Sirma Group Holding JSC

Consolidated financial statements for

the year ending December 31, 2016
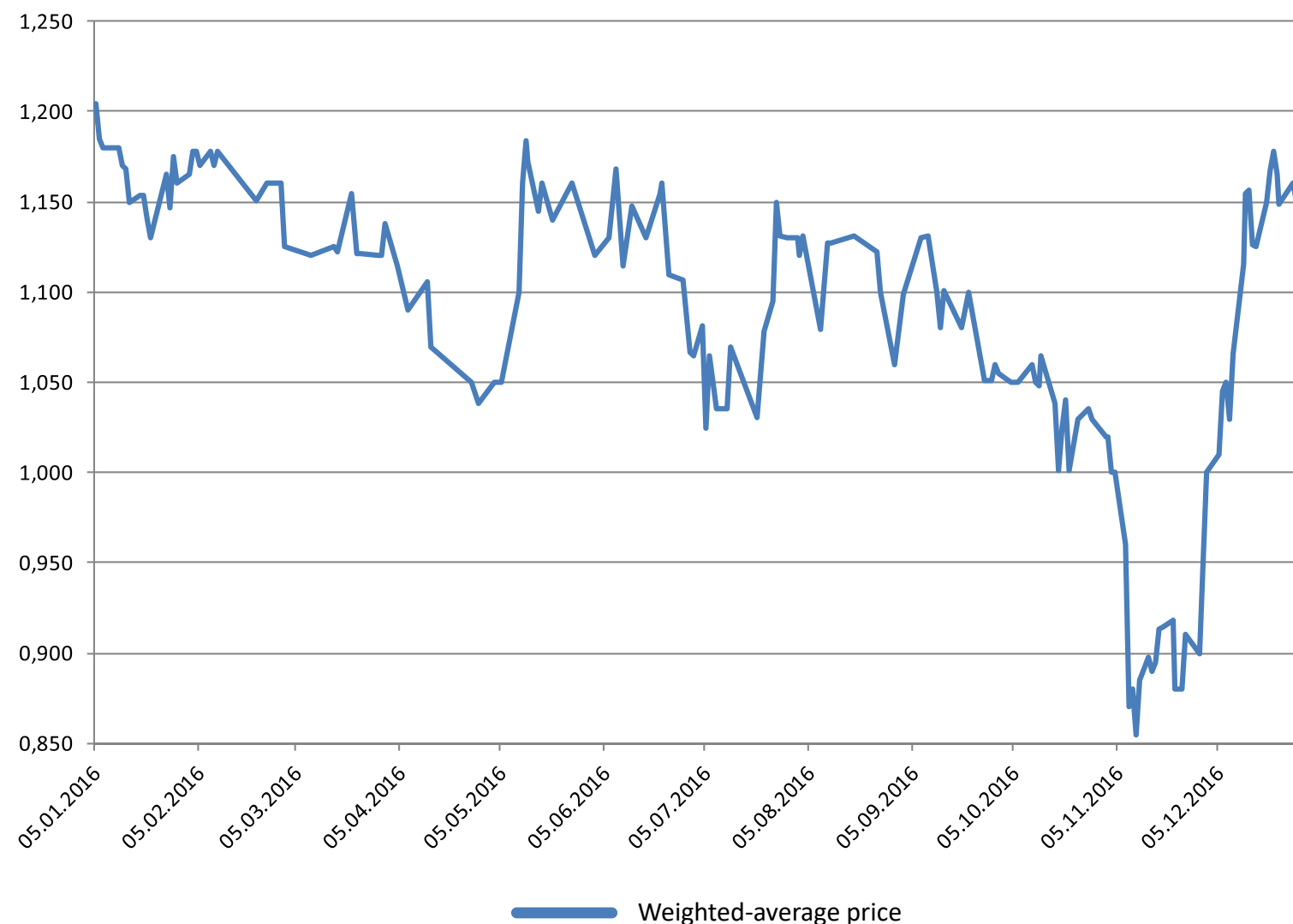
Shareholder's capital distribution as of 31.12.16

59 361 BGN
(in thousands)

Shareholder's capital

59 360 518 Shares
(with nominal price BGN 1.00)

777 Shareholders

individual
735

corporate investors
42

11,01%

88,99%

Number of shares held by
corporate investors

Number of shares held by
individuals

Key events during 2016

Sirma ICS

Launch of a new daughter company of Sirma Solutions – Sirma ICS, with capital of BGN 50.000, subsequently increased to BGN 300.000, and main aim to become the leading technology partner of the insurance sector.

02.16

Sirma Medical Systems

Sirma Medical Systems with capital of BGN 100 000 and with the main goal to develop software for medical purposes and applications, which provide access to contemporary medical services.

04.16

Sirma Solutions

"Sirma Solutions" JSC increased its capital by BGN 1 233 810.

07.16

Ontotext

The Board of directors of Sirma Group Holding has taken a decision to participate in the capital increase of Ontotext with 843 030 shares with par value 1 BGN and issue price 1.16 BGN.

