursuant to data of the National Statistical Institute, the consumer price index in November 2018 compared to October 2018 was 99.9 %, i.e. the monthly inflation was -0.1%. The inflation rate since the beginning of the year (November 2018 compared to December 2017) has been 2.7% and the annual inflation in November 2018 compared to November 2017 was 3.1%. The annual average inflation, measured by CPI, in the last 12 months (December 2017 - November 2018) compared to the previous 12 months (December 2016 - November 2017) was 2.8 %.

Pursuant to data of the National Statistical Institute, the harmonized index of consumer prices in November 2018 compared to October 2018 was 99.7 %, i.e. the monthly inflation was -0.3 %. The inflation rate since the beginning of the year (November 2018 compared to December 2017) has been 2.3 % and the annual inflation in November 2018 compared to November 2017 was 3.0 %. The annual average inflation, measured by HICP, in the last 12 months (December 2017 - November 2018) compared to the previous 12 months (December 2016 - November 2017) was 2.6 %.

Pursuant to data of the National Statistical Institute, the consumer price index in December 2018 compared to November 2018 was 100.0 %, i.e. the monthly inflation was 0.0 %. The annual inflation in December 2018 compared to December 2017 was 2.7 %. The annual average inflation, measured by CPI, in the last 12 months (January - December 2018) compared to the previous 12 months (January - December 2017) was 2.8 %.

Pursuant to data of the National Statistical Institute, the harmonized index of consumer prices in December 2018 compared to November 2018 was 100.0 %, i.e. the monthly inflation was 0.0 %. The annual inflation in December 2018 compared to December 2017 was 2.3 %. The annual average inflation, measured by HICP, in the last 12 months (January - December 2018) compared to the previous 12 months (January - December 2017) was 2.6 %.

Inflation for the period 01.01.2018 – 31.12.2018 is as follows:

Table № 14

Month	% of inflation
January, 2018	0.3 %
February, 2018	0.3 %
March, 2018	0.3 %
April, 2018	0.4 %
May, 2018	0.3 %
June, 2018	0.1 %
July, 2018	0.7 %
August, 2018	0.1 %
September, 2018	0.3 %
October, 2018	0.7 %
November, 2018	- 0.1 %
December, 2018	0.0 %

*Source: NSI

POLITICAL RISK

Political risk is the likelihood of a governmental change or a sudden shift in its policy, occurrence of external or internal political disturbances and unfavorable changes in the European and/or national legislation, as a result of which the environment where local businesses operate to change adversely and investors - to suffer losses.

Political risks for Bulgaria in the international aspect are associated with the commitments for implementation of significant structural reforms in the country in its capacity of a full-right EU member, enhancing social stability, reducing inefficient expenses, on one hand, and the strong destabilization of the Middle East countries, more frequent threats of terrorist attacks in Europe, waves of refugees and instability in key countries close to Bulgaria.

Bulgaria together with the other countries – EU members from the region continue being seriously affected by the common European problem with the intensive refugee flow from the Middle East.

Other factors that also influence this risk are possible legislative changes and in particular those concerning the economic and investment climate in the country.

CURRENCY RISK

Exposure to currency risk is the dependence on and the effects from changes in the currency exchange rates. Systematic currency risk is the likelihood of any possible change of the currency regime in the country (currency board) which would either lead to devaluation of the BGN or the appreciation of the BGN against foreign currencies.

Currency risk will have impact over companies having market shares, payments to which are made in currencies different from the Bulgarian lev and the euro. In view of the fact that according to the current legislation in the country the Bulgarian lev is pegged to the euro at the rate of EUR 1 = BGN 1.95583 and the Bulgarian National Bank is obliged to maintain a level of Bulgarian lev in circulation equivalent to the foreign exchange reserves of the Bank, the risk of devaluation of the lev against the European currency is minimal and consists in a possible elimination of the currency board in Bulgaria ahead of term. At this stage it appears to be unlikely since the Currency Board is expected to be repealed upon adoption of the euro as an official legal tender in Bulgaria.



Theoretically, currency risk could increase when Bulgaria joins the second phase of the European Exchange Rate Mechanism (ERM II). This is a regime under which the country must maintain the currency rate against the euro within a $\pm 15\%$ from central parity. In practice, all countries which are currently in the mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia, Malta) have witnessed fluctuations that were significantly smaller than the allowed $\pm 15\%$.

The fixed rate of the BGN to the EUR does not eliminate the risk for the Bulgarian currency of adverse movements in the euro exchange rate against other major currencies (U.S. dollar, British pound, Swiss franc) in the international financial markets, but at present the company does not consider that this risk would be significant in terms of its activity. The company might be affected by the currency risk, depending on the type of currency of its cash and the type of currency of the company's contingent loans.

