

**SPEEDY AD**

**SOFIA**

**EXPLANATORY NOTES TO THE  
FINANCIAL STATEMENT**

**31 MARCH 2017**

## 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.

During the period, the focus continued to be on the regional market’s development with the service Speedy Balkans, which is the main contributor for the high growth in the international services, especially the deliveries from and to Romania. Speedy Jsc. obtained the franchise of the DPD network for Greece. During Q1 2017, effectively launched DPD Classic services from Greece to Europe. 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.

The investments during the period are BGN 1.7 m. where main part of the funds (BGN 1.1 m.) were funneled in replacement of the vehicles. Aiming the improvement of quality and the work in the sorting centers an equipment in amount of BGN 243 thousand was bought.

### **Financial results**

Q1 2017 is the weakest quarter and the intensity of operations drop and q-o-q the revenues as usual shows decrease compared to the last quarter of the previous year. The number of deliveries increased significantly with over 19% yoy, while the growth of revenues from courier services reach 12%. On the domestic market Speedy AD keeps up growth of revenues at regular level of 12.7%. An 8% slow-down in the pace of growth of international deliveries occurred. The regional service Speedy Balkans continues the trend from last year and performs very well achieving growth of almost 50% although from a low base.

During the last period the company draws its attention over more thorough control on expenses. The aim is to align the expenses with delivered parcels as much as possible and to improve the profitability from each customer.

The operating expenses rise with 20%, mainly due to higher compensation costs and subcontractors. The latter is a result of increased remuneration effective as of mid-2016. On a quarterly basis, the payments to subcontractors moved in line with the change of processed deliveries. The increase of compensation costs is due to rise in the number of employees in the sorting centers with 20% which is comparable to the change in volume of parcels. There is also an increase in the average remuneration following the wage pressure in the country.

Revenue structure

In BGN '000	Q1 16	Q1 17	Change
<b>Domestic market</b>	18 034	20 328	12.7%
<i>% of the total revenues</i>	79.8%	79.8%	
<b>International market</b>	3 177	3 430	8.0%
<i>% of the total revenues</i>	14.1%	14.1%	
<b>Others</b>	1 072	1 014	-5.4%
<i>% of the total revenues</i>	6.2%	6.2%	
<b>Number of parcels delivered</b>	3 638	4 333	19.1%
<b>Total revenues</b>	22 283	24 772	11.2%

Cost structure

In BGN '000	Q1 16	Q1 17	Change
<b>Costs of materials</b>	1 511	1 490	-1.4%
<b>Costs of external services</b>	11 099	13 314	20.0%
<b>Compensation costs</b>	4 807	5 951	23.8%
<b>Other operating costs</b>	433	760	75.5%
<b>Depreciation</b>	2 174	1 942	-10.7%
<b>EBITDA</b>	4 433	3 257	-26.5%
<b>Net profit for the period</b>	1 859	1 145	-38.4%

## **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.

**SPEEDY AD**

As of 31 March 2017

	<i>Notes</i>	<b>31.03.2017</b>	<b>31.12.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	26,588	26,987
Intangible assets	4	2,424	2,406
Investments in subsidiaries	5	26,447	26,447
Loans to related parties	7	7,419	7,341
Deferred tax assets	21	199	199
<b>Total non-current assets</b>		<b>63,077</b>	<b>63,380</b>
<b>Current assets</b>			
Inventories	6	435	446
Trade and other receivables	7	9,847	10,810
Receivables from related parties	7	1,266	1,000
Cash and cash equivalents	8	6,011	6,011
Other current assets		1,840	1,694
<b>Total current assets</b>		<b>19,399</b>	<b>19,961</b>
<b>TOTAL ASSETS</b>		<b>82,476</b>	<b>83,341</b>