12.16

03.16 ### Sirma Group Inc

Sirma Group Inc. in USA with capital USD 2 million and with main goal of increasing sales of the products and services of the companies in the Group on the American and neighboring markets through the creation of a strong sales team.

07.16 ### Sirma Enterprise Systems

"Sirma ITT" JSC changed its name to "Sirma Enterprise Systems" JSC.

10.16 ### Sirma Group Inc

Sirma Group Inc has opened new office in New Jersey, USA.

Consolidated Financial Results for the period ending 31.12.2016

Revenues

41 583 **BGN**
in thousands

+22%

EBITDA

12 562 BGN
in thousands

+30%

Depreciation

8 231 BGN
in thousands

+21%

Net Profit

2 215 **3 669**

66%
Change

2015   2016

EBITDA Margin %

2%
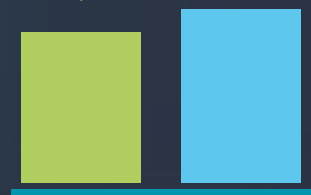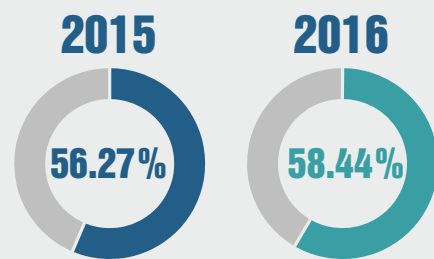
30.50%
2016

28.40%
2015

Net Profit Margin %

2016 **5.7%**
2015 **4.8%**

19%

Top 3 Countries

2015	2016
56.27%	58.44%

Bulgaria

2015	2016
15.64%	18.15%

USA

2015	2016
7.07%	6.88%
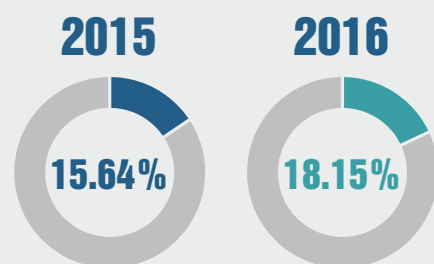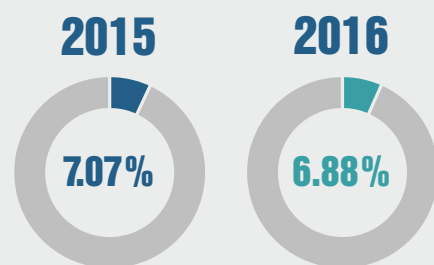
Great Britain

Revenue by region
in thousand BGN

71,94%

29 090
22 626
2015 2016

118   428
2015 2016

6 331   7 826
2015 2016

19,35%

0,05%

1,06%

211   130
2015 2016

18   19
2015 2016

0,32%

0,21%

59   84
2015 2016
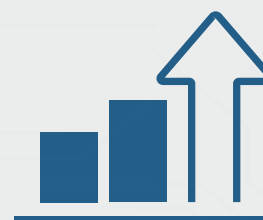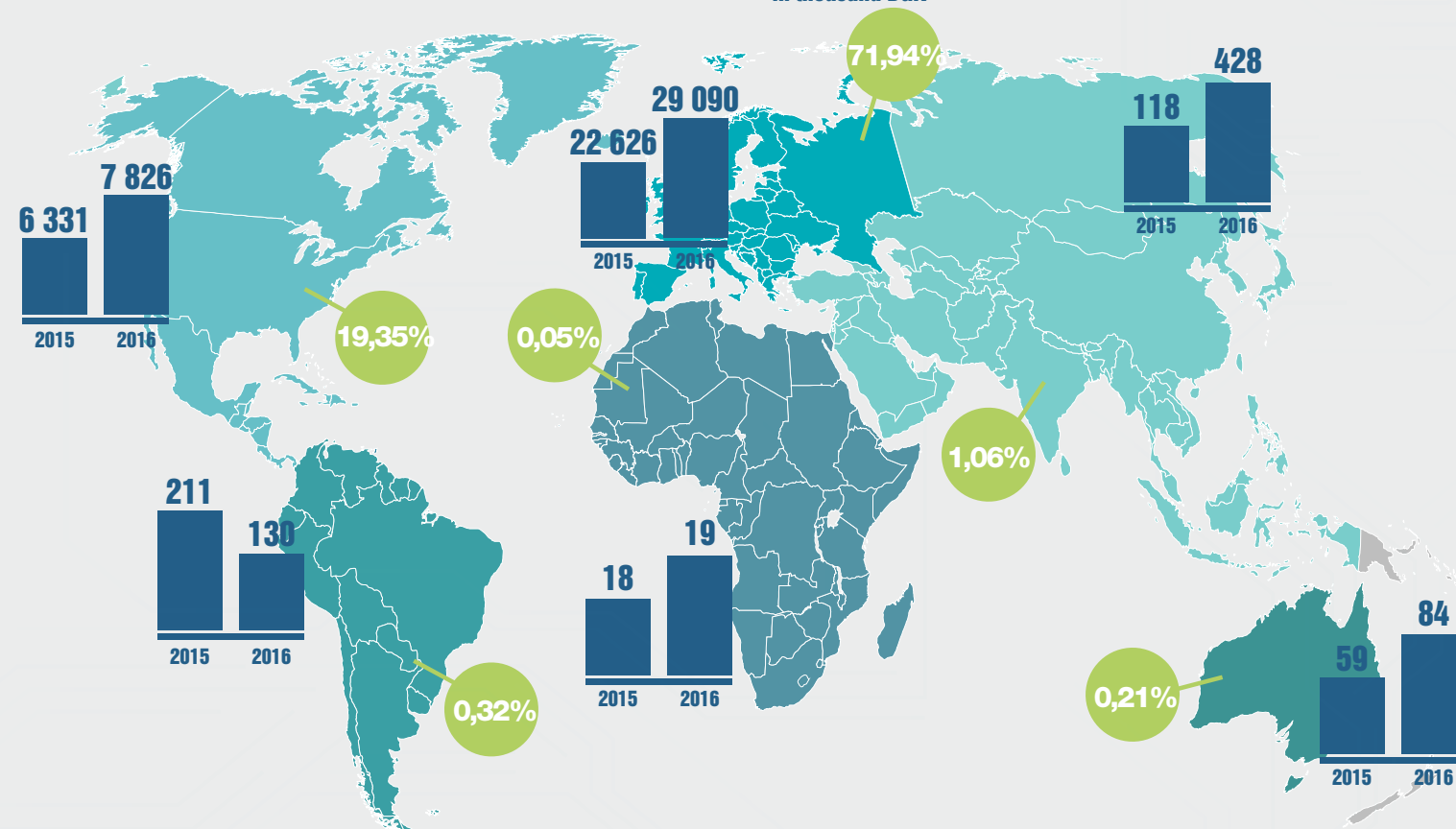
2015: 31 764 BGN
2016: 40 436 BGN
in thousands

