

**SPEEDY AD**

**SOFIA**

**EXPLANATORY NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENT**

**31 DECEMBER 2016**

## EXPLANATORY NOTES

### **Core Activity**

In 2016 Speedy AD accelerated its development as the focus was not only on the development of existing services and expansion of capacity but in offering new services as well. During the year a record investment of BGN 14.2 m. was made. Usually the largest part of investments (BGN 5.6 m) are in vehicles and the remaining part of funds was invested in the logistics centers and offices. More than 100 offices have been refurbished in line with the company's new vision that aim at improving functionality of the working place and to customers' services experience. Apart from that a network of automated post stations (APS) started its development in which a significant amount of money was invested. Major repairs were made in the newly rented premises. The sorting centres were equipped with forklifts and processing lines. In the main hub in Sofia were implemented a new sorting line that nearly tripled the processing capacity of the hub. It also allows introduction of bulk loading of parcels, which improve the utilization of vehicles.

The ASP are part of the our new service, "Speedy post", that offers to the clients opportunity to send parcels in four sizes up to 20 kg in our office network at exceptionally low prices. A new contract with Western Union provides another services to our clients through part of our office network – international money transfers.

During the previous year the focus was on developing regional market with Speedy Balkans service, which is now the main contributor for the high growth in this segment, especially deliveries to/from Romania. Speedy Jsc. contracted the franchise right of DPD network for Greece. The service is expected to be launched by the end of 2016 with opening of an office in Thessaloniki, after Greek regulators grant all licenses and permissions needed. The company plans to offer international deliveries to / from Europe through DPD network, while deliveries within Greece are going to continue to be executed through the local partner.

DPD Romania has actively developed its presence on Romanian market by widening the range of offered services and expanding its logistic network. This year has started implementation of entirely new transport scheme that is going to improve the effectiveness of the logistic and form a solid ground for the further expansion. The investments in combination with much higher dynamic of the Romanian courier market allowed the growth to reach 27%, considerably over the pace of the past year.

### **Financial results**

The investments in capacity and new services helped the acceleration of revenue's growth to 19% but also resulted in increasing the operating expenses such as rents, compensation costs, marketing, sub-contractors. The initial low utilization of the new capacity had a negative effect on the profitability and on annual basis EBITDA shrunk with 5.6%.

The revenues from international deliveries remain the main source of growth, while revenues from main service, parcels and pallets on the domestic market also sustain high pace of growth for more than 14%.

The expansion during the last quarter resulted in better utilization of the capacity and combined with the steps for cost optimization reversed the negative trend in operating profit and in Q4 2016 EBITDA jumped with 20% yoy. The results of DPD Romania are comparable, where

improvement in the profitability also was realized in the last quarter of 2016, though with a lower margin.

*Revenue structure*

In BGN '000	Q4 15	Q4 16	Change	2015	2016	Change
<b>Domestic market</b>	19 822	22 878	15.4%	71 542	81 599	14.1%
<i>% of the total revenues</i>	58.55%	53.81%		58.33%	55.67%	
<b>International market</b>	12 047	17 208	42.8%	44 272	56 264	27.1%
<i>% of the total revenues</i>	35.58%	40.47%		36.09%	38.39%	
<b>Others</b>	1 988	2 434	22.4%	6 846	8 704	27.1%
<i>% of the total revenues</i>	5.87%	5.72%		5.58%	5.94%	
<b>Number of parcels delivered</b>	5 872	7 392	25.9%	20 117	25 104	24.8%
<b>Total revenues</b>	<b>33 857</b>	<b>42 520</b>	<b>25.6%</b>	<b>122 660</b>	<b>146 567</b>	<b>19.5%</b>

*Cost Structure*

In BGN '000	Q4 15	Q4 16	Change	2015	2016	Change
<b>Costs of materials</b>	2 150	2 116	-1.6%	7 181	7 154	-0.4%
<b>Costs of external services</b>	18 737	25 972	38.6%	67 949	88 179	29.8%
<b>Compensation costs</b>	6 717	8 112	20.8%	22 979	28 277	23.1%
<b>Book value of goods sold</b>	447	90	-79.9%	1 561	751	-51.9%
<b>Other operating costs</b>	1 221	712	-41.7%	2 174	2 558	17.7%
<b>Depreciation</b>	2 624	3 095	17.9%	9 468	11 656	23.1%
<b>EBITDA</b>	<b>4 585</b>	<b>5 518</b>	<b>20.3%</b>	<b>20 816</b>	<b>19 648</b>	<b>-5.6%</b>
<b>Net profit for the period</b>	<b>1 914</b>	<b>1 713</b>	<b>-10.5%</b>	<b>9 275</b>	<b>5 586</b>	<b>-39.8%</b>

**Corporate events**

On 14.06.2016 was held the General Meeting of Shareholders of Speedy Jsc, where were taken decision for dividend distribution in amount of BGN 6 029 588.47 or BGN 1,13 per share. Pricewaterhouse Coopers were chosen as an auditor for 2016 and 2017. Were approved maximum amount of variable remuneration for the members of BoD that have contracts with Speedy Jsc.

