



Sirma Group

INTERIM CONSOLIDATED
MANAGEMENT REPORT OF
SIRMA GROUP HOLDING JSC
FOR H1 2018



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1 STATEMENT BY THE BOARD OF DIRECTORS OF SIRMA GROUP HOLDING JSC

The present annual consolidated report of the management of SIRMA GROUP HOLDING JSC covers the period, ending on 30 June 2018 and was prepared in accordance with the provisions of Article 39 of the Accountancy Law and Art. 100o, para. 2 and 5 of the the Public Offering of Securities Act (POSA), including also the established events, occurring after the balance sheet date. The structure of this report is in accordance with Appendix 9, 10 and Appendix 11 to Article 32a (2) of Ordinance No. 2 of the Financial Supervision Commission (FSC).

The board of directors of the holding confirms that:

- there were no irregularities in which managers or employees were involved, which may be material to the consolidated financial statements;
- all material transactions are duly accounted for and reflected in the annual financial statements as at 30 June 2018;
- there is no actual or potential breach of laws and (or) other regulatory provisions which would have a material impact on the consolidated financial statements or could serve as a basis for reporting contingent loss;
- there are no legal or other restrictions on the flow of funds;
- there are no known trends, requests, commitments, events or occasional circumstances for which there is reason to expect that they may affect the company as a whole.

This management report contains estimates and information based on our beliefs and assumptions, using currently available information about them. Any statements contained in this report which are not historical facts are predictions. We have based these statements on the future of our current expectations, assumptions and predictions about future conditions and events. As a result, our predictions and information are exposed to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materialize or if the underlying management assumptions prove to be incorrect, our actual results may differ materially from those described in the report. We describe these risks and uncertainties in the report in the Risk Section.

This report includes IT industry statistics and global economic trends which come from information published

by sources including International Data Corporation (IDC), a market information and information technology consultant, telecoms and consumer technology markets; Gartner, the European Central Bank (ECB); and the International Monetary Fund (IMF). This type of data is only the forecasts of IDC, the ECB, the IMF and other data sources for the global economy and industry. SIRMA does not guarantee any statistical information provided by sources such as IDC, Gartner, ECB, IMF, or other similar sources cited in this report. In addition, although we believe that information from these sources is generally reliable, this type of data is inaccurate. We warn readers not to create unnecessary dependence on this data.

In our Annual Consolidated Management Report, we analyze our business activities for the reporting financial period as well as the current situation of Sirma Group Holding. Starting from a description of our business, economic environment and strategy, we present our financial system and explain in detail our results and operations as well as our financial position and net assets. We also report on the various aspects of financial sustainability of Sirma Group Holding and the expected development of possible risks.

The financial information presented in the Sirma Group Holding JSC report includes our separate financial statements, our report to the Board of Directors and some financial aspects derived from our management accountability. The non-financial data presented in the report includes aspects of intellectual, human and social rights and relationships derived from our materiality assessment.

Our annual consolidated financial statements have been prepared in accordance with IFRSs. Internal control over financial reporting ensures the reliability of the information presented in the separate financial statements. Our Board of Directors has confirmed the effectiveness of our internal financial reporting.

All financial and non-financial data and information for the reporting period is collected and / or reported by the responsible business units.

The reporting period is the financial period ending on 30.06.2018. The report includes Sirma Group Holding JSC and all subsidiary companies of the group without Flash Media, EngView Systems Systems USA, Engview Systems Systems Latin America, Sirma Sha - Albania, e-Dom and GMG Systems, which are excluded from consolidation due to lack of relevance.



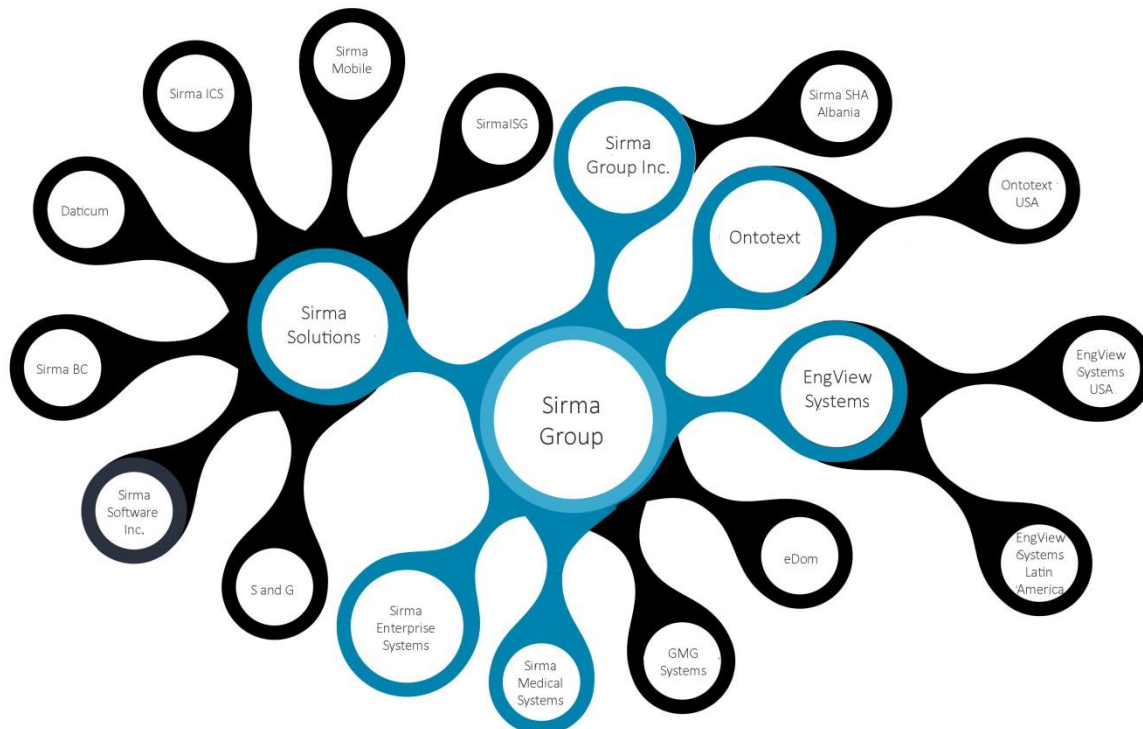
2 ORGANIZATION AND WAY OF PRESENTATION

Sirma Group Holding JSC is a holding company which invests in technological businesses, manages them strategically and operationally, provides its subsidiaries with administrative, marketing and financial services.

Over the years, Sirma has created over 20 companies, investing in them a tremendous financial and human capital.

Generating robust growth, cost-effectiveness and consistent business results are among the top priorities for all companies in the group.

The reports of Flash Media AD, EngView Systems USA, EngView Systems Latin America, Sirma Sha - Albania, e-Dom and GMG Systems are not included due to lack of relevance to the consolidated statements of Sirma Group Holding JSC.