27,30% **SALES GROWTH**

Revenue Breakdown by Companies 2016

SirmaBC
3 732 BGN
7,81%

EngView Systems
3 197 BGN
6,26%

Sirma Enterprise Systems
2 256 BGN
4,42%

Sirma Group Holding
4 173 BGN
8,18%

Sirma USA
3 550 BGN
6,96%

Sirma Solutions
22 571 BGN
44,22%

ontotext **USA**
722 BGN
1,41%

Daticum
2 850 BGN
5,58%

ontotext **BG**
6 484 BGN
12,70%

Revenues*
51 036 BGN
+25,53% vs 2015
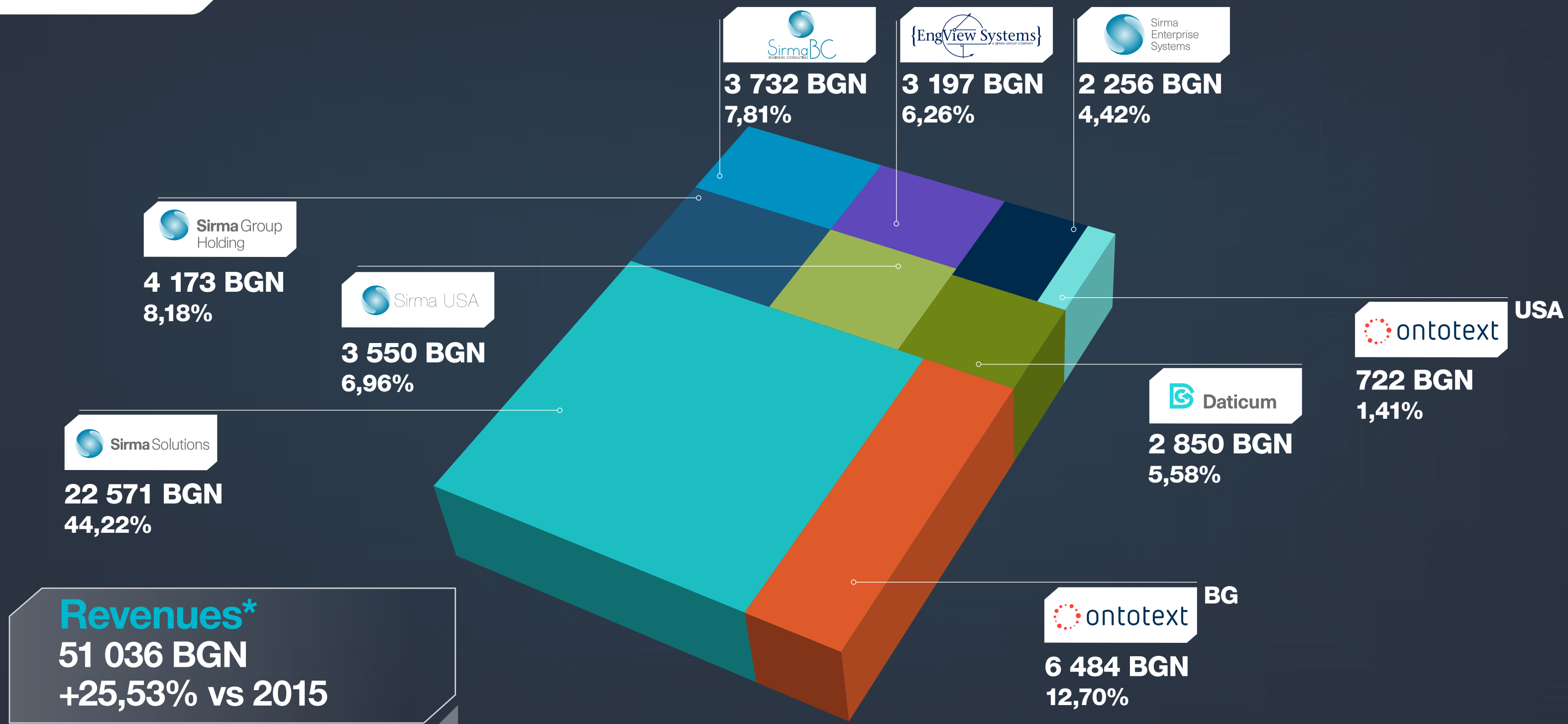
* **unconsolidated revenue**