On 14.12.2016 an extraordinary General Meeting of Shareholders of Speedy Jsc was held, where was voted decision for capital increase as per art. 112 (3) of LPOS with 42 900 shares. „Afa“ OOD was chosen as an auditor for 2016 and 2017 due to significant increase of the initially offered price by Pricewaterhouse Coopers.

## **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.

### 3. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and equipment	Vehicles	Other	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Book value</b>					
As of 1 January 2015	168	3,320	29,966	12,496	<b>45,950</b>
Acquired	4	939	6,997	3,071	<b>11,011</b>
Written-off	-	(63)	(2,776)	(134)	<b>(2,973)</b>
As of 31 December 2015	172	4,196	34,187	15,433	<b>53,988</b>
<b>Depreciation</b>					
As of 1 January 2015	142	2,563	13,257	6,338	<b>22,300</b>
Depreciation for the year	25	446	4,781	2,513	<b>7,765</b>
Written-off depreciation	-	(63)	(2,542)	(99)	<b>(2,704)</b>
As of 31 December 2015	167	2,946	15,496	8,752	<b>27,361</b>
<b>Book value</b>					
As of 1 January 2015	<b>26</b>	<b>757</b>	<b>16,709</b>	<b>6,158</b>	<b>23,650</b>
As of 31 December 2015	<b>5</b>	<b>1,250</b>	<b>18,691</b>	<b>6,681</b>	<b>26,627</b>
<b>Book value</b>					
As of 1 January 2016	172	4,196	34,187	15,433	<b>53,988</b>
Acquired	728	4,390	5,568	5,164	<b>15,745</b>
Written-off	(106)	-	(2,829)	-	<b>(2,829)</b>
As of 31 December 2016	794	8,586	36,926	20,597	<b>66,904</b>
<b>Depreciation</b>					
As of 1 January 2016	167	2,946	15,496	8,752	<b>27,361</b>
Depreciation for the year	19	757	6,156	2,555	<b>7,053</b>
Written-off depreciation	(106)	-	(2,774)	-	<b>(2,774)</b>
As of 31 December 2016	81	3,703	18,878	11,307	<b>33,969</b>
<b>Book value</b>					
As of 1 January 2016	<b>5</b>	<b>1,250</b>	<b>18,691</b>	<b>6,681</b>	<b>26,627</b>
As of 31 December 2016	<b>714</b>	<b>4,884</b>	<b>18,048</b>	<b>9,290</b>	<b>32,936</b>

#### 4. INTANGIBLE ASSETS

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

	<b>Goodwill</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Total</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>Book value</b>				
As of 1 January 2015	10,360	4,515	8,722	<b>23,597</b>
Acquired individually	-	2,534	-	<b>2,534</b>
Written-off	-	-	-	-
As of 31 December 2015	10,360	7,049	8,722	<b>26,131</b>
<b>Depreciation</b>				
As of 1 January 2015	-	2,971	46	<b>3,017</b>
Depreciation for the year	-	1,132	546	<b>1,678</b>
Written-off	-	-	-	-
As of 31 December 2015	-	4,103	592	<b>4,695</b>
<b>Book value</b>				
As of 1 January 2015	<b>10,360</b>	<b>1,544</b>	<b>8,676</b>	<b>20,580</b>
As of 31 December 2015	<b>10,360</b>	<b>2,946</b>	<b>8,130</b>	<b>21,436</b>
	<b>Goodwill</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Total</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>Book value</b>				
As of 1 January 2016	10,360	7,049	8,722	<b>26,131</b>
Acquired	-	1,333	-	<b>1,333</b>
Written-off	-	-	-	-
As of 31 December 2016	10,360	8,482	8,722	<b>27,564</b>
<b>Depreciation</b>				
As of 1 January 2016	-	4,103	592	<b>4,695</b>
Depreciation for the year	-	1,610	546	<b>1,597</b>
Written-off	-	-	-	-
As of 31 December 2016	-	5,713	1,143	<b>6,856</b>
<b>Book value</b>				
As of 1 January 2016	<b>10,360</b>	<b>2,946</b>	<b>8,130</b>	<b>21,436</b>
As of 31 December 2016	<b>10,360</b>	<b>2,668</b>	<b>7,584</b>	<b>20,612</b>

