

SPEEDY AD

SOFIA

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

31 MARCH 2018

EXPLANATORY NOTES

Core Activity

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

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

The investments during the period are BGN 656k distributed relatively equally across all categories of assets – vehicles, equipment, technical devices, logistic hubs.

Financial results

After the slowdown in the end of 2017, the pace of sales growth recovered to 10.6%. The measures undertaken in the mid 2017 for improving the pricing and services defining processes and standardising of the deliveries, initially resulted in a slowdown of revenue growth but last quarter of 2017 and beginning of 2018 the trend rebounded. The trend sales growth to outpace the parcels increase also pertain that is a major turnaround in the pattern from the last years.

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

The optimization in processes and costs cutting are going to have effect in the following quarters as well. Regarding expenses, the most considerable improvements are in “Other operating expenses”, where decrease is in all items - Indemnities for parcels, representative expenses and others. Cost of materials also shrunk on lower fuel costs. Costs of hired services and remuneration costs do increase but slower pace than sales.

As a result, EBITDA climbed 47% on annual base, while the Net income more than doubled. EBITDA Margin reached 17.4%, compared with 13% in Q1 17. For the same period, Ner Income Margin jumped from 4.6% in Q1 17 to 8,8% in the last quarter.

Revenue structure, non-consolidated

In BGN '000	Q1 17	Q1 18	Изменение
Domestic market	20 328	22 413	10.3%
<i>% of the total revenues</i>	82.1%	81.8%	
International market	3 430	3 865	12.7%
<i>% of the total revenues</i>	13.8%	14.1%	
Others	1 014	1 120	10.5%
<i>% of the total revenues</i>	4.1%	4.1%	
Number of parcels delivered	4 333	4 718	8.9%
Total revenues	24 772	27 398	10.6%

Cost structure, non-consolidated

In BGN '000	Q1 17	Q1 18	Изменение
Costs of materials	1 490	1 461	-1.9%
Costs of external services	13 314	14 455	8.6%
Compensation costs	5 951	6 405	7.6%
Other operating costs	760	301	-60.4%
Depreciation	1 942	2 073	6.7%
EBITDA	3 257	4 776	46.6%
Net profit for the period	1 145	2 409	110.4%

RISK FACTORS IN COMPANY OPERATIONS.

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

Macroeconomic risk

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

Regulatory risk

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

Interest rate risk

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

Credit risk

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

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

Price risk

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

Currency risk

The exposures of the company’s currency incurred due to deliveries to and from abroad, whose share in the total revenues is currently low. The bigger part of the currency operations are carried

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

Liquidity risk

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

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

NON-CONSOLIDATED FINANCIAL STATEMENTS

SPEEDY AD

AS OF 31.03.2018

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

as of 31 March 2018

		31.03.2018	31.12.2017
	<i>Notes</i>	BGN'000	BGN'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	24,864	26,122
Intangible assets	4	2,439	2,603
Investments in subsidiaries	5	26,447	26,447
Loans to related parties	23	5,867	5,867
Deferred tax assets		263	263
Total non-current assets		59,880	61,302
Current assets			
Inventories	6	251	261
Trade receivables	7	13,769	12,126
Current part of long-term receivables from related parties	23	3,593	3,134
Other receivables and prepayments	8	2,770	3,845
Cash and cash equivalents	9	5,068	7,293
Total current assets		25,451	26,659

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

as of 31 March 2018

EQUITY AND LIABILITIES**Equity**

Share capital	10.1	5,378	5,378
Statutory reserves	10.2	538	538
Premium reserves	10.3	19,565	19,565
Retained earnings	10.4	23,802	15,452
Current profit	10.4	2,409	8,350
Total equity		51,692	49,283

Non-current liabilities

Long-term interest bearing liabilities	11	11,828	13,531
Subsidies	-	359	439
Long-term provisions for pension benefits	-	157	157
Total non-current liabilities		12,344	14,127

Current liabilities

Current part of long-term interest bearing liabilities	11	8,182	8,501
Accounts payable	12	4,978	4,744
Payables related to remunerations and for social securities	12	3,728	3,660
Tax payables	12	1,546	1,561
Subsidies	-	320	320
Other current liabilities	12	2,541	5,765
Total current liabilities		21,295	24,551

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

Executive Director:

Valery Mektupchyan

Chief Accountant:

Stefka Levidzhova

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

as of 31 March 2018

		<u>31.03.2018</u>	<u>31.03.2017</u>
	<i>Notes</i>	BGN'000	BGN'000
Revenues	13	26,278	23,758
Other revenues(losses) from the core activity, net	14	1,120	1,014
Costs of materials	15	(1,461)	(1,490)
Costs of external services	16	(14,455)	(13,314)
Compensation costs	17	(6,405)	(5,951)
Depreciation and amortization	3, 4	(2,073)	(1,942)
Other operating expenses	18	(301)	(760)
Operating profit		2,703	1,315
Financial revenues	19	126	108
Financial expenses	20	(152)	(151)
Financial revenues/expenses, net		(26)	(43)
Profit before taxes		2,677	1,272
Income taxes	21	(268)	(127)
Net profit for the year		2,409	1,145
Other comprehensive income		-	-
Total comprehensive income for the year		2,409	1,145
Earnings per share	BGN	22	
		0.45	0.21

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

Executive Director:

Valery Mektupchyan

Chief Accountant:

Stefka Levidzhova

<i>Notes</i>	31.03.2018	31.03.2017
	BGN'000	BGN'000
Cash flows from operating activity		
Proceeds from customers	32,832	34,864
Payments to suppliers	(20,753)	(24,228)
Payments related to remunerations and for social security	(6,261)	(5,840)
Tax payments	(2,475)	(2,216)
Income tax paid	-	-
Other proceeds/payments, net	(2,456)	(350)
Net cash flow from operating activity	887	2,230
Cash flows from investing activity		
Purchase of plant and equipment	(287)	(274)
Proceeds from sale of plant and equipment	19	12
Extended loans, net	(362)	-
Net cash flow from investing activity	(630)	(262)
Cash flows from financing activity		
Payments under financial lease agreements	(1,542)	(1,365)
Proceeds from long-term loans	-	-
Repayment of long-term loans	(761)	(473)
Paid interests and bank charges	(159)	(124)
Dividends paid	-	-
Net cash flow from financing activity	(2,462)	(1,962)
Change in cash and cash equivalents	(2,205)	6
Net effect of changes in exchange rates	(20)	(6)
Cash and cash equivalents on 1 st January	7,293	6,011
Cash and cash equivalents as of 31 March	5,068	6,011

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

SPEEDY AD

EXPLANATORY NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENT

As of 31.03.2018

	Share capital	Premiu m reserves	Statutor y reserves	Retained earning	Total
<i>Notes</i>	BGN'00 0	BGN'00 0	BGN'00 0	BGN'000	BGN'000
Balance as of 1 January 2017	5,336	19,565	534	21,482	46,917
<i>Change in equity for 2017</i>					
Issuance of shares	42	-	-	-	42
Distribution of profits, incl.	-	-	4	(6,034)	(6,030)
* <i>Reserves</i>	-	-	4	(4)	-
* <i>Dividends</i>	-	-	-	(6,030)	(6,030)
Total comprehensive income for the year, incl.	-	-	-	8,354	8,354
* <i>Net income for the year</i>	-	-	-	8,350	8,350
* <i>Other comprehensive income, net of taxes</i>	-	-	-	4	4
Balance as of 31 December 2017	5,378	19,565	538	23,802	49,283
<i>Change in equity for 2018</i>					
Distribution of profits, incl.	-	-	-	-	-
* <i>Reserves</i>	-	-	-	-	-
* <i>Dividends</i>	-	-	-	-	-
Total comprehensive income for the year, incl.	-	-	-	2,409	2,409
* <i>Net income for the year</i>	-	-	-	2,409	2,409
* <i>Other comprehensive income, net of taxes</i>	-	-	-	-	-
Balance as of 31 March 2018	5,378	19,565	538	26,211	51,692

10

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

Executive Director:

Valery Mektupchiyan

Chief Accountant:

Stefka Levidzhova

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

As of 31.03.2018

3. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the company consist of machinery, equipment, vehicles, and other assets whose book value for the presented periods could be analyzed as follows:

	Plant and equipment	Vehicles	Computers	Investments in rented assets	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
31 December 2017						
Book value at the beginning of the period	2,600	15,399	2,018	2,202	4,957	27,176
Acquired	366	5,198	402	115	447	6,528
Written-off	-	(1,567)	(2,261)	-	(9)	(3,837)
Depreciation	(414)	(5,249)	(711)	(552)	(514)	(7,440)
Written-off depreciation	-	1,429	2,261	-	5	3,695
Book value at the end of the period	2,552	15,210	1,709	1,765	4,886	26,122
31 December 2017						
Initial value	4,708	35,437	5,140	4,363	6,623	56,271
Accumulated depreciation	(2,156)	(20,227)	(3,431)	(2,598)	(1,737)	(30,149)
Book value	2,552	15,210	1,709	1,765	4,886	26,122
31 March 2018						
Book value at the beginning of the period	2,552	15,210	1,709	1,765	4,886	26,122
Acquired	26	199	65	131	235	656
Written-off		(344)				(344)
Depreciation	(115)	(1,348)	(178)	(136)	(132)	(1,909)
Written-off depreciation		339				339
Book value at the end of the period	2,463	14,056	1,596	1,760	4,989	24,864
31 March 2018						
Initial value	4,734	35,292	5,205	4,494	6,858	56,583
Accumulated depreciation	(2,271)	(21,236)	(3,609)	(2,734)	(1,869)	(31,719)
Book value	2,463	14,056	1,596	1,760	4,989	24,864

4. INTANGIBLE ASSETS

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

	Software	Cost of acquired assets	Total
	BGN'000	BGN'000	BGN'000
31 December 2017			
Book value at the beginning of the year	1,992	915	2,907
Acquired	228	78	306
Written-off	-	-	-
Depreciation	(610)	-	(610)
Written-off depreciation	-	-	-
Book value at the end of the year	1,610	993	2,603
31 December 2017			
Initial value	6,159	704	6,863
Accumulated depreciation	(4,260)	-	(4,260)
Book value	1,899	704	2,603
31 March 2018			
Book value at the beginning of the year	1,899	704	2,603
Acquired	-	-	-
Written-off	-	-	-
Depreciation	(164)	-	(164)
Written-off depreciation	-	-	-
Book value at the end of the year	1,735	704	2,439
31 March 2018			
Initial value	6,159	704	6,863
Accumulated depreciation	(4,424)	-	(4,424)
Book value	1,735	704	2,439

5. INVESTMENTS IN SUBSIDIARIES

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

	<u>31.03.2018</u>	share	<u>31.12.2017</u>	share
	BGN'000		BGN'000	
Speedy EOOD	982	100%	982	100%
Geopost Bulgaria EOOD	8,165	100%	8,165	100%
DPD S.A., Romania	17,300	100%	17,300	100%
Total	26,447		26,447	

6. INVENTORIES

	<u>31.03.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Materials	101	153
Fuel	150	108
Total	251	261

7. TRADE AND OTHER RECEIVABLES

	<u>31.03.2018</u>	<u>31.12.2017</u>
	BGN'000	BGN'000
Receivables from customers	14,576	12,933
Less impairment	(807)	(807)
Receivables from customers, net amount	13,769	12,126
<i>including receivables from related parties (Note 29)</i>	<i>3,440</i>	<i>1,349</i>

The change of the impairment has been changed as follows:

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

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

As of 31.03.2018

8. OTHER RECEIVABLES AND PREPAYMENTS

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Receivables on payments made on behalf of related parties	-	1,192
Prepayments	1,153	901
Receivables from trustees	-	601
Deposits	696	673
Receivables on government grants	-	298
Receivables on payments made on behalf of third parties	-	159
Advances paid	590	19
Other receivables	331	2
Общо	2,770	3,845

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Pitty cash	2,433	4,571
Cash in bank accounts	2,347	2,570
Petty	288	152
Total	5,068	7,293

10. EQUITY**10.1 SHARE CAPITAL**

As of 31.03.2018 registered capital of the Company consists of 5,377,619 ordinary shares with par value of BGN 1 per share. All shares entitle to a dividend and to a liquidation share and represent one vote at the General Meeting of Shareholders of the Company.