Re-classification of the strategic segments

Old Segment

New Segment

CAD/CAM → Manufacturing & Utility

Data Center → Cross Industry

Healthcare → Life Sciences

Corporate Software → Cross Industry

Ontology & Semantics →
Public Sector
Cultural Heritage
Cross Industry
Publishing & Media
Life Sciences

Products →
Finance
Manufacturing & Utility
Life Sciences
Publishing & Media
Cross Industry

System Integration →
Manufacturing & Utility
Public Sector

Software Services & Consulting →
Manufacturing & Utility
Publishing & Media
Life Sciences
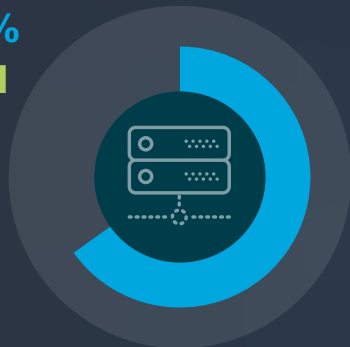Cross Industry
Public Sector

Fintech → Finance
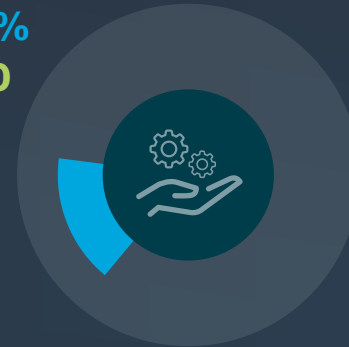
Sirma Group

Cross Industry

62.33%
25 931

All companies from
Sirma Group Holding

Manufacturing & Utility

16.63%
6 920

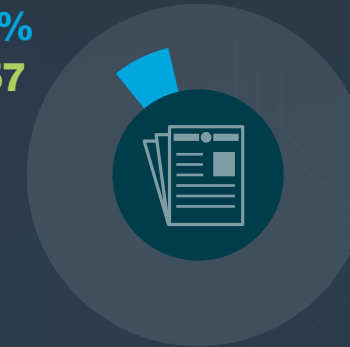● Sirma Enterprise Systems
EngVew Systems
Sirma USA

Finance

11.72%
6 920

Sirma Solutions
Sirma Business Consulting
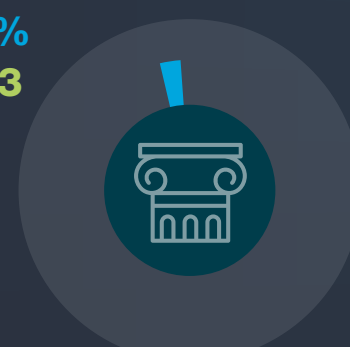Sirma ICS

Publishing and media

5.66%
2 357

Ontotext

Cultural Heritage

2.56%
1 063

Ontotext
Sirma Enterprise Systems

Life Sciences

0.6%
245
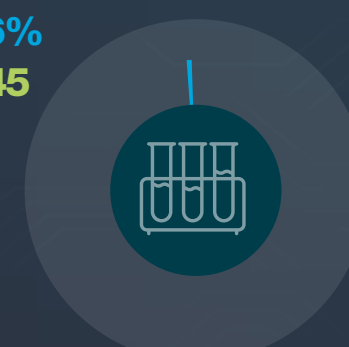
Sirma | Ontotext
Solutions |
Sirma USA | Sirma Medical

Public Sector

0.5%
201

Sirma Solutions
Sirma Enterprise Systems

Revenues
**21 263 EUR
+22% vs 2015**

● **% of total
revenues**   ● **revenues**
(in thousands EUR)

The Companies from the Group

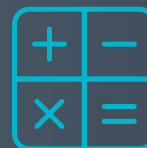During the period ending December 31, 2016