The goodwill recognized as of 31 December 2016 in the statement of financial position, which comes up to BGN 10,360 thousand, represents the amount, by which the acquisition cost (provided remuneration) exceeds the fair value of the Group share in the net identifiable assets of Geopost Bulgaria EOOD /BGN 4,214 thousand/ and Dynamic Parcel Distribution S.A., Romania /BGN 6,146 thousand/ as at the date of their acquisition.

The other intangible assets include exclusive contracts with contracting parties, licenses and distribution network, acquired through business combinations, which come up to BGN 8,722 thousand, distributed as follows:

	<b>BGN'000</b>
Commercial contract	7,486
Existing contracts (apart from customers)	992
Built-up management capacity	244
<b>Total</b>	<b>8,722</b>

## 5. ACQUISITION OF SUBSIDIARY COMPANIES

In 2014, the Group acquired the control over the company Geopost Bulgaria EOOD, having its seat in the city of Sofia, Bulgaria, through the purchasing of shares in the company, as a result of which it now holds 100 % of its capital.

The acquisition price for the Group amounts to BGN 8,164 thousand, and the assignment of the purchase price to the acquired assets and liabilities of company Geopost Bulgaria EOOD is carried out in the end of 2014. The value of each group of acquired assets, liabilities and contingent liabilities, which are recognized as at the date of acquisition, is the following:

	<b>Recognized amount at the date of acquisition BGN'000</b>
Total remuneration	<b>8,164</b>
Net assets	1,424
Goodwill	4,214
Intangible assets, incl. <i>Commercial contract</i>	2,526

Geopost Bulgaria EOOD is registered with the Commercial Register kept by the Registry Agency on 1 July 2008, UIC 131330260, having its seat and registered address in Bulgaria, Sofia Region, Sofia Municipality, city of Sofia, 2L "Samokovsko shose" Street, Boila Trade Center. The object of the company consists in provision of courier services, forwarding, processing, warehousing and distribution of documents, goods and cargo, domestic and international transport, import and export of goods, commercial representation and intermediation of Bulgarian and non-resident natural persons and legal entities, activity as an insurance agent and any other activity that is not prohibited by the law. The amount of the fixed capital of the company is BGN 80 thousand.

In 2014, the Group acquired the control over the company Dynamic Parcel Distribution S.A., Romania, Infov Region, city of Buftea, through the purchase of shares in the company, as a result of which it now holds 100 % of its capital.

The acquisition price for the Group amounts to BGN 17,297 thousand, and the assignment of the purchase price to the acquired assets and liabilities of company Dynamic Parcel Distribution S.A., Romania is carried out in the end of 2014. The value of each group of acquired assets, liabilities and contingent liabilities, recognized as at the date of acquisition, is the following:



	<b>Recognized amount as at the date of acquisition</b>
	<b>BGN'000</b>
Total amount	17,297
Net assets	4,955
Goodwill	6,146
Intangible assets, incl.:	6,196
<i>Commercial contract</i>	4,960
<i>Existing contracts (apart from customers)</i>	992
<i>Built-up management capacity</i>	244

Dynamic Parcel Distribution S.A. is registered with the National Commercial Register to the Ministry of Justice of Romania with sole registration code (SRC) 9566918, having its seat and registered address in the Region of Infolv, city of Buftea, 20 "Tamash" Street, hall 4A and 4B. The object of the company consists in forwarding and courier services. The share capital of the company comes up to RON 90 thousand.

## 6. INVENTORIES

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Materials	422	333
Fuel	185	235
Goods	1	-
<b>Total</b>	<b>608</b>	<b>568</b>

## 7. TRADE AND OTHER RECEIVABLES

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Receivables from customers and suppliers – gross amount	20,945	20,726
Less impairment	(1,443)	(1,249)
Receivables from customers and suppliers – net amount	19,502	19,477
Advance payments to suppliers	531	3,696
Receivables from related parties /note 23/	382	791
Tax receivables	711	702
Other receivables	1,505	504
<b>Total</b>	<b>22,631</b>	<b>25,170</b>

## 8. CASH AND CASH EQUIVALENTS

	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Cash at hand	236	370
Cash on bank accounts	5,551	3,937

Cash in transit	5,564	4,785
<b>Total</b>	<b>11,351</b>	<b>9,092</b>

Money on route in the amount of 5,564 thousand levs /2015 r. – 4,785 thousand levs./ represents amount collected from clients on delivery.