2.1.1 History and development of the company

"Sirma Group Holding" JSC is a holding company registered on 25.04.2008 at the Registry Agency with UIC 200101236, with head office: BULGARIA, Sofia (capital), Sofia municipality, City Sofia 1784, Mladost area, bul. Tsarigradsko Shosse, No 135. The name of the company changed on 23.03.2009 from "SGH" JSC to "Sirma Group Holding" JSC.

The object of the company is: ACQUISITIONS, MANAGEMENT, EVALUATION AND SALE OF

PARTICIPATION IN BULGARIAN AND FOREIGN COMPANIES, ACQUISITION, EVALUATION AND SALE OF PATENTS, CESSION OF LICENSES TO USE PATENTS OF COMPANIES WHICH THE COMPANY HOLDS, FINANCE OF COMPANIES IN WHICH THE COMPANY PARTICIPATES, ORGANIZATION OF ACCOUNTING AND COMPILING FINANCIAL STATEMENTS UNDER THE LAW OF ACCOUNTING. THE COMPANY MAY PERFORM INDEPENDENT BUSINESS ACTIVITIES WHICH ARE NOT PROHIBITED BY LAW.

2.1.2 Changes in the statement of activity:

At the time of its incorporation, the company operated under the following business activities: design, development, marketing, sales, implementation, training and support of software products and complete solutions, including software project management, information and communication technology consultancy services, accounting services, as well as any other activity not prohibited by law.

On 23.03.2009 Sirma Group Holding changed its scope of activity as follows: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, surrender of licenses for use of patents of companies in which the holding company participates, financing of the companies in which the holding company participates, organization of the

accounting and preparation of financial statements under the order of the Law for Accounting. The company may also carry out its own commercial activity, which is not prohibited by law.

From the establishment of the company until the date of this document, Sirma Group Holding JSC:

- is not the subject of consolidation;
- no transfer or pledge to the enterprise;
- No claims have been filed for the opening of insolvency proceedings of the company;
- There are no tenders from third parties to the Company or from the Company to other companies;

2.2 CAPITAL

The share capital of the company amounts to 59,360,518 BGN, divided into 59 360 518 dematerialized shares with nominal value of BGN 1.

2.2.1 History of Share Capital

History of changes in share capital

- The company was incorporated with BGN 50,000 of capital.

On 15.10.2008, after the adoption of three triple expert appraisals of experts, the share capital was increased from BGN 50,000 to BGN 77,252,478 through non-cash contributions and issuance of new 77,202,478 shares. Non-cash contributions are as follows:

- 1) 29 software modules worth 61,555,838 BGN;
 - 2) Non-monetary contribution representing real estate amounting to 3 911 660 BGN:
- Office building - offices, floor 3th and floor 5th of an office building, located in Sofia, 135 Tsarigradsko shose

On 22.10.2010. as a result of the decision of the regular annual general meeting of the Company's shareholders, a reduction of the capital of Sirma Group Holding JSC from 77,252,478 BGN to 73,340,818 BGN was recorded through the cancellation of 3,911,660 shares with a par value of one BGN each. The Company's capital was reduced on the basis of Art. 200, para. 2, in conjunction with Art. 187f, par. 1, item 2n of the Bulgarian Commercial Law.

Blvd., owned by "Sirma Group" AD, a company registered in the Commercial Register at the Registry Agency UIC 040529004, with headquarters and address of management in Sofia, Mladost district, 135 Tsarigradsko shose Blvd., accepted as shareholder in "SGH" AD by decision of the General Meeting of "SGH" JSC from 10.07.2008

3) Non-cash contribution representing shares of 11 734 980 BGN:

- A total of 81,690 shares of the total amount of 11,734,980 BGN (143.6526 BGN per share) of the capital of "Sirma Group" JSC, registered in the Commercial Register at the Registry Agency UIC, 040529004

During the transformation, entered in the Commercial Register on 23.10.2014, the Company's capital is reduced to 49 837 156 through the cancellation of 23 503 662 shares. This decrease is a result of the estimated fair value of the shares of Sirma Group Holding JSC by three independent appraisers. The shareholder structure of the Company does not change as the shareholder structures of the transforming and that of the newly established companies are mirrored.

On 30.10.2015, after a successful initial public offering, the capital was increased to 59 360 518 BGN by issuing 9 523 362 new shares with nominal value per share 1 BGN and issue value 1,20 BGN.

2.2.2 Structure of share capital and management bodies

SHAREHOLDER STRUCTURE

AS OF 30.06.2018 THE DISTRIBUTION OF THE SHARE CAPITAL OF SIRMA GROUP HOLDING IS AS FOLLOWS:

	30.6.2018		31.03.2018	
	BGN '000		BGN '000	
Share capital	59 361		59 361	
Number of shares (par value of 1.00 BGN)	59 360 518		59 360 518	
Total number of registered shareholders	1022		1030	
Including legal entities	52		53	
Including Individuals	970		977	
Number of shares held by legal entities	10 129 449		9 927 787	
% of capital of legal entities	17,06%		16,72%	
Number of shares held by individuals	49 231 069		49 432 731	
% of capital held by individuals	82,94%		83,28%	

Shareholders	Number of shares at 30.06.2018	Number of shares at 31.03.2018	Nominal VALUE	Value In BGN	% of capital	% of capital with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 877 374	2 864 965	1	2 877 374	4,85%	4,89%
Veselin Kirov Antchev	4 700 786	4 700 786	1	4 700 786	7,92%	7,98%
Tsvetan Borisov Alexiev	4 865 753	4 851 376	1	4 865 753	8,20%	8,26%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,07%
Yavor Liudmilov Djonev	1 392 746	1 392 746	1	1 392 746	2,35%	2,37%
Georgi Parvanov Marinov	5 269 748	5 257 402	1	5 269 748	8,88%	8,95%
Krasimir Nevelinov Bozhkov	2 914 542	2 964 542	1	2 914 542	4,91%	4,95%
Ognyan Plamenov Chernokozhev	3 741 620	3 731 620	1	3 741 620	6,30%	6,35%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,70%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,66%
Vasil Stanimirov Mirchev	394 981	601 828	1	394 981	0,67%	0,67%
Peter Nikolaev Konyarov	1 271 910	1 289 307	1	1 271 910	2,14%	2,16%
Emiliana Ilieva Ilieva	2 303 185	2 295 525	1	2 303 185	3,88%	3,91%
Elena Yordanova Kozuharova	1 963 950	2 086 190	1	1 963 950	3,31%	3,34%
Ivo Petrov Petrov	893 350	773 350	1	893 350	1,50%	1,52%
Stanislav Ivanov Dimitrov	649 868	649 868	1	649 868	1,09%	1,10%
Expat Bulgaria SOFIX UCITS ETF	977 907	977 907	1	977 907	1,65%	1,66%
Foundation for Educational Transformation	517 101	517 101	1	517 101	0,87%	0,88%
"NN Universal Pension Fund"	2 434 539	2 434 539	1	2 434 539	4,10%	4,13%
UPF "Doverie" JSC	802 126	802 126	1	802 126	1,35%	1,36%
UPF "DSK Rodina"	747 036	747 036	1	747 036	1,26%	1,27%
UPF "Pension Insurance Institute"	625 000	589 277		625 000	1,05%	1,06%
"Mandjucov" Ltd.	960 000	960 000	1	960 000	1,62%	1,63%
Other	9 971 940	9 787 971	1	9 971 940	16,80%	16,93%
Total	59 360 518	59 360 518		59 360 518	100%	100%