**SPEEDY AD**

as of 31 March 2017

*Continued*

	<i>Notes</i>	<b>31.03.2017</b>	<b>31.12.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
<b>LIABILITIES</b>			
<b>Equity</b>			
Share capital	9.1	5,336	5,336
Statutory reserves	9.2	534	534
Premium reserves	9.3	19,565	19,565
Retained earnings		21,482	13,762
Current profit		1,145	7,720
<b>Total equity</b>		<b>48,062</b>	<b>46,917</b>
<b>Non-current liabilities</b>			
Obligations under financial lease agreements	10	8,268	8,759
Loans obtained from banks	11	6,512	6,985
Subsidies		596	671
Provisions for pension benefits		56	56
<b>Total non-current liabilities</b>		<b>15,432</b>	<b>16,471</b>
<b>Current liabilities</b>			
Obligations under financial lease agreements	10	5,792	5,633
Short-term part of long-term bank loans	11	1,892	1,898
Accounts payable	12	4,913	6,003
Payables to related parties	12	2,224	1,833
Tax payables	12	844	1,094
Subsidies		302	302
Other current liabilities	12	3,015	3,190
<b>Total current liabilities</b>		<b>18,982</b>	<b>19,953</b>
Subsidies		<b>898</b>	<b>973</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>82,476</b>	<b>83,341</b>

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

as of 31 March 2017

	<i>Notes</i>	<b>31.03.2017</b> <b>BGN'000</b>	<b>31.03.2016</b> <b>BGN'000</b>
<b>Revenues</b>			
Core revenues	13	23,758	21,211
Other revenues	14	1,014	1,072
<b>Total revenues</b>		<b>24,772</b>	<b>22,283</b>
<b>Costs of materials</b>			
Costs of materials	15	(1,490)	(1,511)
Costs of external services	16	(13,314)	(11,099)
Compensation costs	17	(5,951)	(4,807)
Depreciation and amortization	3, 4	(1,942)	(2,174)
Other operating expenses	18	(760)	(433)
<b>Total operating expenses</b>		<b>(23,457)</b>	<b>(20,024)</b>
<b>Operating profit</b>		<b>1,315</b>	<b>2,259</b>
<b>Financial revenues</b>			
Financial revenues	19	108	24
Financial expenses	20	(151)	(217)
Financial revenues/expenses, net		<b>(43)</b>	<b>(193)</b>
<b>Profit before taxes</b>		1,272	2,066
Income taxes	21	(127)	(207)
<b>Profit after taxes</b>		<b>1,145</b>	<b>1,859</b>
Other comprehensive income for the year, net of taxes		-	-
<b>Total comprehensive income for the year</b>		<b>1,145</b>	<b>1,859</b>
<b>Earnings per share</b>	22	<b>1.45</b>	<b>2.26</b>
<b>Cash flows from operating activity</b>			
Proceeds from customers		34,864	30,229
Payments to suppliers		(24,578)	(18,867)
Payments related to remunerations		(5,840)	(4,643)
Tax payment		(2,216)	(2,477)
<b>Net cash flow from operating activity</b>		<b>2,230</b>	<b>4,242</b>
<b>Cash flows from investing activity</b>			
Proceeds from sale of plant and equipment		12	82
Purchase of plant and equipment		(274)	(582)
Extended loans, net		-	-
Dividends received		-	-
Other proceeds from investing activities		-	-
<b>Net cash flow from investing activity</b>		<b>(262)</b>	<b>(500)</b>



**SPEEDY AD****EXPLANATORY NOTES**

as of 31.03.2017

**Cash flows from financing activity**

Payments under financial lease agreements	(1,365)	(1,415)
Repayment of loans	(473)	(322)
Paid interests and bank charges	(124)	(97)
Dividends paid	-	-
Other cash flows from financing activity, net	-	-
<b><i>Net cash flow from financing activity</i></b>	<b>(1,962)</b>	<b>(1,834)</b>

**Change in cash and cash equivalents**

	<b>6</b>	<b>1908</b>
Net effect of changes in exchange rates	(6)	(9)
Cash and cash equivalents at the beginning of the period	6,011	5,632
Cash and cash equivalents at the end of the period	6,011	7,531