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

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

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

As of 31.03.2018

	31.03.2018		31.12.2017	
	Number of shares	%	Number of shares	%
Speedy Group AD	3,500,367	65.09%	3,500,367	65.09%
Geopost SA, France	1,333,979	24.81%	1,333,979	24.81%
Other natural and legal entities	543,273	10.10%	543,273	10.10%
Total	5,377,619	100.00%	5,377,619	100.00%

10.2 STATUTORY RESERVES

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Statutory reserves	538	538
Total	538	538

The statutory reserves are formed from setting aside 10% of the net profit in accordance with the requirements of the Commercial Act and decision of the General Meeting of the shareholders. According to the requirements, the statutory reserves should be minimum 10% of the registered capital. These reserves are non-distributable.

10.3 PREMIUM RESERVES

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Premium reserves	19,565	19,565
Total	19,565	19,565

The share premium of the Company amounting to BGN 19,565 thousand is formed by the proceeds, received above the par value of the shares issued in 2014 with issue price per share BGN 23.

10.4 RETAINED EARNINGS

Changes of the undistributed profit is as follows:

	31.03.2018	31.12.2017
	BGN '000	BGN '000
Balance as of 1 January	23,802	21,482
Net profit for the year	2,409	8,350
Dividends distributed	-	(6,030)
Actuary losses from revaluations, net of taxes	-	4
Distribution for reserves	-	(4)
Balance as of 31 March 2018, including	26,211	23,802
<i>undistributed profit</i>	<i>23,802</i>	<i>15,452</i>
<i>current profit</i>	<i>2,409</i>	<i>8,350</i>

11. INTEREST BEARING LIABILITIES

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Payables under financial lease agreements	11,847	13,100
Long-term bank loans	8,164	8,932
Total	20,011	22,032
non-current part	<i>11,828</i>	<i>13,531</i>
current part	<i>8,182</i>	<i>8,501</i>

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

As of 31.03.2018, the payables of the Company under financial lease agreements are the following:

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Payables under financial lease agreements	11,847	13,100
- Long-term part	6,649	7,558
- Short-term part	5,198	5,542
Total	11,847	13,100

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

As of 31.03.2018, amount due under bank loans are the following:

	31.03.2018	31.12.2017
	BGN'000	BGN'000
Payables under received loans from banks, incl.:	8,164	8,933
- <i>short-term part</i>	<i>2,985</i>	<i>3,012</i>
- <i>long-term part</i>	<i>5,179</i>	<i>5,921</i>
Total	8,164	8,933

12. TRADE AND OTHER PAYABLES

As of 31.03.2018, the trade and other payables include:

	31.12.2017	31.12.2016
	BGN'000	BGN'000
Trade payables	3,523	3,013
Payables to related parties	1,455	1,731
Payables for remunerations	2,961	2,937
Payables for social security	767	723

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

As of 31.03.2018

Taxes payable	1,546	1,562
Other payables	2,541	5,764
Total	12,793	15,330

13. REVENUES

The revenues of the Company consist of:

	31.03.2018	31.03.2017
	BGN'000	BGN'000
Revenues from courier services	26,278	23,758
Total	26,278	23,758

14. OTHER REVENUES

Other revenues of the Company consist of:

	31.03.2018	31.03.2017
	BGN'000	BGN'000
Revenues from renting out of motor vehicles	836	688
Other revenues	204	250
Financing	80	76
Total	1,120	1,014

15. COSTS OF MATERIALS

Costs of materials include:

	31.03.2018	31.03.2017
	BGN'000	BGN'000
Fuels	791	891
Delivery-related materials	425	413
Office materials and consumables	67	93
Uniforms	-	17
IT consumables	131	68
Other costs	47	8
Total	1,461	1,490

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

As of 31.03.2018

16. COSTS OF HIRED SERVICES

Costs of hired services consist of:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Subcontractors	11,037	10,308
Rents	963	868
Communications and utility services	462	417
Vehicle maintenance	568	719
Insurance	297	261
Office/warehouse maintenance	194	55
Staff training	42	52
Marketing	145	86
Audit, consultant and other services	424	119
Other costs	158	351
Fees	98	78
Total	<u>14,455</u>	<u>13,314</u>

17. COMPENSATION COSTS

Compensation costs consist of:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Salaries and wages	5,472	5,105
Social security contributions	933	846
Total	<u>6,405</u>	<u>5,951</u>