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S CAPITAL ARE:

Shareholders	Number of shares at 30.06.2018	% of capital	% of capital with deducted repurchased own shares
Veselin Antchev Kirov	4 700 786	7,92%	7,98%
Tsvetan Borisov Alexiev	4 865 753	8,20%	8,26%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,07%
Georgi Parvanov Marinov	5 269 748	8,88%	8,95%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,35%

Shareholders	Number of shares at 31.03.2018	% of capital	% of capital with deducted repurchased own shares
Veselin Antchev Kirov	4 700 786	7,92%	7,98%
Tsvetan Borisov Alexiev	4 851 376	8,17%	8,24%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,07%
Georgi Parvanov Marinov	5 257 402	8,86%	8,93%
Ognyan Plamenov Chernokozhev	3 731 620	6,29%	6,34%

INsofar as it is known to the company, indicate whether the company is directly or indirectly owned or controlled and by whom and how the nature of that control and the measures introduced are introduced to avoid abusing such control.

The Company is not aware of any direct or indirect control over it, other than internal corporate governance and internal control bodies.

3 INFORMATION ON THE CONDITIONS OF EACH ACQUISITION RIGHTS AND / OR OBLIGATIONS FOR ESTABLISHED, BUT NOT EQUIVALENT CAPITAL

Sirma Group Holding JSC does not have information on the terms of any acquisition and / or obligations for statutory but unissued capital.

4 FUNCTIONING OF THE GROUP

The economic group of SIRMA GROUP HOLDING includes the parent company and its subsidiaries and associates - all of them operating in the IT sector. The Group functions as a typical holding structure with the organization, coordination and subordination of the companies characteristic of a similar structure.

Group companies have a common strategic framework, corporate values, financial and accounting policies, a vision of good corporate governance and staff policy.

4.1 SUBSIDIARIES OF "SIRMA GROUP HOLDING" JSC

Company	Value of the investment at 30.06.2018 (BGN'000)	Percentage of capital at 30.06.2018	Percentage of capital with adjusted repurchased own shares at 30.06.2018	Value of the investment at 31.03.2018 (BGN'000)	Percentage of capital at 31.03.2018	Percentage of capital with adjusted repurchased own shares at 31.03.2018	Changes (BGN'000)
Sirma Solutions	36 260	75,61%	80,62%	36 260	75,61%	80,62%	0
Sirma Enterprise Systems	6 895	88,71%	90,13%	6 895	88,71%	90,13%	0
Sirma Medical Systems	66	66,00%	66,00%	66	66,00%	66,00%	0
Sirma Group Inc.	3 471	100,00%	100,00%	3 471	100,00%	100,00%	0
Ontotext	9 650	58,51%	58,51%	9 650	58,51%	58,51%	0
Engview Systems	50	72,90%	72,90%	50	72,90%	72,90%	0
Total	56 392			56 392			0

4.2 SUBSIDIARIES OF "SIRMA SOLUTIONS" JSC

Company	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Value of the investment at 31.03.2018 BGN '000	Percentage of capital at 31.03.2018	Changes BGN '000
Sirma Business Consulting	1 374	54,08%	1 374	54,08%	0
Daticum	1 394	60,50%	1 394	60,50%	0
Sirma USA	0	0%	0	0%	0
Sirma Software Inc.	17 630	97,57%	17 630	97,57%	0
S&G Technology Services Ltd., UK	117	51,00%	117	51,00%	0
Sirma ISG	0	71%	0	71%	0
Sirma ICS	270	90,00%	270	90,00%	0
Total	20 785		20 785		0

4.3 SUBSIDIARIES OF "ONTOTEXT" JSC

Company	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Value of the investment at 31.03.2018 BGN '000	Percentage of capital at 31.03.2018	Changes BGN '000
Ontotext USA	30	100,00%	30	100,00%	-

4.4 SUBSIDIARIES OF "ENGVIEW SYSTEMS SOFIA" JSC

Company	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Value of the investment at 31.03.2018 BGN '000	Percentage of capital at 31.03.2018	Changes BGN '000
EngView Systems Latin America	7	95%	7	95%	0
EngView USA	9	100%	9	100%	0
Total	16		16		0



4.5 ASSOCIATED COMPANIES OF "SIRMA GROUP HOLDING" JSC

	Value of the investment at 30.06.2018	Percentage of capital at 30.06.2018	Value of the investment at 31.03.2018	Percentage of capital at 31.03.2018	Changes
Company	BGN '000		BGN '000		BGN '000
GMG Systems (IN LIQUIDATION)	214	19,93%	214	19,93%	0
E-DOM MANAGEMENT	7	35,00%	7	35,00%	0
Total	221		221		0

4.6 ASSOCIATED COMPANIES OF "SIRMA SOLUTIONS" JSC

	Value of the investment at 30.06.2018	Percentage of capital at 30.06.2018	Value of the investment at 31.03.2018	Percentage of capital at 31.03.2018
Company	BGN '000		BGN '000	
SEP Bulgaria	0	6,50%	0	6,50%
EYE BILL INTERACTIVE	0	34%	0	34%
EXCELL MANAGEMENT	0	34%	0	34%
Flash Media	0	50%	0	50%
Sirma Mobile	15	40%	15	40%
Total	15		15	

For more information about the companies within Sirma Group see Appendix 1.

The Company is not aware of any arrangements the effect of which could lead to a change in the control of Sirma Group Holding JSC in the future.

5 DESCRIPTION OF ALL AGREEMENTS KNOWN TO THE COMPANY, THE ACTION OF WHICH MAY, ON ANY FOLLOWING DATE, MAKE A CHANGE IN THE CONTROL OF THE COMPANY

THE COMPANY IS NOT AWARE OF ANY ARRANGEMENTS THE EFFECT OF WHICH COULD LEAD TO A CHANGE IN THE CONTROL OF SIRMA GROUP HOLDING JSC IN THE FUTURE.

6 MANAGEMENT AUTHORITIES

Sirma Group Holding has a one-tier management system - Board of Directors.

The Board of Directors as of 30.06.2018 includes the following members:

Chavdar Velizarov Dimitrov
 Tsvetan Borisov Alexiev
 Atanas Kostadinov Kiryakov
 Georgi Parvanov Marinov
 Tsvetomir Angelov Doskov
 Sasha Konstantinova Bezuhanova - independent member
 Petar Borisov Statev - independent member
 Yordan Stoyanov Nedev - independent member

Method of determining the mandate of the Board of Directors: 2 years from the date of entry of their election.

Current term of the Board of Directors is until: 27.07.2019

6.1 COMPETENCE OF MANAGEMENT

The competences of the management are in line with these listed in the Commercial Law, the Statute and the POSA.