**SPEEDY AD****NON-CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

as of 31 March 2017

	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Premium reserves</b>	<b>Financial result</b>	<b>Total</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>Balance as of 1 January 2016</b>	<b>5,336</b>	<b>534</b>	<b>19,565</b>	<b>19,791</b>	<b>45,226</b>
Distribution of profits, incl.	-	-	-	<b>(6,029)</b>	<b>(6,029)</b>
• <i>Dividends</i>	-	-	-	<b>(6,029)</b>	<b>(6,029)</b>
• <i>Reserves</i>	-	-	-	-	-
Total comprehensive income for the year, incl.	-	-	-	<b>7,720</b>	<b>7,720</b>
• <i>Net income</i>	-	-	-	<b>7,733</b>	<b>7,733</b>
• <i>Other comprehensive income, net of taxes</i>	-	-	-	<b>(13)</b>	<b>(13)</b>
<b>Balance as of 31 December 2016</b>	<b>5,336</b>	<b>534</b>	<b>19,565</b>	<b>21,482</b>	<b>46,917</b>
<b>Balance as of 1 January 2017</b>	<b>5,336</b>	<b>534</b>	<b>19,565</b>	<b>19,791</b>	<b>45,226</b>
Distribution of profits, incl.	-	-	-	-	-
• <i>Dividends</i>	-	-	-	-	-
• <i>Reserves</i>	-	-	-	-	-
Total comprehensive income for the year, incl.	-	-	-	<b>1,145</b>	<b>1,145</b>
• <i>Net income</i>	-	-	-	<b>1,145</b>	<b>1,145</b>
• <i>Other comprehensive income, net of taxes</i>	-	-	-	-	-
<b>Balance as of 31 March 2017</b>	<b>5,336</b>	<b>534</b>	<b>19,565</b>	<b>22,627</b>	<b>48,062</b>

**SPEEDY AD****EXPLANATORY NOTES**

as of 31.03.2017

**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	Facilities and other assets	Investments in rented assets	Cost of acquired assets	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>31 December 2016</b>							
<b>Book value at the beginning of the period</b>	<b>463</b>	<b>15,086</b>	<b>1,791</b>	<b>1,771</b>	<b>2,175</b>	<b>-</b>	<b>21,286</b>
Acquired	2,418	5,674	861	1,696	512	1,868	13,029
Written-off	-50	-2,580	-	-	-	-	-2,630
Depreciation	-281	-4,814	-634	-385	-671	-	-6,785
Written-off depreciation	50	2,033	-	-	4	-	2,087
<b>Book value at the end of the period</b>	<b>2,600</b>	<b>15,399</b>	<b>2,018</b>	<b>3,082</b>	<b>2,020</b>	<b>1,868</b>	<b>26,987</b>
<b>31 December 2016</b>							
<b>Initial value</b>	<b>4,342</b>	<b>31,806</b>	<b>7,000</b>	<b>4,253</b>	<b>4,248</b>	<b>1,868</b>	<b>53,517</b>
<b>Accumulated depreciation</b>	<b>-1,742</b>	<b>-16,407</b>	<b>-4,982</b>	<b>-1,171</b>	<b>-2,228</b>	<b>-</b>	<b>-26,530</b>
<b>Book value</b>	<b>2,600</b>	<b>15,399</b>	<b>2,018</b>	<b>3,082</b>	<b>2,020</b>	<b>1,868</b>	<b>26,987</b>
<b>31 March 2017</b>							
<b>Book value at the beginning of the period</b>	<b>2,600</b>	<b>15,399</b>	<b>2,018</b>	<b>3,082</b>	<b>2,020</b>	<b>1,868</b>	<b>26,987</b>
Acquired	22	1,067	141	243	95	-	1,568
Written-off	-	-49	-	-	-	-129	-178
Depreciation	-99	-1,265	-174	-124	-171	-	-1,833
Written-off depreciation	-	44	-	-	-	-	44
<b>Book value at the end of the period</b>	<b>2,523</b>	<b>15,196</b>	<b>1,985</b>	<b>3,201</b>	<b>1,944</b>	<b>1,739</b>	<b>26,588</b>
<b>31 March 2017</b>							
<b>Initial value</b>	<b>4,364</b>	<b>32,824</b>	<b>7,141</b>	<b>4,496</b>	<b>4,343</b>	<b>1,739</b>	<b>54,907</b>
<b>Accumulated depreciation</b>	<b>-1,841</b>	<b>-17,628</b>	<b>-5,156</b>	<b>-1,295</b>	<b>-2,399</b>	<b>0</b>	<b>-28,319</b>
<b>Book value</b>	<b>2,523</b>	<b>15,196</b>	<b>1,985</b>	<b>3,201</b>	<b>1,944</b>	<b>1,739</b>	<b>26,588</b>