LIQUIDITY RISK

The appearance of liquidity risk with regard to the company is being associated with the possible lack of timely and/or sufficient cash to meet all current liabilities. This risk may occur, either in case of significant delays in payments from debtors of the company, or in case of insufficiently effective management of the company's cash flows.

UNSYSTEMATIC RISKS

SECTOR RISK

As a result of the impact of the economic crisis the advertising and printing industry in Bulgaria faced serious problems - decreased demand, increased share of lower quality but, at the same time, cheaper printed materials and services, and even outflow of clients. Most sectors of the economy, that suffer the effects of the economic crisis most essentially, reduced their advertising costs, which also had an impact on the activity of a number of graphic and advertising studios and printing houses, respectively.

BILLBOARD AD is dependent mostly on the general trends in the field of printing, marketing and advertising. Since the amount of investments in marketing depends on the amount and allocation in time of the cash flows of the client itself and the overall situation of the sector where the advertiser operates, BILLBOARD AD is directly dependent on the cyclicity of the economy. Slowdown of the Bulgarian economy growth and reducing the cost of advertising and printing, respectively, may have a major negative impact on the company's revenues and profit.

This risk is somewhat compensated by the extensive production capabilities and know-how that would allow BILLBOARD AD quickly redirect to new demand of products and services in the event of change in the demands' structure.

Advantage to the company is also the new and modern technological equipment which give BILLBOARD AD the opportunity to realize production of very high quality. In practice, in this respect, the range of competitors of BILLBOARD AD on the territory of the country that have the technical and technological capacity to produce printed products of such quality, is very limited.

RISK OF INTRODUCTION OF NEW TECHNOLOGIES

BILLBOARD AD is in a permanent process of investing in new equipment, which ensures that the production is in line with the technological processes development trends. Practice has shown that more substantial changes in the technologies used in the sector does not occur in less than 5 years as older technologies are not fully replaced by the new ones. This enables gradual integration of new



technologies when such technologies appear. Regarding the risk of introduction of other, already existing, but not applied in Bulgaria, printing technologies, it should be noted that in order for such technologies to become cost-effective it is required much larger volumes of the single orders, which determines the different application field of these technologies, and the fact that they are not particularly competitive in the segments where the company operates.

DEPENDENCE ON KEY PERSONNEL

The specificity of the main activity of BILLBOARD AD, as well as the use of different types of technologies such as solvent printing, Ink-jet printing, UV printing, textile printing, 3D printing require well-trained, highly qualified specialists to carry out precisely and responsibly all operations and to handle freely with the respective technologies. This makes the process of hiring such specialists difficult in view of the mass shortage of well-trained staff. At the same time, the retention of this type of personnel by the company in recent years is also dependent on the expected high levels of remunerations (the average salary in Sofia is considerably higher than in the rest of the country).

In this respect, BILLBOARD AD applies consistently a policy of additional investments in the training of its specialists as well as a regular increase in the remuneration of the employees, including by optimizing their number.

RISK OF INCREASE IN PRICES OF BASIC MATERIALS

The major raw materials essential for the main activity of BILLBOARD AD - digital wide format printing are vinyl and vinyl mesh, PVC foil, paper and ink. Some of the supplies of the necessary raw materials are carried out by Bulgarian producers or by countries within the European Union, in respect of which the risk of a sudden or unjustified increase in the price of the materials is minimized.

Due to the significant influence that China's raw materials have gained over the last few years on the Bulgarian and European markets as a result of the long-term supply of good value-for-money products, the company would be negatively affected in the event of an increase the cost of these materials, which is not subject to European regulation and predictability criteria.

V. ALL IMPORTANT EVENTS, OCCURRED AFTER THE DATE OF THE ANNUAL FINANCIAL STATEMENTS

After the date of the annual closure of BILLBOARD AD entered into an investment bank loan agreement with Bulgarian Development Bank AD for the total amount of BGN 2 800 000. The loan is granted for a period of 120 months at the interest rate of 3M EURIBOR + 3 % but not less than 4.5% annually. The investment loan is granted for the acquisition of specialized printing equipment and production and office properties owned by Digital Print EOOD located in the city of Varna based on a valuation carried out by an independent valuator as well as for refinancing of the liabilities BILLBOARD AD to Eurobank Bulgaria arising from a loan agreement dated 26.07.2017. With regard to the investment loan BILLBOARD AD also signed a credit line agreement with Bulgarian Development Bank AD for the amount of up to BGN 960 000 for a 24-months period at the interest rate of 3M EURIBOR + 3 % but not less than 4.5% annually for working capital to pay local taxes, notary fees and VAT in relation to the acquisition of the assets subject to the investment loan as the collaterals under the investment loan shall also cover the credit line. The transactions do not fall under the provisions of art. 114, para. 1 of the Law on Public Offering of Securities and do not involve any interested parties within the meaning of art. 114, para. 7 of the Law on Public Offering of Securities. As of the date of the annual closure of BILLBOARD AD has acquired the assets under the above stated conditions.