At the Annual General Meeting of the Shareholders of Sirma Group Holding JSC, a decision was taken for the buy-back of shares by Sirma Group Holding JSC, as follows:

Sirma Group Holding JSC to buy-back its own shares, the Board of Directors shall carry out the repurchase under the following conditions:

- The maximum number of shares subject to redemption is 1 000 000 shares;

- Minimum price of 0.50 BGN per share and a maximum price of 1.50 BGN per share;

- The buyout deadline is 31.12.2017;

- The buy-back method - through an investment intermediary.

As at 31.12.2017 474 724 own shares were re-purchased.

6.2 STOCK OPTIONS IN THE COMPANY

As of the date of this report, no options are available to the members of the Board of Directors on shares of the Company.

6.3 COMMITTEES TO THE BOARD OF DIRECTORS

Sirma Group Holding JSC creates the following internal committees, which are assigned to manage the respective activities at the operational level, as well as to propose decisions to the Board of Directors of the company:

1. Investment and Risk Committee, composed of:

*Yordan Nedev – chairman
Tsvetan Alexiev – member
Radka Peneva – member
Georgi Marinov – member*

3. Information Disclosure Committee, composed of:

*Tsvetan Alexiev – chairman
Radka Peneva – member
Stanislav Tanushev – member
Chavdar Dimitrov – member
Atanas Kiryakov - member*

2. Remuneration Committee, composed of:

*Georgi Marinov – chairman
Petar Statev – member
Yordan Nedev – member*

4. Audit Committee, composed of:

*Angel Petrov Kraychev - chairman
Alexander Todorov Kolev - member
Emilian Ivanov Petrov – member*

ADOPTED INTERNAL DOCUMENTS

In 2015 the company adopts the necessary internal documents related to the company's working and management processes and fulfillment of its obligations as a public company:

- Good Corporate Governance Program;
- Operating Rules of the Board of Directors;
- Instructions and clarifications on the obligations and responsibilities of internal insiders;
- Special code of conduct for financial and accounting positions.

All documents are publicly available on the company's website:

<https://www.sirma.bg/investors/корпоративно-управление/корпоративни-документи/>



THE PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS IN THE CAPITAL OF THE COMPANY IS AS FOLLOWS:

Shareholders	Number of shares at 30.06.2018	Number of shares at 31.03.2018	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 877 374	2 864 965	1	2 877 374	4,85%	4,89%
Georgi Parvanov Marinov	5 269 748	5 257 402	1	5 269 748	8,88%	8,95%
Tsvetan Borisov Alexiev	4 865 753	4 851 376	1	4 865 753	8,20%	8,26%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,07%
Petar Borisov Statev	10 100	10 100	1	10 100	0,02%	0,02%
Yordan Stoyanov Nedev	3 433	3 433	1	3 433	0,01%	0,01%
Total	17 777 194	17 738 062		17 777 194	29,95%	30,19%

CEO of Sirma Group Holding is Tsvetan Borisov Alexiev.

REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF SIRMA GROUP HOLDING JSC

Board Member	Company	Sums for the period 01.01.2018 -30.06.2018 (BGN)
Atanas Kostadinov Kiryakov	EngView Systems Sofia	300,00
	Ontotext	88 721,05
	Sirma Enterprise Systems	49,98
	Sirma Group Holding	9 300,00
	Sirma Solutions	3 000,00
Georgi Parvanov Marinov	EngView Systems Sofia	51 444,00
	Sirma Business Consulting	7 500,00
	Sirma Group Holding	10 800,00
Yordan Stoyanov Nedev	Sirma Group Holding	37 140,00
	Sirma Medical Systems	600,00
Petar Borisov Statev	Sirma Group Holding	9 300,00
Sasha Konstantinova Bezuhanova	Sirma Group Holding	9 000,00
Tsvetan Borisov Alexiev	Daticum	120,00
	EngView Systems Sofia	300,00
	Ontotext	3 000,00
	Sirma Enterprise Systems	49,98
	Sirma Business Consulting	15 000,00
Tsvetomir Angelov Doskov	Sirma Group Holding	70 500,00
	Sirma Solutions	62 736,00
	Sirma Business Consulting	101 129,16
Chavdar Velizarov Dimitrov	Sirma Group Holding	9 300,00
	Daticum	117,36
	EngView Systems Sofia	33 372,27
	Sirma Group Holding	27 263,57
	Sirma Medical Systems	586,82
Total		550 630,19



6.4 INFORMATION ON THE CONTRACTS OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES WITH THE COMPANY PROVIDING SEVERANCE PAY

In the contracts of the members of the board of directors, both with the Company itself and with subsidiaries of the Company, where such contracts are available to them, no benefits have been provided upon termination of their contracts.

7 INFORMATION ON THE COMPANY'S AUDIT COMMITTEE OR REMUNERATION COMMITTEE, INCLUDING THE NAMES OF THE MEMBERS OF THE COMMITTEE AND A MANDATE SUMMARY BY WHICH THE COMMITTEE FUNCTIONS

At the General Meeting of the Shareholders of the Company held on 14.06.2016 an Audit Committee was appointed (according to the requirements of paragraph 1, item 11, letter "a" of the FIA) consisting of:

Angel Petrov Kraychev - chairman
Alexander Todorov Kolev - member
Emilian Ivanov Petrov – member

The mandate of the Audit Committee is 3 (years).

On 15.06.2017 Sirma Group Holding JSC held its regular Annual General Meeting of Shareholders, based on article 20 from Regulation № 48/ 20.03.2013 regarding the remuneration requirements of FSC, the following members of the Remuneration Committee were appointed:

Georgi Parvanov Marinov – chairman

Yordan Stoyanov Nedev – member

Petar Borisov Statev- member

8 STATEMENT ON WHETHER THE COMPANY COMPLIES OR DOES NOT TO THE REGIME FOR CORPORATE GOVERNANCE

In view of the fact that Sirma Group Holding JSC is entered in the Register under Art. 30, para. 1, item 3 of FSCA, kept by FSC, the Company has implemented a Program prepared in accordance with internationally recognized standards for good corporate governance. In accordance with the provision of Art. 100n, para. 4, item 3 of POSA, the financial statements of Sirma Group Holding JSC comply with its Program for the application of internationally recognized standards for good corporate governance and maintains its accounting policy in accordance with International Accounting Standards.

9 OUR BUSINESS MODEL

In order to accompany our customers in their digital transformation and the massive transition of their business into a secure cyberspace, we took advantage of our technological advantages and skills. We have focused on preparing them for the intelligent enterprise era. An intelligent enterprise can model, bind, classify, and use data as a core asset for doing business. It has smart documents in an excellent collaborative environment, receives additional information to help make critical business decisions. This enhances customer satisfaction, performance and efficiency. We started creating virtual agents in the financial industry. We have entered a new niche in health care - the management of chronic diseases. We have achieved

excellent cyber-security success using unique methods to protect the digital space. We have expanded our capabilities through a set of semantic technologies to provide our customers with better content management, knowledge detection, and semantic search. Our vision and mission unlock our ability to create a positive economic, environmental and social effect. By playing this role, we must have the necessary capital. First, we rely on the financial capital provided by our investors. But what really increases our success is the intellectual and social capital - our employees. They are the gateway to our knowledge, experience and business relationships. For this reason, committed, highly qualified and flexible employees are at the



center of our business model and success. Sirma Group Holding is a group of quasi-independent legal entities, holding directly or indirectly 50% to 100% of the capital of the group of companies. The holding usually controls the management, determining the development of the group's companies, their investments and their budgets. It also provides legal, financial and administrative services,

coordinates marketing and HR policies. With this model, Sirma manages to develop a strong vertical and regional specialization, to concentrate knowledge on customers, environments and specifics. The group manages to combine technologies and products in different verticals, to build synergies between individual businesses, building a unified corporate culture and values.