Revenues

4 171 BGN
(in thousands)
+135.38%
vs 2015

EBITDA

2 165 BGN
(in thousands)
+468.24%
vs 2015

Depreciation

382 BGN
(in thousands)
+48.06%
vs 2015

Net Profit

1 643 BGN
(in thousands)
+9027.78%
vs 2015

EBITDA Margin

51.91%
+141.41%
vs 2015

Net Profit Margin

39.39%
+3777.83%
vs 2015

Bar chart data:

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	4173	1737	635	296	1772	1082	700	314
EBITDA	2 011	482	159	15	382	339	209	85
Net Profit	1 645	364	519	58	18	180	122	28

Legend: Revenues | EBITDA | Net Profit
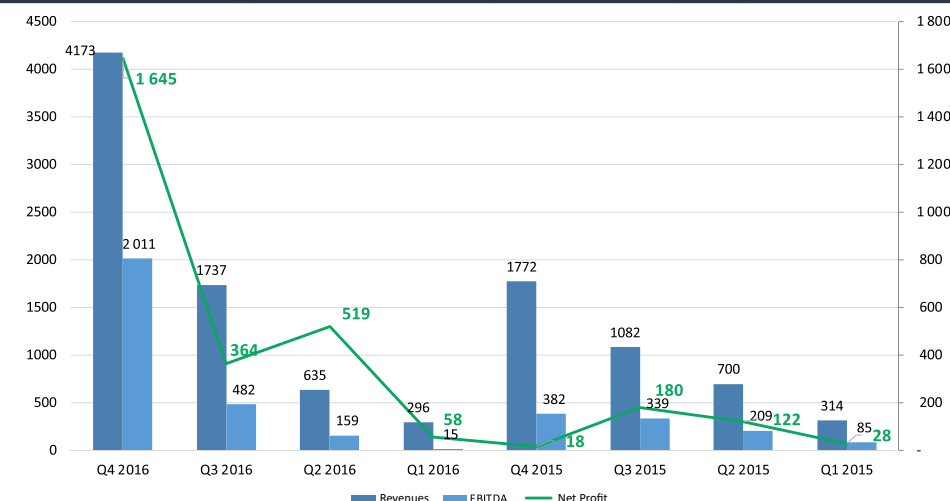
Key Highlights 2016

- Sirma Group Inc was established in the USA, with a focus on the distribution of the products and services of the holding's companies.

- The Sirma Medical Company was established, specializing in software for the monitoring of chronic diseases.

- BGN 11.243.926 raised from the IPO were invested as it follows: investment of 3807 thousand BGN in start-ups; investment of 6336 thousand BGN in intangible assets; 1,100 thousand BGN - Investments in increasing the capital of subsidiary companies with aim to boost capacity
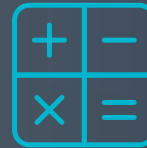
Revenues
22 571 BGN
(in thousands)
+ 43.69%
vs 2015

EBITDA
7 303 BGN
(in thousands)
+ 54.59%
vs 2015

Depreciation
4 841 BGN
(in thousands)
+ 39.91%
vs 2015

Net Profit
2 411 BGN
(in thousands)
+ 76.89%
vs 2015

EBITDA Margin
32.36%
+ 7.59%
vs 2015

Net Profit Margin
31.79%
+ 23.10%
vs 2015

Chart data (Revenues / EBITDA / Net Profit):
- Q4 2016: 16500 / 7 209 / 2 445
- Q3 2016: 15115 / 4 449 / 1 705
- Q2 2016: 7668 / 4 223 / 369
- Q1 2016: 4452 / 1112 / 56
- Q4 2015: 15708 / 4724 / 1363
- Q3 2015: 11684 / 4340 / 2047
- Q2 2015: 7371 / 4370 / 321
- Q1 2015: 2312 / 103 / 791

Legend: Revenues | EBITDA | Net Profit
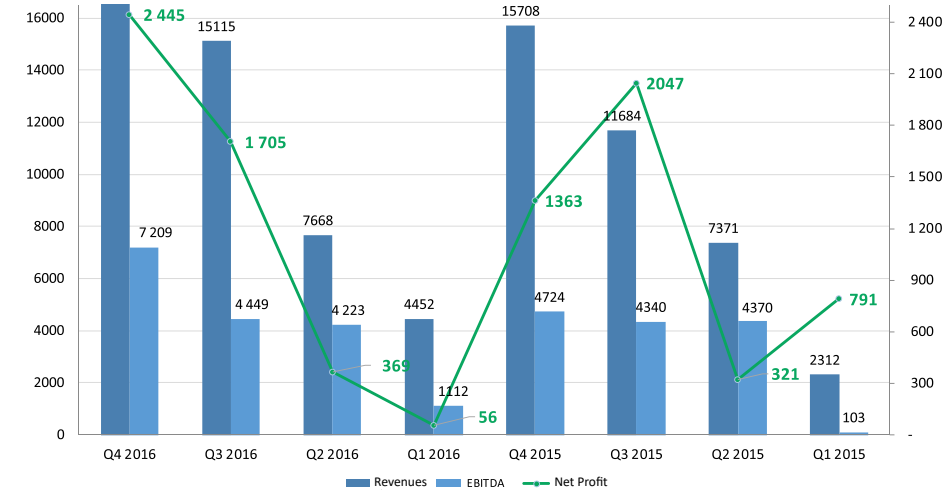
Key Highlights 2016

- Launch of a new company – Sirma ICS with current capital of BGN 300.000.