As of the date of this annual report there have been no other significant events occurred after the date of the annual closure requiring correction of the financial statements or representing important information, influencing the price of securities.

VI. PROBABLE FUTURE DEVELOPMENT

In 2018 BILLBOARD AD continued developing the direction of increasing exports to Western European and Balkan countries. A contract for production and delivery of advertising materials was signed for a leading European oil company covering the markets in Bulgaria, Romania, Serbia and Moldova. In the long term, the company strives for more than 40 % of the revenues to be generated by foreign customers.

In 2018 BILLBOARD AD also continued focusing on interior and POS advertising products, thus increasing the profit per unit. The focus was related to creating high quality products to distinguish the company from all of the other competing companies on the market.

BILLBOARD AD implemented a large-scale project for branding of various national sites related to the Bulgarian Euro-Presidency for the period January - June 2018 and the performance was rated extremely high by the Bulgarian Ministry as well as by the foreign delegates.

As regards the development of outdoor and indoor advertising in 2018 it was relatively stable. There were no major changes both in terms of consumption and supply of materials. The trend of exerting pressure on the price levels of certain products remained unchanged but it was compensated by alternative materials or products. One of the biggest advantages of the company is its professional sales team which, despite the price pressure, provides the best solution for customers.

At the same time advertising is highly dependent on the political situation of the country. In 2018 there were no serious political turmoils thus contributing to the sustainable development of advertising as well.

As of 31.12.2018 BILLBOARD AD reports over 3 % growth in the production in real volume terms or over 907 000 m² (square meters) compared to 2017.

Pursuant to the annual financial statements of BILLBOARD AD, drawn up according to the IAS/IFRS, as of 31.12.2018 the company generated individual net sales revenues in the amount of BGN 7 856 000 which is a decrease by 0.04 % compared to the net sales revenues for 2017. The production net sales revenues as of 31.12.2018 were at the amount of BGN 7 735 000 and the services net sales revenues were in the amount of BGN 121 000. The production net sales revenues represent over 98 % of the company's net sales revenues. In 2018 BILLBOARD AD did not report a significant change in the prices of products and services.

Given the economic situation in the European Union and Bulgaria in 2018, and in particular the market where the Company operates, as well as the complicated political situation in the international aspect, the management of BILLBOARD AD believes that in 2019 the company will achieve 3 % growth in the sales revenue compared to 2018. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2019 the Company will also retain a conservative policy of making investments in new production facilities.

VII. RESEARCH AND DEVELOPMENT ACTIVITIES

During the last three years BILLBOARD AD has not carried out research and development activities.

VIII. INFORMATION REQUIRED PURSUANT TO ART. 187D OF THE COMMERCIAL ACT

1. The number and the nominal value of the acquired and transferred through the year own stocks; the share of the capital which they represent, as well as the price at which the acquisition or transfer have been executed

In 2018 BILLBOARD AD has not acquired neither has transferred own shares.

2. The number and the nominal value of the possessed own stocks and the share of the capital which they represent

The company does not hold own shares.

IX. INFORMATION REQUIRED PURSUANT TO ART. 247 OF THE COMMERCIAL ACT

1. The total remuneration received during the year by the board members

The overall gross amount of the 2018 remunerations of the members of the Board of Directors of BILLBOARD AD was given under table No 25 herein as well as in the Report on the implementation of the Remuneration Policy.

2. The acquired, possessed and transferred stocks and bonds of the company by the members of the boards during the year

As of 31.12.2018 the shares from the capital hold by members of the Board of Directors of BILLBOARD of the company are as follows:

Table №15

Full name	Position	Number of shares	% of the capital
Kalin Vassilev Genchev	Chairperson of the Board of Directors	3 000 000	20 %
Stefan Vassilev Genchev	Executive Director	3 000 000	20 %
Borislav Hristov Borisov	Independent member of the Board of Directors	0	0 %
Asen Georgiev Kostadinov	Independent member of the Board of Directors	1 918	0.01 %

During the reported year members of the company's Board of Directors have not transferred and acquired shares from the capital of BILLBOARD AD.