10 SIRMA GROUP HOLDING IN H1 2018

10.1 THE BUSINESS

Established in 1992, Sirma has become one of the largest IT companies in the region for 25 years, owning a range of proprietary, innovative technologies, a diverse product portfolio and growing market share in Europe and North America.

Sirma owns software solutions for a wide range of businesses with a focus on the development of cognitive technologies (AI). The Group has diversified market exposure exclusively to the private sector with a stable customer portfolio. Sirma's products are concentrated in the most promising and high-tech areas - financial technology, semantics, industrial software, IoT, computer vision, telemedicine. In 2017, as part of its renewed strategy, the group began a focused effort to build cross-selling capacity, updated its sales and marketing model in line with the global trends - Software as a Service model.

Sirma is a globally recognizable company in semantic technology and among the top 10 worldwide in the areas of Graph Databases (GrpahDB), Text Analysis, Data Detection, and Federationing (Bloor, 2016). One of Sirma's products - EngView Package Designer Suite CAD is part of the design and packaging solutions of world leaders in the printing industry. The Holding is one of the regional leaders of the IT market, with 60% of the operators in the financial sector being its clients. Sirma is a top class regional cloud service provider with Class 4 Data Center licensed to store data from the Bulgarian National Bank and other organizations requiring increased data security. Through one of its companies, the Holding is the leader in the SaaS delivery to insurance brokers. Sirma has a strong presence on the US market by running a huge number of IT consulting projects. The group has a broad partner and distribution ecosystem in over 50 countries around the world.

Some of Sirma's unique advantages are:

- The Best RDF Triplestore in the World;
- Top Text Analytics Engine for Business (used by BBC, AstraZeneca, Ministry of Defense, USA);
- Face recognition technology - among the top 10 worldwide;
- Extensive expertise in news and social media analysis;
- Extensive expertise in creating Chatbot and AI Assitant applications.

In 2017, the group developed its 5-year "Sirma 2022 Strategy". Sirma focuses on the process of transforming organizations into "intelligent organizations." We have technology and know-how for all stages of this transition -

from data collection - internal, external, structured, unstructured, open, connected, "dark" etc., through the development of models and knowledge repositories, the development of analytical models and predictive models based on artificial intelligence, to the provision of "human" interfaces of the next generation.

The main elements of the Strategy are:

- Technological transformation through concentration of R&D and core cognitive technology in the SENPAI (Sirma ENTERprise Platform with AI) - a cloud based platform with a new level of artificial intelligence (cognitive computing), allowing the intelligent evolution of organizations in everything;
- Increasing the commercialization of technologies;
- Expansion and technological leap in Sirma's product portfolio through:
 - o Cloud base;
 - o Development of new products with a cognitive element;
 - o Integration of the existing portfolio with the SENPAI cognitive platform.
- Complementing the sales model - from predominantly on premise to SaaS sales;
- Significant expansion of the distribution network and partner ecosystem to improve the sales model - in addition to direct sales and sales through a major affiliate distribution network, including increasing OEM partnerships;
- Organizational restructuring to implement the strategy.

The transition to the SaaS sales model, the increase of cognitive sales, combined with planned marketing and sales investments will ensure a smooth and steady growth of Sirma to a global level and an increase in the value of the Group.

Our philosophy about our strategic technologies and products is that we embody the sense of human thought - perception, interpretation, forecasting and decision making.

By adopting the 2018-2022 Strategy, we began preparing for its implementation. We provided debt finance to eliminate minority holdings in Ontotext - a key company for the Strategy implementation. We have developed detailed development plans for both the cognitive core (SENPAI) and the strategic verticals of the group. We have begun a process of organizational and technological restructuring.



Economic Trends

Macro frame

According to data of the National Statistical Institute in June 2018, the total indicator of the business climate in Bulgaria decreased by 0.9 percentage points compared to the previous month as a result of the less favorable business climate in the construction and service sectors.

The composite indicator "business climate in industry" increased by 1.5 percentage points due to the optimistic estimates and expectations of industrial entrepreneurs for the business condition of enterprises. In their opinion, the current production activity is improving and their forecasts for the next three months remain favorable. The insecure economic environment and labor shortages remain the most serious business development problems identified by 36.8 and 32.5% of enterprises respectively. In terms of sales prices in industry, managers expect them to maintain their level over the next three months.

According to data of the National Statistical Institute in June, the composite indicator "business climate in construction" decreased by 3.4 percentage points as a result of the more reserved expectations of the developers for the business situation of the enterprises in the next six months. At the same time, their projections for construction activity over the next three months are less favorable. In the last month, the survey recorded an increase in the negative impact of the labor shortage factor, which shifts the difficulties related to the uncertain economic environment and competition in the industry to the second and third place. With regard to selling prices, managers do not expect any change over the next three months.

According to the data of the National Statistical Institute, the composite indicator "business climate in retail trade" increased by 0.8 percentage points due to the slightly improved retailers' assessments of the current business situation of the enterprises. The expectations for the volume of sales and orders to the suppliers over the next three months, however, are more reserved. The most serious problem hampering business activity remains competition in the industry, followed by insufficient demand and the uncertain economic environment. With regard to sales prices in the services sector, managers expect to maintain their level over the next three months.

According to data of the National Statistical Institute in June, the composite indicator "business climate in the services sector" dropped by 4.5 percentage points, mainly due to the more unfavorable managers' assessments of the current business situation of the enterprises. For the demand for services the current trend is estimated to be slightly reduced, while expectations for the next three months are improving, competition in the industry and the uncertain economic environment continue to be the factors most likely to hamper business. Manager's prevailing expectations of sales prices in the sector are that they remain unchanged over the next three months.