- Sales of hardware, licenses and system integration services reach BGN 15 million in 2016.

- The LOYAX R&D unit is fully set up for a spin-off into a separate company.

- The company is continuing its R&D into the computer vision and AI sphere. Finalization of the Alpha version of a product targeting the North American market with release due in 2017.
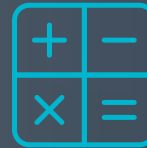
ontotext

Revenues
6 484 BGN
(in thousands)
+ 20.72%
vs 2015

EBITDA
2 128 BGN
(in thousands)
+ 6.72%
vs 2015

Depreciation
1 478 BGN
(in thousands)
- 17.43%
vs 2015

Net Profit
484 BGN
(in thousands)
+ 227.03%
vs 2015

EBITDA Margin
32.82%
- 11.60%
vs 2015

Net Profit Margin
7.46%
+ 170.89%
vs 2015

Chart data:
- Q4 2016: Revenues 6484, EBITDA 2128, Net Profit 484
- Q3 2016: Revenues 3716, EBITDA 1 513, Net Profit 182
- Q2 2016: Revenues 2489, EBITDA 55, Net Profit 91
- Q1 2016: Revenues 1523, EBITDA 409
- Q4 2015: Revenues 5371, EBITDA 1 994, Net Profit 360, 148
- Q3 2015: Revenues 3580, EBITDA 1 336
- Q2 2015: Revenues 2503, EBITDA 270, Net Profit 204
- Q1 2015: Revenues 1967, EBITDA 792, Net Profit 253

Legend: Revenues, EBITDA, Net Profit

Key Highlights 2016

- The British Institute of Engineering and Technology, Springer-Neptune, and Elsevier became clients, thus 5 out of the 10 leading publishing houses for scientific literature the world over use GraphDB.

- Together with ImpelSys was started a project on the development of integrated technological solutions to contents publishing.

- Preparation of applications for the financial and pharmaceutical industries for sale in the USA.
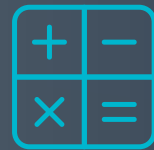
Key Financial Data 2016

SirmaBC
BUSINESS CONSULTING

Revenues
3 719 BGN
(in thousands)
+ 17.13%
vs 2015

EBITDA
528 BGN
(in thousands)
- 9.59%
vs 2015

Depreciation
427 BGN
(in thousands)
+ 7.83%
vs 2015

Net Profit
112 BGN
(in thousands)
- 35.26%
vs 2015

EBITDA Margin
14.20%
- 22.81%
vs 2015

Net Profit Margin
3.01%
- 44.73%
vs 2015

Chart data:
- Q4 2016: Revenues 3732, EBITDA 540, Net Profit 123
- Q3 2016: Revenues 2336, EBITDA 544, Net Profit 279
- Q2 2016: Revenues 1480, EBITDA 157, Net Profit 241
- Q1 2016: Revenues 525, EBITDA 14, Net Profit 92
- Q4 2015: Revenues 3174, EBITDA 586, Net Profit 202
- Q3 2015: Revenues 1850, EBITDA 156, Net Profit 132
- Q2 2015: Revenues 1258, EBITDA 45, Net Profit 43
- Q1 2015: Revenues 447, EBITDA 150, Net Profit 198

Legend: Revenues, EBITDA, Net Profit

Key Highlights 2016

- TThree successful projects for the implementation of the SCARDS product.
- Developing a product for IRFS9 and new accounts for the ECB.
- Implementation of Omni Channel Trinidad and Tobago.
- Successful migration of Flex Cube to Albania.
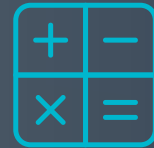- Successful licensing of 8 employees for FC 12.