## 9. EQUITY

### 9.1 SHARE CAPITAL

As of 31 December 2016, the registered capital of the Parent Company consists of 5,335,919 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 the Shareholders of the Company.

	2016	2015
	Number of shares	Number of shares
Number of issued and fully paid-in shares:		
At the beginning of the year	5,335,919	5,335,91
Number of issued and fully paid-in shares	-	
<b>Total number of shares outstanding, end of the period</b>	<b>5,335,919</b>	<b>5,335,91</b>

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

	31.12.2016 r.		31.12.2015 r.	
	# of shares	%	# of shares	%
Speedy Group AD	3,544,367	66.42%	3,544,367	66.42%
GeoPost SA, France	1,333,979	25.00%	1,333,979	25.00%
Other natural and legal entities	457,573	8.58%	457,573	8.58%
<b>Total</b>	<b>5,335,919</b>	<b>100.00%</b>	<b>5,335,919</b>	<b>100.00%</b>

### 9.2 STATUTORY RESERVES

	31.12.2016	31.12.2015
	BGN'000	BGN'000
Statutory reserves	545	545
<b>Total</b>	<b>545</b>	<b>545</b>

The statutory reserves are formed from setting aside of 10% of the net profit in accordance with the requirements of the Commercial Act and decision of the General Meeting of the shareholders of the Parent Company, as well as statutory reserves formed in the subsidiaries.

### 9.3 PREMIUM RESERVES

	31.12.2016	31.12.2015
	BGN'000	BGN'000

Premium reserves	19,565	19,565
<b>Total</b>	<b>19,565</b>	<b>19,565</b>

The share premium of the Group comes up to BGN 19,565 thousand. It is accumulated by the proceeds, obtained in addition to the par value of the shares issued in 2014 with issue value per share to the amount of BGN 23.

#### 9.4 OTHER RESERVES

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Other reserves	(128)	(115)
<b>Total</b>	<b>(128)</b>	<b>(115)</b>

Other reserves are formed as a result of foreign translation differences in consolidation of subsidiaries whose book records are in foreign currency.

#### 10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS

Under a financial lease agreement, the Group has acquired plant, computers, vehicles and equipment. The payables under the financial lease agreement are secured by the respective assets.

As of 31 December 2016, the payables of the Group under financial lease agreements are the following:

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Payables under financial lease agreements	14,504	14,091
• Long-term part	8,836	9,424
• Short-term part	5,668	4,667
<b>Total</b>	<b>14,504</b>	<b>14,091</b>

The lease agreements consist of fixed lease payments and purchase option during the last year of the term of the lease.

#### 11. BANKS LOANS

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Payables under received loans from banks, incl.:	8,877	7,195
- <i>short-term part, incl.:</i>	1,892	3,532
- Principal	1,892	3,527
- interest	-	5
- <i>long-term part, incl.:</i>	6,985	3,663
- principal	6,985	3,663
<b>Total</b>	<b>8,877</b>	<b>7,195</b>

## 12. TRADE AND OTHER PAYABLES

As of 31 December 2016, the trade and other payables include:

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Trade payables	9,896	8,489
Payables to related parties (note 23)	978	586
Payables to the staff	2,748	2,220
Payables for social security	1,014	867
Other payables – COD	5,566	4,406
<b>Total</b>	<b><u>20,202</u></b>	<b><u>16,568</u></b>

## 13. REVENUES

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from courier services	137,863	115,814
<b>Общо</b>	<b><u>137,863</u></b>	<b><u>115,814</u></b>

## 14. OTHER REVENUES

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from renting out of motor vehicles	3,570	2,628
Other revenues	4,281	3,511
Financing	853	707
<b>Total</b>	<b><u>8,704</u></b>	<b><u>6,846</u></b>

## 15. COSTS OF MATERIALS

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	3,304	3,384
Delivery-related materials	1,592	1,473
Spare parts	198	897
Office materials and consumables	849	691
Uniforms	251	83
IT consumables	657	497
Other costs	303	156
<b>Total</b>	<b><u>7,154</u></b>	<b><u>7,181</u></b>

## 16. COSTS OF HIRED SERVICES

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	71,567	55,541
Rents	4,915	3,378