The economic assessment of the Governing Council of the European Central Bank as at 14 June 2018 recognizes that the economic upturn in the Euro Area continues to be robust and broad across countries and sectors, despite recent data and indicators that are lower than expected. Real GDP growth on a quarterly basis decelerated to 0.4% in the first quarter of 2018 r. after an increase of 0.7% in the previous quarters. This slowdown reflects some retreat from the very high levels of growth in 2017, accompanied by increased uncertainty and some temporary factors linked to domestic and global supply as well as the weaker impetus from foreign trade. Recent data on economic performance and survey results are weaker, but are consistent with ongoing robust and robust economic growth. The ECB's monetary policy measures, which have facilitated the process of reducing obstruction, continue to support domestic demand. Private consumption is supported by rising employment and rising household welfare. Business investment is boosted by favorable financing conditions, rising business profits and stable demand. In addition, it is expected that the global recovery in demand will continue and thus boost the euro area exports. The risks to growth prospects in the Euro Area remain broadly balanced. More and more pronounced is the uncertainty associated with global factors, incl. the threat of enhancing protectionism. Moreover, the risk of constant fluctuations in the financial markets requires monitoring. According to the macroeconomic projections for the eurozone of June 2018 of Eurosystem staffers projected GDP in real terms to grow annually by 2.1% in 2018, by 1.9% in 2019 and by 1.7% in 2020. Compared with the ECB's macroeconomic projections of March 2018 r. the forecast for real GDP growth is revised downwards to 2018 and remains unchanged for 2019 and 2020.



Development of the global economy in 2018 and forecast for 2019

The global production is growing by 3,7% in 2017, according to an analysis of the IMF /IMF WEO, July 2018/. This positive trend is anticipated to be sustainable in the forthcoming years, reaching a growth of 3,9% in 2018 and 2019. In the same time the growth is not evenly distributed around the Globe and hence the risks in perspective are also growing.

Growth expectations have been decreased for the Eurozone, the UK and Japan. Among emerging markets, growth is also becoming unevenly distributed and hampered by rising oil prices, rising trade tensions, rising US dollar exchange rates and regional conflicts. The risks to the global economy are estimated by the IMF as growing in the near and medium term. Part of the risks outlined by the IMF at the beginning of the year, unfortunately, started to materialize in 2018. They may hamper the positive development of the global economy in the medium term.

The expected prospects for the global economy remain positive, with the impact of the risks being assessed as threatening in the medium term. However, the positive development of the global economy in the coming years will also influence positively the expectations for the development of the ICT industry, which is one of the driving forces of global growth.

The Industry of Sirma

The companies of Sirma Group Holding are specialized in the information technology (IT) industry. Industry data is typically combined with data for the "communications segment" as this segment is entirely IT-dependent. The industry, respectively, acquires the name "Information and Communication Technology" or abbreviated ICT. From the wide variety of ICT segments, the Sirma group of companies work mainly in the IT services (system integration segment, infrastructure as a service, software as a service, software maintenance, consulting) and business software (various software products targeted at different business verticals and custom software development). It is these segments, according to a Gartner study, which are expected to be the leading segments of growth in the ICT industry over the next five years:

Global ICT Market 2017

According to a Gartner study, revised in April 2018, after overcoming the decline in the ICT sector in 2016, 2017 marks a remarkable growth. According to this analysis, world ICT spending in 2017 is growing with the impressive CAGR (compound annual growth rate) of 3.8%, reaching USD 3.521 trillion at current prices. If the small growth of "Communication Services" is deducted, then the growth of the IT sector for 2017 is 5.10% with total IT spending exceeding USD 2.1 trillion. The locomotives of this growth

are the "Enterprise software" and "IT Services" segments with corresponding growth of 8.8% and 4.4% for 2017.

The record growth of IT spending in 2017 is mainly due to sustainable economic growth in the world. The process of reallocating IT spending from assets (CAPEX) to services (OPEX) continues, already covering almost all areas of the economy. "Cloud transformation is now almost over for some categories of software (CRM, e-commerce) and is just starting to be implemented in many others," said Andrew Bartels, VP of Forrester. Accordingly, the change in the methods of payment for the used software continues and, instead of significant capital advance payments, the cost is shifting to significantly lower, but recurring operating costs.

This change in the way of spending is also the reason for the relatively large increase (against the background of the more modest growth) of the "Enterprise software" and "IT services" segments - a growth of 8.8% and 4.4% respectively 2017. Thus, total ICT spending in 2017 exceeds US \$ 3.5 trillion or growth of 3.8% in 2017.

Forecast for the Global ICT Market in 2018 and the period 2017 - 2022

"The growth in ICT spending has begun to turn its trend in 2017, with continued growth expected over the next few years. At the same time, uncertainty is growing, with organizations considering the possible consequences of BREXIT, currency fluctuations and a possible global recession," said David Lullock, Vice President of Gartner.

Gartner's expectations for the development of the ICT market in the coming years remain optimistic, with an expected CAGR of 3.55% over the period 2017-2022. 2018 continues the trend that was started in 2017 of a boom in ICT spending in all segments, leading to a record 6.2% growth in 2018 over the previous year, reaching the record \$ 3.7 trillion for the past ten years.

In the coming years, there is no major change in the expenses for **"Communication Services"** and these will remain at levels of about \$ 1.4 trillion per year with a relatively low annual growth rate of CAGR of 1.50%. At the same time, they remain the largest single segment in ICT spending by 2022.

The most dynamically growing segments remain **"Enterprise Software"** with an annual CAGR of 8.53% and **"IT Services"** with an annual CAGR of 5.30% over the period 2017 - 2022. In 2018, the growth of "Enterprise software" and "IT Services" are expected to peak at 11.10% and 7.4%, respectively. In the following years, by 2022 both segments preserve their leading (though more moderate) growth among all other segments in the ICT sector.



Reasons for the Market Growth During in the Period 2018 – 2022

Gartner's expectations for 2018 are for growth in ICT spending at 6.2% at current prices or 3.0% at constant prices. The difference between the two percentages illustrates the impact of the declining US dollar in the first months of 2018, upon the industry (where prices are mainly denominated in dollars, and due to the fact that the United States is a major world IT hub). This influence began in 2017 and is expected to fade away in the coming years.

Leading growth over the period has the **"Enterprise Software"** segment. The segment is expected to grow by 11.10% in 2018 followed by another 8.4% in 2019 to reach \$ 424 billion. The reason for the growing demand for Enterprise software mirrors the growing demand for applications from companies which want to derive extra income from the digital business processes. The penetration of artificial intelligence (AI) into business applications (software and platforms) will also contribute strongly to the growth in the segment.

*"Businesses are increasingly relying on IT. Organizations are expected to increase their spending on business applications in 2018, with most of the budget shifting to software as a service (SaaS),"*said Lullock.

At the same time, the massive penetration of cloud technologies, software as a service and infrastructure as a service will catalyze demand in the **"IT Services"** segment.

Leading Consumers of IT in 2018

In their study, The International Data Corporation ([IDC, February 2018](#)), identifies organizations and businesses with 80% of IT spending as the primary consumer of ICT products and services, with end-users' spending only 20% of the total IT spending in 2018. The demand from individual users is expected to stagnate with CAGR of 0.3% in the coming years. Which means that corporate users are the main drivers behind the booming growth in the ICT market in the coming years.

The economic **sectors with the highest IT spending** in 2018 are "Financial Services" (Banks, Insurers and Investors) and "Industrial Production," according to the IDC's study. In total, the two sectors will generate over 30% of IT spending in 2018, investing in new technologies to advance their digital transformation. Telecoms, the public sector and professional services are also expected to invest significantly during the year. The fastest growth in IT spending for the period up to 2020 is expected from "Professional Services", "Healthcare", "Finance" and "Media", according to the IDC forecast.