**SPEEDY AD****EXPLANATORY NOTES**

as of 31.03.2017

**4. INTANGIBLE ASSETS**

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

	<b>Software</b>	<b>Cost of acquired assets</b>	<b>Total</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>31 December 2016</b>			
Book value at the beginning of the year	2,277	59	2,336
Acquired	275	433	708
Written-off	-109	-143	-252
Depreciation	-386	-	-386
Written-off depreciation	-	-	-
<b>Book value at the end of the year</b>	<b>2,057</b>	<b>349</b>	<b>2,406</b>
<b>31 December 2016</b>			
Initial value	5,430	349	5,779
Accumulated depreciation	-3,373	0	-3,373
<b>Book value</b>	<b>2,057</b>	<b>349</b>	<b>2,406</b>
<b>31 March 2017</b>			
Book value at the beginning of the year	2,057	349	2,406
Acquired	12	126	138
Written-off	-	-11	-11
Depreciation	-109	-	-109
Written-off depreciation	-	-	0
<b>Book value at the end of the year</b>	<b>1,960</b>	<b>464</b>	<b>2,424</b>
<b>31 March 2017</b>			
Initial value	5,442	464	5,906
Accumulated depreciation	-3,482	0	-3,482
<b>Book value</b>	<b>1,960</b>	<b>464</b>	<b>2,424</b>

**5. INVESTMENTS IN SUBSIDIARIES ИНВЕСТИЦИИ В ДЪЩЕРНИ ПРЕДПРИЯТИЯ**

As of 31 March 2017 the investments in subsidiaries are as follows:

	<u>31.03.2017</u>	share	<u>31.03.2016</u>	share
	<b>BGN'000</b>		<b>BGN'000</b>	
Speedy EOOD	982	100%	982	100%
Geopost Bulgaria EOOD	8,165	100%	8,165	100%
DPD S.A., Romania	17,300	100%	17,300	100%
<b>Total</b>	<b>26,447</b>		<b>26,447</b>	

**SPEEDY AD****EXPLANATORY NOTES**

as of 31.03.2017

**6. INVENTORIES**

As of 31 March 2017 the company's inventories consist of:

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Materials	217	287
Fuel	218	159
<b>Total</b>	<b>435</b>	<b>446</b>

**7. TRADE AND OTHER RECEIVABLES**

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Receivables from customers and suppliers – gross amount	10,087	10,683
Less impairment	(922)	(922)
Receivables from customers and suppliers – net amount	9,165	9,761
Advance payments to suppliers	1,178	1,049
Receivables from related parties /note 23/	1,266	1,000
Tax receivables	-	69
Other receivables	1,344	1,625
<b>Total</b>	<b>12,953</b>	<b>13,504</b>

As of 31 March 2017 receivables from customers have been impaired as follows:

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
At the beginning of the year	922	820
Impairments booked		105
Impairments recovered	-	-
<b>At the end of the year</b>	<b>922</b>	<b>922</b>

**8. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Petty cash	483	236
- BGN	483	236
Cash in bank accounts	3,175	3,125
- BGN	2,852	2,863
- RON	323	262
Cash in transit	2,353	2,650
<b>Total</b>	<b>6,011</b>	<b>6,011</b>

## **SPEEDY AD**

### **EXPLANATORY NOTES**

as of 31.03.2017

## **9. EQUITY**

### **9.1 SHARE CAPITAL**

As of 31.03.2017 registered capital of the 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 Shareholders of the Company.

	<u>2017</u>	<u>2016</u>
	<u>Number of shares</u>	<u>Number of shares</u>
Number of issued and fully paid-in shares:		
At the beginning of the year	5,335,919	5,335,919
Number of issued and fully paid-in shares	-	
<b>Number of shares, outstanding on 31 march 2017</b>	<u><u>5,335,919</u></u>	<u><u>5,335,919</u></u>

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

	<u>31.03.2017 г.</u>		<u>31.12.2016 г.</u>	
	<u>Number of shares</u>	<u>%</u>	<u>Number of shares</u>	<u>%</u>
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>	<u><u>5,335,919</u></u>	<u><u>100.00%</u></u>	<u><u>5,335,919</u></u>	<u><u>100.00%</u></u>

### **9.2 STATUTORY RESERVES**

	<u>31.03.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Statutory reserves	534	534
<b>Total</b>	<u><u>534</u></u>	<u><u>534</u></u>

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.