On 16.11.2018 in the Commercial Register to the Registry Agency were filed the following shanges in the Board of Directors: Zarina Vassileva Gencheva and Desislav Grozev Tomov were released as board members and Asen Georgiev Kostadinov was filed as a new independent member of the company's board of directors.

During the period under review in terms of Zarina Vassileva Gencheva and Desislav Grozev Tomov have not been made changes in the number of shares from the capital of BILLBOARD AD hold by them for the period they have occupied the position of company's board members.



4. The rights of the members of the boards to acquire stocks and bonds of the company

Members of the Board of Directors of the Company may freely acquire shares from the company's capital on the regulated securities market subject to the applicable provisions of the Bulgarian legislation and the European regulation.

4. Participation of the board members in commercial companies as unlimited liable partners, possession of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperations as procurators, managers or members of boards as of 31.12.2018

Table № 16

Full name	Participation in management and supervisory bodies of other companies or cooperations and participation as unlimited liable partners	Direct participation exceeding 25 % of the capital of other companies	Companies where the person exercises direct control
Kalin Vassilev Genchev	1. Managing Director of Motion Arts Ltd. with UIC: 121446455; 2. Managing Director of Tipo Print Ltd. with UIC: 130109095	Holds directly over 25 per cent of the votes at the general assembly of Megaproject Ltd. – officially closed company	The person does not exercise direct control.
Stefan Vassilev Genchev	1. Managing director of GVS computing Ltd. with UIC:831334212	Motion Arts Ltd. with UIC: 121446455.	The person does not exercise direct control.
Borislav Hristov Borisov	The person does not participate.	The person does not have holdings.	The person does not exercise direct control.
Desislav Grozev Tomov – member of the Board of Directors until 16.11.2018	The person does not participate.	The person does not have holdings.	The person does not exercise direct control.
Zarina Vassileva Gencheva - member of the Board of Directors until 16.11.2018	The person does not participate.	The person does not have holdings.	The person does not exercise direct control.
Asen Georgiev Kostadinov - member of the Board of Directors as from 16.11.2018	The person does not participate.	The person does not have holdings.	The person does not exercise direct control.

5. Executed contracts with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements

In 2018 have not been executed transaction with members of the Board of Directors or their related persons beyond the usual activity of the company or substantially diverted from the market requirements.

6. Planned economic policy for the next year, including the expected investments and development of the personnel, the expected revenue from investments and development of the company, as well as the forthcoming transactions of substantial importance for the activity of the company

Information on the planned economic policy and forthcoming projects for the next year is presented under item V. PROBABLE FUTURE DEVELOPMENT herein.

X. AVAILABILITY OF BRANCHES OF THE ENTERPRISE

The company does not have registered branches in the country and abroad.

XI. FINANCIAL INSTRUMENTS USED BY THE COMPANY

The Company actively uses leasing and factoring in the implementation of its investment policy. Standard bank financing for working capital and investment purposes are possible.

Beyond the described above, the Company does not use special financial instruments in implementing its financial policy, including upon hedging and managing financial risk.

BILLBOARD AD has not used financial instruments in 2017 laying hedge risks from changes in foreign exchange rates, interest rates or cash flows. During the year under review the company has made no transactions to hedge the currency risk, as no transactions in USD or other currencies floating against the BGNexchange rate have been executed.

The company might have exposure to liquidity, market, interest rate, currency and operational risks from its use of financial instruments.

XII. ADDITIONAL INFORMATION UNDER SECTION VI A OF APPENDIX NO 10 OF ORDINANCE NO 2 OF FSC

1. Information given in value or quantitative terms about the main categories of commodities, products and/or provided services, with indication of their share in the revenues from sales of the issuer as a whole and the changes that occurred during the reporting fiscal year

As of 31.12.2018 the net sales revenues of BILLBOARD AD, pursuant to the annual financial statements, drawn up according to the IAS/IFRS were in the amount of BGN 7 856 000 which represents a decrease by 0.04 % compared to the net sales revenues reported by 31.12.2017 in the amount of BGN 7 859 000. As of 31.12.2018 the production net sales revenues of the company were in the amount of BGN 7 735 000 and reported a decrease by 0.22 % compared to the previous year, and the service revenues were in the amount of BGN 121 000 reporting a growth by 13.08 % compared to the previous year.

Table № 17

Revenue type	31.12.2016	31.12.2017	31.12.2018
Production sales including	7 578	7 752	7 735
sales revenues from services including	678	107	121
Total	8 256	7 859	7 856

The main categories of products and services offered by BILLBOARD AD in 2018 are presented in Section II of this report.

In 2018 BILLBOARD AD has generated revenues from abroad in the total amount of BGN 117 thousand and their distribution by markets is presented under Table 5 of this Report.