Geographic Distribution of the IT Spending and Regional Growth in 2018

IT expenses remain very diverse in the various geographic regions. The strong two-digit growth in 2018 is expected in South East Asia, namely India, China, Malaysia and Thailand. At the same time, they occupy a relatively small share of the world market. North America is the undisputed leader, contributing about 40% of the Global market growth, with a relatively strong expansion of 5.5% in 2018. Europe, the second-largest IT market in the world, continues to suffer from the uncertainty surrounding BREXIT, and expects growth of around 4% (slightly below average) with diversity among the individual European states. The smallest growth of less than 2%, as well as a modest contribution to world growth, is expected in 2018 in Japan and South Korea.

IT spending in the US is expected to reach USD 920 billion in 2018. While IT services such as software development, deployment, and system integration are leading US spending in 2017 (275 billion), Software costs will grow faster (CAGR 7.9%) and will outperform IT services until 2020 according to the IDC estimates.

The Bulgarian IT market in 2018

Expectations for 2018 are very positive (in fact, there are no negative expectations for the market development). Combined with the global projections for 2018, we are likely to witness again a double-digit growth in the industry and a continuing increase in its share of GDP. The "Labor Market" (see [BASSCOM Barometer 2017](#)) remains the main limit or threat to the industry.

Classification of the ICT Employers in Bulgaria

According to the ICT Media Survey from July 2018, Sirma Group Holding is ranked ninth among the largest IT sector employers in Bulgaria (it is important to note that this ranking does not include data from the largest employer in the sector - HP Global Services, who in the year 2016 employed 4600 employees).

Market Share of Sirma – General Ranking

According to the ICT Media's rating for 2018 of the top 100 companies in the Bulgarian ICT industry, Sirma Group climbs one position to 11th place. Sirma is the leading company which specializes in both of the world's most dynamic segments - "Software Development" ("Enterprise Software" according to the Gartner classification) and "System Integration" (part of "IT Services" as per Gartner's Classification) with Bulgarian capital.



Market Share of Sirma – Software Development

Revenues from software development increased by nearly 13% in 2017 on an annual basis. According to the study by ICT Media, Sirma Group ranks sixth among companies which develop software in Bulgaria. The leading companies in this ranking are again the Bulgarian divisions of world leaders in the field of software development. All of the top 15 companies in this classification sell their software primarily on foreign markets.

Market Share of Sirma – System Integration

The ICT Media rating reports that the revenue of the top ten System Integration companies in 2017 is 80% of the total revenue. The "System Integration" segment (part of "IT Services" according to the Gartner classification) remains one of the leading segments in Bulgaria and contributes nearly 17% to the revenues of the IT industry in the country. According to the study by ICT Media, Sirma Group climbs two places in 2017 and occupies the 6th position, with some of the sub-segments like "Hardware System Integration" and "Servicing System Integration" being ranked even higher. In addition, Sirma is not present in some classification of sub-segments which are of no interest to the Group: "Software System Integration" and "Communication System Integration".

Market Share of Sirma - Export

As indicated above, the Bulgarian IT industry is strongly focused on exporting its products and services (over 75%). According to the ICT Media Survey from July 2018, among the exporters of IT products and services in Bulgaria in 2017, Sirma Group Holding is climbing from 12th to 9th position. The survey shows an increase of 23% in all exports in 2017 compared to 2016.

Sirma Group companies receive approximately half of their sales revenue from the external IT market (49% in 2017). Depending on the market situation, the proportion varies annually, with the Group's strategic goal being to achieve a 70% share of its sales from markets outside Bulgaria, with the North American and European markets being the priority. For the year 2017, the distribution of Sirma Group's sales revenue is shown in the graph below, compared to the same in 2016.

Ranking by Profit of the Leading ICT Companies in Bulgaria

Sirma Group Holding occupies the 9th place in the classification by profit in the ICT Media study from 2018, with one of its daughter companies – Daticum, occupying 5th position:

Conclusion







Sirma's strategic direction, the steady growth of the national base, the created international distribution network, the increasing efficiency of the employees, the proper segment positioning, the situation in Bulgaria and the expected global growth give reason to expect a twofold increase in sales of products and services from Sirma Group in 2018.



10.2 SEGMENTS

THE GROUP DEFINED OPERATION IN SEVERAL SEGMENTS:

STRATEGIC VERTICALS

 FINANCE	 HEALTHCARE	 INDUSTRIAL SOLUTIONS	 MARKET INTELLIGENCE, PUBLISHING AND CULTURAL HERITAGE	 RETAIL	 CROSS INDUSTRY BUSINESS SOLUTIONS
<p>Sirma Business Consulting Leading integrator of FlexCubetm</p> <hr/> <p>S&G Technology Services Leading integrator of Temenos bank software .</p> <hr/> <p>Sirma ICS Leading supplier of a cloud-based platform for insurance brokers.</p>	<p>Sirma Medical Systems Software applications for the management and control of chronic diseases; Leading product: Diabetes M.</p> <hr/> <p>Analysis of clinical drug research reports and data integration for pharmaceutical companies and health insurers.</p>	<p>EngView Leading supplier of CAD / CAM solutions for the packaging industry; Leader in the delivery of products and solutions for the measurement industry; OEM partnership with the world's second-largest measuring machine delivery company - QVI</p> <hr/>	<p>Ontotext Global leader in partnerships and delivery of semantic software solutions for media, business and investment information agencies and scientific publishing houses.</p> <hr/> <p>Sirma Group Inc Provider of software solutions and services for galleries, museums, archives and libraries (GLAM).</p>	<p>Sirma Solutions Among the leading facial recognition solutions; Solutions and services based on machine self-learning algorithms; Loyalty program management platform.</p> <hr/>	<p>Sirma Solutions It has a full range of enterprise IT outsourcing solutions; Among the best system integrators in Bulgaria.</p> <hr/> <p>Daticum Leading provider of cloud services and infrastructure with a certified data center.</p> <hr/> <p>Sirma USA Leader in delivering highly personalized and scalable solutions; Creator of an innovative solution for Cyber Security.</p> <hr/> <p>Sirma Group Inc Open source platform for intelligent organization management and LOW CODE documents for personalization.</p>



10.2.1 Segment Core technologies / SENPAI

WHAT WE DID IN H1 2018?

In the area of product development and R&D, the new version 8.6 of GraphDB, focusing on data protection policies, is finalized.. The development of new subsystems and modules of the text analysis platform of Ontotext continues.

Strategic partnership negotiations with two major system integrators operating in Europe, Asia and the United States are in advance stage. A new application development platform has been developed and implemented.