Communications and utility services	2,228	1,877
Vehicle maintenance	2,366	1,419
Insurances	1,086	1,061
Office/warehouse maintenance	661	275
Staff training	369	338
Marketing	845	666
Audit, consultant and other services	1,116	777
Other costs	3,026	2,617
<b>Total</b>	<b>88,179</b>	<b>67,949</b>

## 17. COMPENSATION COSTS

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Salaries and wages	22,845	18,167
Social security contributions	5,432	4,812
<b>Total</b>	<b>28,277</b>	<b>22,979</b>

## 18. OTHER OPERATING COSTS

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Cost of fuel sold	751	1,561
Insurance of parcels	753	194
Indemnities for parcels	881	705
Representation costs	149	91
Other costs	775	1,184
<b>Total</b>	<b>3,309</b>	<b>3,735</b>

## 19. FINANCIAL INCOME

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Interests income	101	341
<b>Total</b>	<b>101</b>	<b>341</b>

## 20. FINANCIAL EXPENSES

	<u>31.12.2016</u>	<u>31.12.2015</u>
	<b>BGN'000</b>	<b>BGN'000</b>
Interest expenses	747	781
Fees	560	389
FX exchange loss	450	112
<b>Total</b>	<b>1,757</b>	<b>1,282</b>

## 21. TAXES

<u>31.12.2016</u>	<u>31.12.2015</u>
<b>BGN'000</b>	<b>BGN'000</b>

<b>Accounting profit before taxes</b>	6,336	10,407
<b>Income tax</b>	(750)	(1,099)
Tax rate /10%; 14.8%/		
<b>Deferred taxes</b>	-	(33)
Tax rate /10%; 14.8%/		
<b>Net profit</b>	<b>5,586</b>	<b>9,275</b>

## 22. DIVIDENDS

On 14.06.2016, the General Meeting of Shareholders took a decision for the distribution of the profit for 2015 in the amount of 12,033 thousand Levs as follows:

- The amount of 6,030 thousand for payment of dividend to shareholders one lev and thirteen stotinka per share before tax;
- The remaining profit to be allocated to retained earnings.

## 23. RELATED PARTIES TRANSACTIONS

If not expressed 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.

Speedy Group AD	Parent Company
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 OOD	Company under common control
Omnicar rent OOD	Company under common control
Bulrom gas 2006 OOD	Company under common control
Geopost S.A., France	Company under common control

## Commercial transactions

The Group has receivables from related parties as follows:

		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	43	230
Omnicar Auto OOD	Services	130	300
Dragomir Winery Estate OOD	Services	-	20
Transabalkan group Romania	Services	38	38
Omnicar BG EOOD	Services	18	8
Geopost S.A.	Services	105	142
Omnicar rent OOD	Services	48	53

**Total****382****791**

The Group has the following payables to related parties:

		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	773	463
Omnicar Auto OOD	Services	32	13
Omnicar rent OOD	Services	27	-
Omnicar Oil EOOD	Materials	27	-
Omnicar BG EOOD	Services	9	-
<b>Total</b>		<b>868</b>	<b>476</b>

As of 31.12.2016 the company has payables to the BoD's members in amount of BGN 110k (31.12.2015 – BGN 110k) in compliance with art. 240, para 1 of Commercial Code.

The Group realized the following sales to related parties:

		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	3,436	3,172
Omnicar BG EOOD	Services	168	280
Omnicar Auto OOD	Services	54	212
Dragomir Winery Estate OOD	Services	23	23
Geopost S.A.	Services	508	369

The Group purchased the following goods, materials and services from related parties:

		<b>31.12.2016</b>	<b>31.12.2015</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	11,255	10,831
Omnicar Auto OOD	Services	(2,390)	3,703
Omnicar BG EOOD	Services	90	104
Dragomir Winery Estate OOD	Goods	44	38
Omnicar C EOOD	Services	-	10
Omnicar oil OOD	Materials	57	3
Omnicar rent OOD	Services	140	123

## **INFORMATION under Appendix 9 from regulation 2 of FSC**

- 1. Information about change of persons exercising control over the company.**  
No change.
- 2. Information on opened insolvency proceedings against the company or its subsidiary and all stages regarding to the 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.**  
On 14.12.2016 the extraordinary General Meeting of Shareholders of Speedy Jsc voted a new auditor, „Afa“ OOD. The change of the auditing company chosen on the General Meeting of Shareholders of Speedy Jsc held on 14.06.2016 became necessary since Pricewaterhouse Coopers increased the initially offered price with 75% due to changes in the legal requirements concerning the annual financial audit, which according to the auditor will increase the scope of the audit.
- 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 considerable 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.