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the company

Table № 18

					BGN '000
SALES REVENUES	2016	%	2017	%	2018
Production sales	7 578	2.30 %	7 752	-0.22 %	7 735
Service sales	678	-84.22 %	107	13.08 %	121
Total:	8 256	-4.84 %	7 859	-0.04%	7 856
FINANCIAL INCOME					
Interest revenue	172	0.58%	173	2.31%	177
Divident income	0	100 %	53	137.73 %	126
Total financial income:	172	31.40%	226	34.07%	303

As of 31.12.2018 the individual net sales revenues of BILLBOARD AD, pursuant to the IAS/IFRS, were in the amount of BGN 7 856 000 which represents a decrease by 0.04 % compared to the net sales revenues reported by 31.12.2017 in the amount of BGN 7 859 000.

There is no concentration or dependence of the company in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales of BILLBOARD AD and the companies included in the economic group.

◇ Information on the revenues allocated by domestic and external markets

During the reporting year, the company reported sales revenues mainly from the Bulgarian market again. In 2018 the generated sales revenues by BILLBOARD AD amounted to BGN 7 856 000, out of which BGN 117 000 were revenue generated by foreign markets.

3. Information about concluded material transactions

In 2018 have not been concluded transactions which result or may reasonably assume that will lead to favorable or unfavorable change in the amount of 5 or more percent of the revenues or profits of the company, other financial indicator and the market price of the issued shares by the company, except for those announced in the financial statements as of 31.12.2018.

4. Information about the transactions concluded between the company and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside its usual activity or substantially deviate from the market conditions, to which the issuer or its subsidiary is a party, indicating the amount of the transactions, the nature of relatedness and any information necessary for an estimate of the influence over the issuer's financial status

As of 31.12.2018 the concluded big transactions between BILLBOARD AD and related parties are as follows:

Table № 19

Related party	Type of relation	Volume of the transactions, in BGN '000	Explanatory notes Sales of:
	subsidiary where BILLBOARD AD holds	205	printed production, fixed assets and



DEDRAX AD	60 % of the capital		rentals, etc.
MOTION ARTS Ltd.	subsidiary where BILLBOARD AD holds 51 % of the capital	578	printed production, services, fixed assets and rentals
DIGITAL PRINT EOOD	subsidiary where BILLBOARD AD holds 100 % of the capital	198	printed production, services and fixed assets

Table № 20

Related party	Type of relation	Volume of the transactions, in BGN '000	Explanatory notes Purchase of:
DEDRAX AD	subsidiary where BILLBOARD AD holds 60 % of the capital	113	materials, services
MOTION ARTS Ltd.	subsidiary where BILLBOARD AD holds 51 % of the capital	49	advertising services
DIGITAL PRINT EOOD	subsidiary where BILLBOARD AD holds 100 % of the capital	336	materials, services

The concluded transactions with related parties are not outside its usual activity and do not substantially deviate from the market conditions.

5. Information about events and indicators of unusual for the issuer nature, having substantial influence over its operation

Events or indicators of unusual for the company nature have not occurred.

6. Information about off-balance kept transactions in 2018 – nature and business objective, indication of the financial impact of the transactions on the operation, if the risk and benefits of these transactions are substantial for the assessment of the issuer's financial status and the financial status of the issuer

During 2018 have not been concluded off-balance kept transactions.

7. Information about holdings of the issuer, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate properties, as well as investments in holding outside its group of enterprises within the meaning of the Accountancy Act and the sources/ways of financing

As of 31.12.2018 BILLBOARD AD has holdings in the following subsidiary companies within the economic group if the issuer:

Table № 21

Name of the Company	Scope of Activity	Capital share or percentage of votes at the General Assembly
DIGITAL PRINT EOOD	Digital printing, advertising, intellectual property transactions, leasing, and any other transactions which are not prohibited by law	100 % of the capital



DEDRAX AD	Desktop publishing and graphic design, publishing and advertising activities, development, adaptation, implementation, support of software products and systems, marketing and distribution of the same. Domestic and foreign trade, and any other activity not prohibited by law.	60 % of the capital
MOTION ARTS Ltd.	Trading, production, management, tourism, services, computer animation and design, as well as any other activity not prohibited by law.	51 % of the capital

8. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts

As of 31 December 2018 the parameters of the liabilities under loan agreements are:

Table № 22

Bank / Creditor	Agreed amount of the credit	Interest rate %	Maturity date	Current part at depreciated value		Long-term part at depreciated value	
				Principal	Interests	Principal	Interests
Bulgarian Development Bank AD	6356	3M EURIB + 3.00% > 4.50%	20.3.2025	640	28	4311	-
Eurobank Bulgaria PLC	600	Prime + 3.25 %	26.07.2019	312	-	-	-