18. OTHER OPERATING COSTS.

Other operating expenses of the Company consist of:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Indemnities for parcels	120	348
Representation costs	96	210
Other costs	85	202
Total	<u>301</u>	<u>760</u>

19. FINANCIAL INCOME

Financial income of the Company consists of:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Interests income	126	108
Total	<u>126</u>	<u>108</u>

20. FINANCIAL EXPENSES

Financial expenses of the Company consist of:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Interest expenses	130	113
FX exchange loss, net	22	22
Total	<u>152</u>	<u>151</u>

21. TAXES

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

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Accounting profit before taxes	<u>2,677</u>	<u>1,272</u>
Increase	-	-
Decrease	-	-
Taxable net income	<u>2,677</u>	<u>1,272</u>
Income tax	(268)	(127)
Tax rate	10%	10%
Deferred taxes	-	-
Tax rate	10%	10%
Total income tax and deferred taxes	(268)	(127)
Net income	<u>2,409</u>	<u>1,145</u>

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

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

Weighted average number of shares used for calculating EPS as well as distributable net income are presented below:

	<u>31.03.2018</u>	<u>31.03.2017</u>
	BGN'000	BGN'000
Distributable net income /BGN'000./	2,409	1,145
Weighted average number of shares	5,356,712	5,335,919
Earnings per share /BGN per share/	<u>0,45</u>	<u>0,21</u>

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

As of 31.03.2018

22.2 Dividends

No dividends distributed in Q1

23. RELATED PARTIES TRANSACTIONS

If not stated explicitly, the transactions with related parties are not carried out under special conditions and no guarantees were either granted or received. The recorded amounts are paid by wire.

Related Party	Type of relationship
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary
Geopost Bulgaria EOOD	Subsidiary
DPD S.A., Romania	Subsidiary
Dragomir Winery Estate OOD	Company under common control
Transbankan group OOD	Company under common control
Transabalkan group Romania	Company under common control
Omnicar BG EOOD	Company under common control
Omnicar Auto OOD	Company under common control
Omnicar C EOOD	Company under common control
Omnicar oil EOOD	Company under common control
Omnicar rent EOOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Geopost S.A., France	Shareholder with significant influence

Extended loans

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

	2018	2017
	BGN'000	BGN'000
Dynamic Parcel Distribution S.A., Romania incl.	9,460	9,001
- principal	9,099	8,736
- interest	361	265
Total	9,460	9,001
<i>incl. current part</i>	<i>5,867</i>	<i>5,867</i>
<i>incl. non-current part</i>	<i>3,593</i>	<i>3,134</i>

On 01.12.2014 the Company signed a contract with the subsidiary Dynamic Parcel Distribution S.A., Romania for extending a loan in amount of EUR 3,000 thousand with maturity 15.12.2020. The agreed interest rate is in the range between 3% and 5%.

With an Additional agreement from 01.04.2016 the extended amount is increased to EUR 5,000 thousand. The maturity of the additionally extended amount is 15.08.2020

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

As of 31.03.2018

Trade and other receivables from related parties

	31.03.2018	31.12.2017
	BGN '000	BGN '000
Receivables from subsidiaries	2,812	1,029
Receivables from companies under common control	351	108
Receivables from shareholders with significant influence	277	212
Total	3,440	1,349

Trade and other payables to related parties

The payables to related parties include:

	31.03.2018	31.12.2017
	BGN '000	BGN '000
Trade payables, incl.	1,345	1,498
Payables to subsidiaries	816	974
Payables to companies under common control	529	524
Other payables, incl.	110	233
Deposits from the Members of the BoD	110	110
Total	1,455	1,731

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

Commercial transactions with related parties*Sales to related parties*

	31.03.2018	31.03.2017
	BGN '000	BGN '000
	2,672	2,425
Subsidiaries	1,558	1,459
Companies under common control	837	889
Shareholders with significant influence	277	77

Purchases from related parties

	31.03.2018	31.03.2017
	BGN '000	BGN '000
	4,235	4,112
Companies under common control	2,884	2,607
Subsidiaries	1,351	1,505

The purchases of services from companies under common control include mainly transportation services made by Transbalkan group OOD, rentals from Sofia City Logistic Park EOOD and maintenance of vehicles from Omnica Auto OOD.

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



Executive Director:

/ Valery Mektupchiyan /