### **9.3 PREMIUM RESERVES**

	<u>31.03.2017</u>	<u>31.12.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Premium reserves	19,565	19,565
<b>Total</b>	<u><u>19,565</u></u>	<u><u>19,565</u></u>

## SPEEDY AD

### EXPLANATORY NOTES

as of 31.03.2017

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.

Премийният резерв на дружеството в размер на 19,565 хил. лв. е формиран от постъпленията, получени в допълнение към номиналната стойност на издадените през 2014 г. акции с емисионната стойност на една акция 23 лв.

#### 10. PAYABLES UNDER FINANCIAL LEASE AGREEMENTS

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

As of 31 March 2017 the payables of the Company under financial lease agreements are the following:

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under financial lease agreements	14,060	14,392
• Long-term part	8,268	8,759
• Short-term part	5,792	5,633
<b>Total</b>	<b>14,060</b>	<b>14,392</b>

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

#### 11. BANKS LOANS

As of 31 March 2017 amount due under bank loans are the following:

	<b>31.03.2017</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Payables under received loans from banks, incl.:	8,404	8,883
- <i>short-term part</i>	1,892	1,898
- <i>long-term part</i>	6,512	6,985
<b>Total</b>	<b>8,404</b>	<b>8,883</b>

#### 12. TRADE AND OTHER PAYABLES

As of 31 March 2017, the trade and other payables include:

	<b>31.12.2016</b>	<b>31.12.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Trade payables	4,913	6,003
Payables to related parties (note 23)	2,224	1,833
Payables to the staff	2,366	2,222
Payables for social security	649	668
Taxes payable	844	1,094
Other payables	-	300
<b>Total</b>	<b>10,996</b>	<b>12,120</b>

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**13. REVENUES**

The revenues of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from courier services	23,758	21,211
<b>Total</b>	<b><u>23,758</u></b>	<b><u>21,211</u></b>

**14. OTHER REVENUES**

Other revenues of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Revenues from renting out of motor vehicles	688	628
Other revenues	250	219
Financing	76	225
<b>Total</b>	<b><u>1,014</u></b>	<b><u>1,072</u></b>

**15. COSTS OF MATERIALS**

Costs of materials include:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Fuels	891	770
Delivery-related materials	413	413
Spare parts	6	155
Office materials and consumables	93	51
Uniforms	17	10
IT consumables	68	68
Other costs	2	44
<b>Total</b>	<b><u>1,490</u></b>	<b><u>1,511</u></b>

**16. COSTS OF HIRED SERVICES**

Costs of hired services consist of:

	<u>31.03.2017</u>	<u>31.13.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Subcontractors	10,308	8,634
Rents	868	828
Communications and utility services	417	414
Vehicle maintenance	719	362
Insurance	261	244
Office/warehouse maintenance	55	66
Staff training	52	62
Marketing	86	89
Audit, consultant and other services	119	93
Other costs	351	249
Fees	78	58
<b>Total</b>	<b><u>13,314</u></b>	<b><u>11,099</u></b>



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#### **17. COMPENSATION COSTS**

Compensation costs consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Salaries and wages	5,105	4,133
Social security contributions	846	674
<b>Total</b>	<b><u>5,951</u></b>	<b><u>4,807</u></b>

#### **18. OTHER OPERATING COSTS**

Other operating expenses of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Indemnities for parcels	348	148
Insurance of parcels	69	60
Representation costs	210	62
Other costs	133	163
<b>Total</b>	<b><u>760</u></b>	<b><u>433</u></b>

#### **19. FINANCIAL INCOME**

Financial income of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interests income	108	24
<b>Total</b>	<b><u>108</u></b>	<b><u>24</u></b>

#### **20. FINANCIAL EXPENSES**

Financial expenses of the Company consist of:

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Interest expenses	113	195
FX exchange loss, net	22	22
<b>Total</b>	<b><u>151</u></b>	<b><u>217</u></b>