9. Information about the concluded by the issuer, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts

Table № 23

Granted Loans							
Borrower	Currency	Interest rate %	maturity	Current part at depreciated value		Long-term at depreciated value	
				Principal	Principal	Principal	Interests
Digital Print EOOD	BGN	Base interest rate + 3%	25.9.2020	-	1 833	4 078	
Dedraks AD				64	-	-	-
Total				64	1 833	4 078	-

Table № 24

Accured Interest revenues on granted Loan				
Borrower	Receivables as of 31.12.2018	Accrued In 2018 r	Received in 2018	Receivables as of 31.12.2018
Digital Print EOOD	1 656	177		1 833
Total	1 656	177	-	1 833

10. Information on the use of the funds from a new issue of securities during the reported period

In 2018 BILLBOARD AD has not issued a new issue of shares.



11. Analysis of the relationship between the financial results reflected in the financial statements for the financial year and earlier published forecasts for these results

In 2018 BILLBOARD AD has not published forecasts on its results for the reported period.

12. Analysis and assessment of the policy concerning the management of the financial resources with indication of the possibilities for servicing of the liabilities, eventual jeopardizes and measures which the issuer has undertaken or is to undertake with a view to their removal

BILLBOARD AD performs its operating activities as the management of the financial resources is subject to the requirement to achieve maximum efficiency with the simultaneous observance of the terms of payment agreements with suppliers and with customers.

As of 31.12.2018 the company does not meet difficulties in serving its liabilities to financial institutions and suppliers.

13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing of this activity

Given the economic situation in the European Union and Bulgaria in 2018, and in particular the market where the Company operates, as well as the complicated political situation in the international aspect, the management of BILLBOARD AD believes that in 2019 the company will achieve 3 % growth in the sales revenue compared to 2018. In terms of the results in financial aspects, BILLBOARD AD will continue being dependent on the not very active domestic consumption and the conservative advertising budgets of companies in the country.

In 2019 the Company will also retain a conservative policy of making investments in new production facilities.

14. Information about occurred during the reporting period changes in the base principles for management of the issuer and its economic group

For BILLBOARD AD and the companies included in its group of enterprises within the meaning of the Accountancy Act have not occurred changes in the base principles for management.

15. Information about the main characteristics of the applied by the issuer in the course of preparation of the financial statements internal controls system and risk management system

When describing the general characteristics of the internal control and risk management systems it should be taken into account that neither the Law on Public Offering of Securities nor the National Corporate Governance Code define internal control framework to be followed by the public companies in Bulgaria. Therefore, for the purpose of implementing the companies' obligations under Art. 100m, para. 8 item 4 of the Law on Public Offering of Securities to describe the general characteristics of the systems are used the frames of the International Auditing Standard 315.

General description of the internal control and risk management systems

There is a functioning internal control and risk management system in BILLBOARD AD which ensures the effective functioning of the reporting and information disclosure systems. The system was built and functions in order to identify the risks that the company might face in its operation and support their effective management. The Board of Directors has the primary responsibility and role in terms of elaborating the internal control and risk management system. The Board has both managing and guiding



function as well as ongoing monitoring function which consists of assessment whether the system is still suitable for the company in the changed environment, whether it acts as expected and whether it is periodically adjusted to the changed conditions. Assessment is proportionate to the characteristics of the company and the influence of the risks identified.

The objective of the internal control and risk management systems, applied in BILLBOARD AD is to ensure conformity between the legal and regulatory requirements and the proper functioning of the internal processes. These systems are established in accordance with the specific characteristics of the company - its business, financial performance, industry sector, needs and resources.

The internal control and risk management systems are aimed at:

- identifying risks to which the Company may be exposed
 - ((a) risks related to the core business of the Company and
 - (b) risks that could materially affect the preparation and presentation of financial statements);
- presenting the relevant information concerning these risks to the Board of Directors in order to ensure a possibility for taking informed management decisions;
- control on the existence of compliance with the legal provisions, regulations and guidelines of the management operations;
- monitoring the company's operations.

Control environment

The control environment includes the general management and particular management functions as well as the attitude, awareness and operations of the corporate board responsible for the management in a broad sense and the responsible management in terms of the internal control. The control environment includes the following elements:

- **Commitment to competence** - The Board of Directors, audit committee and persons involved in the internal control and risk management process have the necessary knowledge and skills needed to perform the tasks required by the process that determine the job description of a person. The Board of Directors and the Executive Director of the company ensure the levels of competence for particular positions and the ways in which these levels become required requisites for skills and knowledge.