Key Financial Data 2016

Revenues

3 550 BGN
(in thousands)
+ 9.26%
vs 2015

EBITDA

914 BGN
(in thousands)
+ 297.39%
vs 2015

Depreciation

NA

Net Profit

910 BGN
(in thousands)
+ 429.07%
vs 2015

EBITDA Margin

25.75%
+ 263.70%
vs 2015

Net Profit Margin

25.63%
+ 384.21%
vs 2015

Chart legend: Revenues | EBITDA | Net Profit

Data points: Q4 2016 (Revenues 3550, EBITDA 2 011, Net Profit 1 645); Q3 2016 (3098, 796, 793); Q2 2016 (1732, 156, 156); Q1 2016 (886, 181, 181); Q4 2015 (3249, 230, 172); Q3 2015 (1088, 401, 402); Q2 2015 (703, 18, 18); Q1 2015 (485, 38, 38)
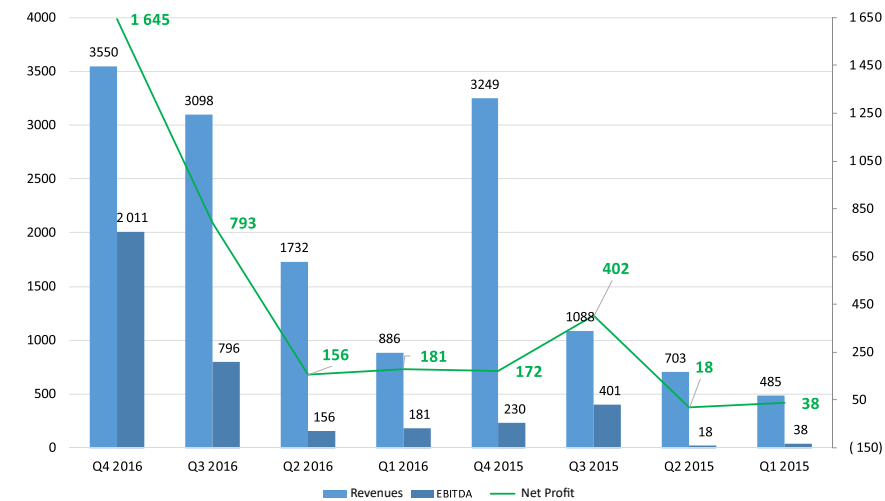
Key Highlights 2016

- A new project for the development of an end-user-oriented product in the field of "cyber security". The product is intended for handling major challenges related to the protection of home networks and sensitive data.
- A new project for the establishment of Call Center Solutions together with a medium-size American company.
- Enlargement of the teams working for the Vatillum and Elevada clients.
- A new project with a company dealing with radio frequency measurements in the field of the mobile industry. The objective of the project is to unite the instruments the company affords to its clients into one combined "cloud" platform.
- A new project with a company which is a leading provider of cloud-based wire and wireless WAN network solutions for "Distributed and Mobile Enterprises.
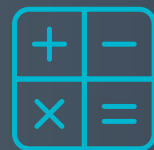
EngView Systems
A SIRMA GROUP COMPANY

Revenues

3 197 BGN
(in thousands)
+ 14.46%
vs 2015

EBITDA

610 BGN
(in thousands)
+ 2.18%
vs 2015

Depreciation

103 BGN
(in thousands)
+ 472.22%
vs 2015

Net Profit

457 BGN
(in thousands)
- 16.15%
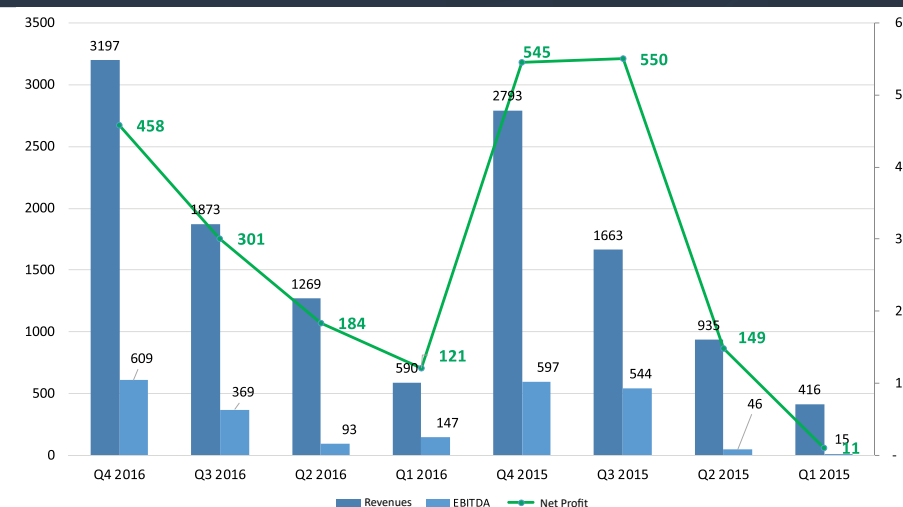vs 2015

EBITDA Margin

19.08%
- 10.73%
vs 2015

Net Profit Margin

14.29%
- 26.74%
vs 2015

Key Highlights 2016

- Preparation of an EngView product portfolio for the American market.
- Launch of the Mac version of EngView Package & Display Designer Suite.
- Participation in the Drupa Exhibition in Dusseldorf, which led to a lot of new contacts and partnerships.
- Signing of contracts for distribution in Hungary and Malasia.
- A signed OEM contract with the German producer of plotters, Aristo.
- Through its distributor in Japan, EngView implemented its software for packaging and displays, as well as for the needs of the biggest Japanese producer of cutting plotters, ACS.
- A strong interest on the part of the USA in another product of EngView Systems – ScanFit, which was displayed at the specialized exhibitions in Chicago and Boston.
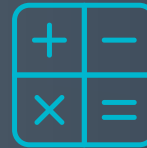
Revenues

2 850 BGN
(in thousands)
- 39.39%
vs 2015

EBITDA

906 BGN
(in thousands)
+ 8.89%
vs 2015

Depreciation

369 BGN
(in thousands)
- 4.40%
vs 2015

Net Profit

474 BGN
(in thousands)
+ 28.80%
vs 2015

EBITDA Margin

31.79%

+ 79.66%
vs 2015

Net Profit Margin

16.63%

+ 112.50%
vs 2015

Chart data:

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	2850	2254	1745	429	2793	1185	795	416
EBITDA	906	719	651	250	597	504	363	215
Net Profit	474	431	433	158	368	209	171	121
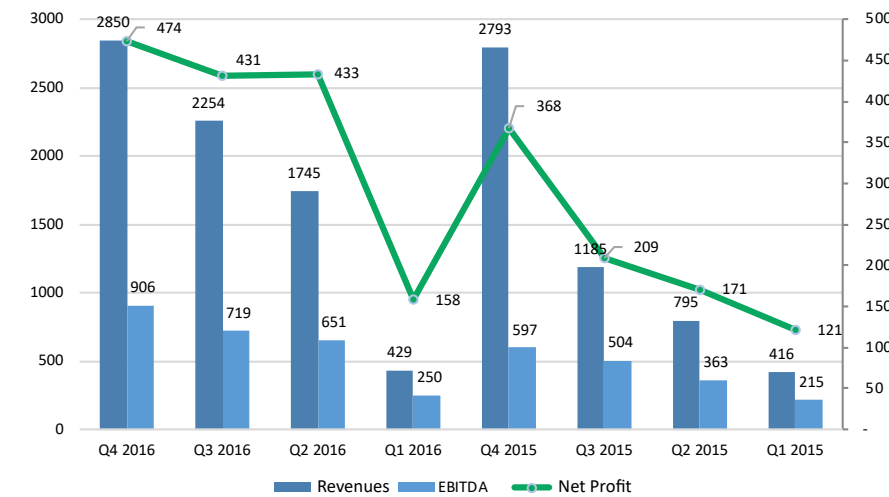
Key Highlights 2016

- Launch of Flash Storage service – the only one in Bulgaria which allows the speed of 1M IOPS to our clients on the cloud platform.
- Launch of the new Disaster Recovery as a Service.
- Together with a partner, a launch of an innovative service for the Bulgarian market – Microsoft Navision ERP as a Service.
- Increase of the company personnel by 20%.
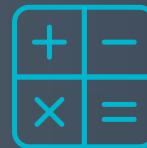- Opening of a second office 400 km away from Sofia, with a view to affording geographically reserved services.

Key Financial Data 2016

Revenues
2 256 BGN
(in thousands)
+ 24.23%
vs 2015

EBITDA
1 042 BGN
(in thousands)
+ 4.30%
vs 2015

Depreciation
687 BGN
(in thousands)
+ 17.84%
vs 2015

Net Profit
210 BGN
(in thousands)
- 35.78%
vs 2015

EBITDA Margin
46.19%
- 16.04%
vs 2015

Net Profit Margin
9.31%
- 48.31%
vs 2015

Chart data — Revenues, EBITDA, Net Profit:

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Revenues	2256	906	881	417	1816	596	384	122
EBITDA	909	177	448	65	999	339	621	340
Net Profit	218	486	34	187	327	136	171	500
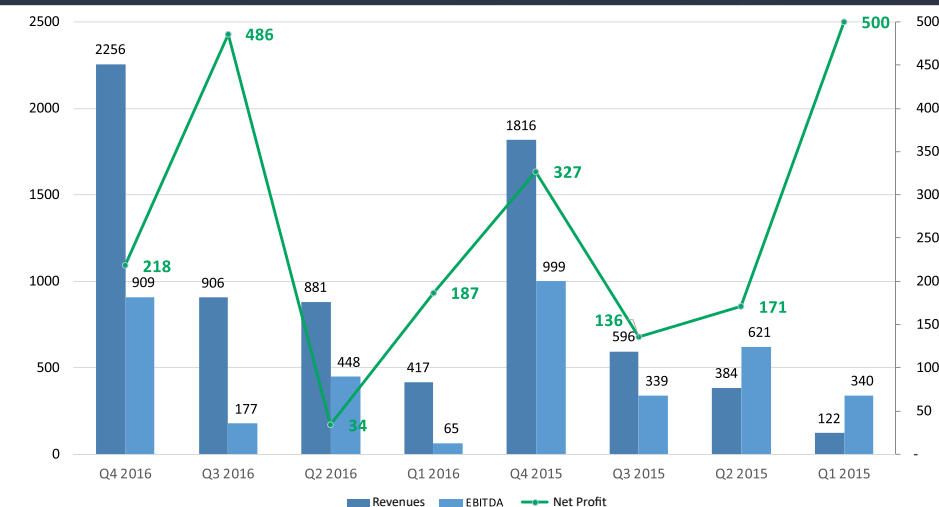
Key Highlights 2016

- Change of the Sirma ITT name and rebranding.

- Launching of version 2 of Sirma Enterprise Platform.

- Developing a new application for management of documents intended for SME in the USA based on the Sirma Enterprise Platform – "Go Digital".

- Developing a new system for electronic services based on Sirma Enterprise Platform.

Sirma Group

Thank you for your attention!

We would be happy to address
all your questions now:

@ ir@sirma.bg / Ⓢ sirmair