#### **21. TAXES**

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

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	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
<b>Accounting profit before taxes</b>	<b>1,272</b>	<b>2,066</b>
Increase	-	-
Decrease	-	-
<b>Taxable net income</b>	<b>1,272</b>	<b>2,066</b>
<b>Income tax</b>	<b>(127)</b>	<b>(207)</b>
Tax rate	10%	10%
<b>Deferred taxes</b>	-	-
Tax rate	10%	10%
<b>Total income tax and deferred taxes</b>	<b>(127)</b>	<b>(207)</b>
<b>Net profit</b>	<b>1,145</b>	<b>1,859</b>

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

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

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

	<u>31.03.2017</u>	<u>31.03.2016</u>
	<u>BGN'000</u>	<u>BGN'000</u>
Distributable net income /BGN'000./	1,145	1,859
Weighted average number of shares	5,335,919	5,335,919
<b>Earnings per share /BGN per share/</b>	<b>0,21</b>	<b>0,35</b>

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

<b>Related Party</b>	<b>Type of relationship</b>
Speedy Group AD	Parent Company
Speedy EOOD	Subsidiary

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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	Company under common control

**Extended loans**

On 01.12.2014 the Company signed a contract with the subsidiary Daynamic Parcel Distribution S.A., Romania for extending a loan in amount of EUR 3,000 thousand with maturity 15.12.2020.

With regard to the obtained loan from UniCredit Bulbank AD from 21.11.2014 the company has pledged first lien of receivables related to the contract for extending a loan to Daynamic Parcel Distribution S.A., Romania, as a collateral.

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

	<b>31.03.2017</b>	<b>31.03.2016</b>
	<b>BGN'000</b>	<b>BGN'000</b>
Dynamic Parcel Distribution S.A., Romania incl.	7,419	4,340
- principal		4,232
- interest		108
<b>Total</b>	<b>7,419</b>	<b>4,340</b>

**Commercial transactions**

The Company has receivables from related parties as follows:

		<b>31.03.2017</b>	<b>31.12.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Dynamic Parcel Distribution S.A., Romania	Services	550	472
Transbalkan group OOD	Services	310	43
Omnicar Auto OOD	Services	67	83
Omnicar Auto OOD	Advances paid		53
Geopost Bulgaria EOOD	Services	247	216
Geopost Bulgaria EOOD	Dividends		-
Dragomir Winery Estate OOD	Services	2	-
Transabalkan group Romania	Services	37	38
Omnicar BG EOOD	Services	15	18
Geopost S.A., France	Services	38	105
Omnicar rent EOOD	Services	-	16
Write-downs			(44)
<b>Total</b>		<b>1,266</b>	<b>1,000</b>

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The Group has the following payables to related parties:

		<b>31.03.2017</b>	<b>31.12.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Speedy EOOD	Services	458	440
Geopost Bulgaria EOOD	Services	336	417
Transbalkan group OOD	Services	1010	773
Dynamic Parcel Distribution S.A., Romania	Services	246	-
Omnicar Auto OOD	Services	6	30
Omnicar rent OOD	Goods	5	27
Omnicar oil EOOD	Materials	26	27
Omnicar BG EOOD	Services	5	9
Sofia City Logistic Park		22	-
Dragomir Winery Estate OOD		1	-
	<b>Total</b>	<b>2,114</b>	<b>1,723</b>

As of 31.03.2017 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.

The Company realized the following sales to related parties:

		<b>31.03.2016</b>	<b>31.03.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	854	689
Dynamic Parcel Distribution S.A., Romania	Services	1803	1,121
Omnicar BG EOOD	Services	26	34
Geopost Bulgaria EOOD	Services	519	442
Omnicar Auto OOD	Services	6	17
Dragomir Winery Estate OOD	Services	3	59
Geopost S.A., France	Services	77	116

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

		<b>31.03.2016</b>	<b>31.03.2016</b>
		<b>BGN'000</b>	<b>BGN'000</b>
Transbalkan group OOD	Services	2,374	2,113
Speedy EOOD	Services	15	9
Geopost Bulgaria EOOD	Services	848	772
Omnicar Auto OOD	Services	43	293
Omnicar BG EOOD	Services	11	20
Dynamic Parcel Distribution S.A., Romania	Services	642	485
Dragomir Winery Estate OOD	Goods	1	26
Omnicar C EOOD	Services	2	2
Omnicar oil EOOD	Materials	118	-
Omnicar rent EOOD	Services	58	38

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

- 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 /**