- **Involvement of persons responsible for general management** - The consciousness for control in the company is influenced significantly by the people engaged with general management, namely the members of the Board of Directors. The responsibilities of the Board of Directors are regulated by the Articles of Association and the management contracts. Additionally the Board of Directors is engaged with supervising the planning of the model and the effective functioning of the warning procedures and processes for reviewing the effectiveness of internal control of the company.

- **Philosophy and operating style of management** – The philosophy and operating style of management cover a wide range of characteristics. The attitudes of the Board of Directors and its actions in relation to financial reporting are revealed through the conservative choice among the available alternative accounting principles.

- **Organizational structure** - The establishment of appropriate organizational structure includes consideration of the main areas of powers and responsibilities and appropriate hierarchical levels of accountability and reporting. The Board of Directors considers the appropriateness of the company's organizational structure, taking into consideration this structure with the size and nature of the activities of the company.

- **Assignment of powers and responsibilities** – When assigning powers and responsibilities to other employees in the company it is being taken into account the applicable business



practices in the sector, the knowledge and experience of the employees and resources available in the company.

- **Human resources policies and practices** - Policies and practices related to human resources often show important issues regarding the consciousness for control in the company. While selecting personnel the Board of Directors and the Executive Director focus on the education background, previous work experience, past accomplishments and evidence for integrity and ethical behaviour. Thus the company expresses its commitment to appoint competent and reliable employees.

Risk valuation process in the Company

The risk valuation process on the part of the Board of Directors of BILLBOARD AD represents the basis regarding the way the corporate board of the Company specifies the risks that need to be managed.

The Board of the Company identifies the following types of risks relevant to the Company and its operations: general (systematic) and specific (unsystematic) risks. Systematic risks are related to the macro environment where the company operates, therefore in most cases they are not subject to control by the management team. Unsystematic risks are directly relevant to the Company's operations and depend mainly on the management. In order to minimize their effect the company relies on increasing the efficiency of internal corporate planning and forecasting which provides capabilities to overcome the possible negative consequences of a risk event that has occurred.

Each of the risks associated with the country - political, economic, credit, inflation, currency – has its independent significance but their overall consideration and the interaction between them form an overall picture of the economic fundamentals, market conditions, competitive conditions in the country where the company operates.

A detailed description of the risks specific to the activities of BILLBOARD AD is presented in the section MAIN RISKS THE COMPANY FACES of this annual activity report.

Risk management process in the Company

The Corporate board of BILLBOARD AD is responsible for the risk management. Risk management involves identifying, valuating and controlling potential events or situations that may negatively affect the achievement of the objectives of the organization and is aimed at providing reasonable assurance that the business objectives of the Company will be achieved.

Information systems and related business processes essential for the financial reporting and communication

The information system essential for financial reporting purposes, which includes the accounting system, consists of procedures and documentation developed and established to:

- initiation, reflecting, processing and reporting of transactions and operations of the company (as well as events and conditions) and maintaining accountability for the related assets, liabilities and equity;
- resolving problems with incorrect processing of transactions, such as automated files for unspecified positions of information and procedures followed for timely correction of detained unspecified positions;
- processing and reporting on cases of circumventing the systems or tackling the controls;
- transferring the information from the transactions processing systems in the general ledger;

- covering the information which is essential for the financial reporting of events and conditions, other than transactions and operations, such as amortization of tangible and intangible assets and changes in collection of receivables; and
- ensuring that the information required for disclosure by the applicable financial reporting framework is collected, reflected, processed, summarized and that it is properly recorded in the financial statements.

The communication on the part of the company of the roles and responsibilities in terms of financial reporting and the related important issues, involves understanding of the individual roles and responsibilities related to the internal control. Communication includes such questions as the extent to which the accounting team understands how its activities in the information system for financial reporting are related to the work of the others and the means for reporting on exceptions to the corporate board.

Communication is based on financial reporting rules jointly developed with the independent auditor. Open communication channels help ensure that exceptions are reported and respective actions are undertaken with this regard.

Current monitoring of the controls

Current monitoring of the controls is a process of valuating the effectiveness of the results from the internal control functioning over time. It includes timely valuation of the controls effectiveness and undertaking the necessary remedial action. The corporate board carries out current monitoring of the controls through ongoing activities, separate valuations or a combination of both. Ongoing monitoring activities are often built into the normal recurring activities of the company and include regular management and supervisory activities.

16. Information on the changes in the management and supervisory bodies of the company in 2018

As of 31.12.2018 the Board of Directors of BILLBOARD AD includes the following members:

1. Kalin Vassilev Genchev – Chairperson of the Board of Directors
2. Stefan Vassilev Genchev – Executive Director
3. Borislav Hristov Borisov – Independent member of the Board of Directors
4. Asen Georgiev Kostadinov – Independent member of the Board of Directors

The company is represented by the Executive member of the Board of Directors. No changes in the way of representation of the company have been made neither any appointment or discharge of procurator has occurred during 2018.

At the extraordinary session of the general meeting of the shareholders of BILLBOARD AD, held on 12.11.2018 was adopted a resolution for changes in the Board of Directors as Zarina Vassileva Gencheva and Dessislav Grozev Tomov were released from their positions as board members and Asen Georgiev Kostadinov was elected to be a new independent member of the Board of Directors of BILLBOARD AD for 5-years terms of office as from the date of entering the resolution with the Commercial Register to the Registry Agency.

The changes in the Board of Directors were filed with the Commercial Register to the Registry Agency on 16.11.2018 under № 20181116161641.

17. Information on the amount of the remunerations, rewards and/or the benefits of everyone of the members of the management and control bodies for the fiscal year under review, paid by the issuer and its subsidiaries, irrespective of whether they have been included in the issuer's expenses or rise from profit distribution, including:

- a) received amounts and non-money remunerations;
- b) contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time;

c) amount owed by the issuer or its subsidiaries for payment of pensions, compensations at retiring on a pension or other similar compensations

In 2018 for the members of the Board of Directors have been calculated the following remuneration from the company:

Table № 25

Full name	Position	Gross in BGN
Kalin Vassilev Genchev	Chairperson of the Board of Directors	42 840
Stefan Vassilev Genchev	Executive Director	42 840
Desislav Grozev Tomov	Independent member of the Board of Directors until 16.11.2018	26 775
Borislav Hristov Borisov	Independent member of the Board of Directors	30 600
Zarina Vassileva Gencheva	Member of the Board of Directors until 16.11.2018	26 775
Asen Georgiev Kostadinov	Independent member of the Board of Directors as from 16.11.2018	2 550

In 2018 the members of the Board of Directors have not received non-money remunerations. The company does not have contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time.

As at 31.12.2018 BILLBOARD AD do not owe amounts for payment of pensions, compensations at retiring on a pension or other similar compensations.

18. Information about the owned by the members of the management and of the control bodies, procurators and the senior management shares of the issuer, including the shares held by anyone of them separately or as a percent from the shares of each class, as well as provided to them options on securities of the issuer by the latter – type and amount of the securities over which the options have been set up, price of exercising of the options, purchase price, if any, and term of the options

As of 31.12.2018 members of the Board of Directors of BILLBOARD hold shares from the capital of the company as follows:

Table №26

Full name	Position	Number of shares	% of the capital
Kalin Vassilev Genchev	Chairperson of the Board of Directors	3 000 000	20 %
Stefan Vassilev Genchev	Executive Director	3 000 000	20 %
Borislav Hristov Borisov	Independent member of the Board of Directors	0	0 %
Desislav Grozev Tomov	Independent member of the Board of Directors until 16.11.2018	0	0 %
Zarina Vassileva Gencheva	Member of the Board of Directors until 16.11.2018	2 000	0.01%
Asen Georgiev Kostadinov	Independent member of the Board of Directors as from 16.11.2018	1 918	0.01%

The company has not provided options on securities.

19. Information about the known to the company agreements as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders



The management of the company does not have information about known to the company agreements as a result of which changes may occur at a future time in the owned percentage of shares by current shareholders.

20. Information about pending legal, administrative or arbitration proceedings relating to liabilities or receivables of the companies in the economic group of the issuer at the amount of at least 10 percent of its equity

There are not any pending legal, administrative or arbitration proceedings relating to issuer's liabilities or receivables at the amount of at least 10 percent of its equity.

21. Information about the Investor Relations Director:

Sophia Argirova - Atanasova

Tel. +359 2 62 50 71;

e-mail : ir@digitalprint.bg

No 1 Bulgaria Sq., National Palace of Culture, AI4 entr., 1464 Sofia.

XIII. OTHER INFORMATION AT THE COMPANY'S DISCRETION

The Company estimates that there is no other information that has not been publicly disclosed by the company and that would be important for the shareholders and investors in taking a well-grounded investment decision.

Enclosed as a separate document is a Corporate Governance Declaration pursuant to the provisions of Art. 100n, para. 8 of the Law on Public Offering of Securities which represents an integral part of this Report.

Date of signing and
approval for issuance:

27.03.2019

Sofia

For BILLBOARD AD

Stefan Genchev

/Executive member of the Board of Directors/