FINANCIAL RESULTS OF THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Core Technologies	Revenues	Revenues from sales of services	1 233	882
	Revenues Total		1 233	882
	Expenses without depreciation	Other expenses	(12)	(17)
		Expenses for external services	(198)	(88)
		Wage expenses (wages)	(922)	(1 074)
		Social Security expenses	(74)	(102)
	Expenses without depreciation Total		(1206)	(1 281)
	Capitalization 613	Depreciation and amortization expenses	278	440
		Expenses for external services	134	590
		Wage expenses (wages)	610	489
		Social Security expenses	79	46
	Capitalization 613 Total		1 100	1 564
	Unfinished production 611	Depreciation and amortization expenses	13	1
		Expenses for external services	9	-
		Wage expenses (wages)	141	
		Material expenses	2	191
		Social Security expenses	16	20
	Unfinished production 611 Total		181	212
	Depreciation and amortization	Depreciation and amortization expenses	(870)	(560)
	Depreciation and amortization Total		(870)	(560)
	Result		438	817

In H1 2018 the revenues of the segment grew by 39,89%, but the result dropped by 46,42% or 379 thousand BGN compared to H1 2017.



10.2.2 Segment Cross industry solutions

This is Sirma's largest segment. It includes consulting, system integration, and public sector. Companies of Sirma Group operating in the Cross-industry segment are: Sirma Solutions JSC, Sirma USA, Datium JSC.

SIRMA GROUP PRODUCTS, SERVICES AND SOLUTIONS IN THE CROSS INDUSTRY SEGMENT:

Vertical	Product, Solution, Service	Application
Cross-Industry Solutions	Sirma Enterprise Intelligent Platform	Intelligent processes and documents
	Computer vision	Finance management
	E-services and e-government	Human Resources
	Cyber security for applications	Marketing and sales
	DevOps	Managing and developing products and services
	Tiimz	Information security
	Mobile Parental Control/Bipper;	Cloud Services, Data Center
	Digital Signature Solution;	
	GoDigital	
	Manage "DevOps" processes	
	System integration	
	IT consulting services;	
	Sirma Enterprise Solutions;	
	Cloud services/IaaS	
	Daticum Cloud Platform	
	Sirma Complete Cloud	
	VipCloud	
	Cloud infrastructure as a service (IaaS)	
	Managed services	
	Backup as a service (BaaS)	
	Disaster Recovery as a service (DRaaS)	
	Leased servers and equipment	
	Colocation of hardware equipment	
	Construction and operation of backup data centers	
	Custom Software Development	

WHAT WE DID IN H1 2018?

Development of machine learning algorithm for "Pets Best" was started for document recognition. Contract with a high-tech company in the US was signed to build a system for fraud detection. Sirma signed a contract with ESO EAD for the construction of Data Center at the amount of 2m Euro. Started to work on a contract for the equipment of multiple Data Centers for a major international company in the territory of Austria, Germany, Great Britain, Canada and Bulgaria. A key partnership was launched with Balkan

Services, a leading software integrator of ERP, BI, CRM and others IT systems and solutions in Bulgaria and the region. Migration process was finished successfully for multiple clients from another datacenter, changing technical configurations and physical location without disturbing their work. A contract for the construction of the rating system of Bulgarian higher education has been signed. A data storage system has been set up in two Data Centers of a leading Bulgarian bank. The development of Velocity engine for processing of Big Data begun.



FINANCIAL RESULTS OF THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Cross Industry	Revenues	Other operating revenue	177	131
		Revenues from sales of goods	9 905	8 153
		Revenues from sales of services	7 930	5 883
		Revenue from financing	85	62
	Revenues Total		18 097	14 230
	Expenses without depreciation	Other expenses	(79)	(169)
		Book Value of Goods Sold	(9 585)	(8 209)
		Expenses for external services	(1 682)	(676)
		Wage expenses (wages)	(2 435)	(2 920)
		Material expenses	(583)	(98)
		Social Security expenses	(261)	(307)
	Expenses without depreciation Total		(14 627)	(12 379)
	Capitalization 613	Depreciation and amortization expenses	-	365
		Expenses for external services	-	16
		Wage expenses (wages)	-	712
		Social Security expenses	-	101
	Capitalization 613 Total		-	1 194
	Unfinished production 611	Other expenses	11	-
		Wage expenses (wages)	93	4
		Social Security expenses	11	-
	Unfinished production 611 Total		114	4
	Depreciation and amortization	Depreciation and amortization expenses	(321)	(615)
	Depreciation and amortization Total		(321)	(615)
Result			3 263	2 434

In H1 2018, the segment posted result growth of BGN 829 thousand or 34,06% compared to H1 2017.

10.2.3 Financial Segment

THE COMPANIES FROM SIRMA GROUP WHICH OPERATE IN THE FINANCIAL SEGMENT: Sirma Business Consulting JSC, S&G Technology Services, Sirma ICS JSC.

PRODUCTS, SOLUTIONS AND SERVICES OF SIRMA GROUP FOR THE FINANCIAL SEGMENT

Vertical	Product, solution, service	Use
Finance	Implementation of Oracle FlexCube & Temenos	Automation of the back-office functions
	Software for insurance broker ICS Platform	Prevention of money laundering
	System for regulatory reporting RepXpress	Prevention of fraud
	UBX Central Credit Register	Risk assessment
	System for regulatory reporting CeGate	Compliance evaluation
	Card management and transactions as a service	Personalized services
	Migration of key financial systems, products and services to the cloud	Client service, improvement of client satisfaction and engagement using all communication channels and sales
	Multi-functional and multi-channel platforms	Client service, cross and up sales
	Chatbot and intelligent assistants	Customer knowledge, sales and behavior forecast



WHAT WE DID IN H1 2018?

The "Sirma Insurance Enterprise" Platform is run into production. Inclusion of eight new insurance products in the brokerage software is in progress. Contracts have been concluded with Municipal Bank and UBB. Successfully

completed a project to implement FlexCube 12.3 at Alliance Bank. A contract for the implementation of FlexCube 12.3 in the Municipal Bank has been signed. Eva Chatbot was successfully implemented at Post Bank.

Financial results of the segment

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Financial	Revenues	Other operating revenue	12	23
		Revenues from sales of services	3 864	2 630
	Revenues Total		3 876	2 653
	Expenses without depreciation	Other expenses	(221)	(126)
		Expenses for external services	(930)	(402)
		Wage expenses (wages)	(1 970)	(1 545)
		Material expenses	(50)	(32)
		Social Security expenses	(230)	(165)
	Expenses without depreciation Total		(3 401)	(2 270)
	Capitalization 613	Depreciation and amortization expenses	0	89
		Wage expenses (wages)	100	125
		Social Security expenses	11	14
	Capitalization 613 Total		112	228
	Unfinished production 611	Wage expenses (wages)	134	0
	Unfinished production 611 Total		134	0
	Depreciation and amortization	Depreciation and amortization expenses	(152)	(311)
	Depreciation and amortization Total		(152)	(311)
	Result		569	299

In H1 2018, the segment posted result growth of BGN 270 thousand or 90,06% compared to H1 2017.

10.2.4 Segment Market intelligence, Publishing and Cultural heritage

COMPANIES OF SIRMA GROUP WHICH OPERATE IN THE SEGMENT: **ONTOTEXT JSC**

PRODUCT, SERVICES AND SOLUTIONS OF SIRMA GROUP IN THE SEGMENT MARKET INTELLIGENCE, PUBLISHING AND CULTURAL HERITAGE

Vertical	Product, solution, service	Use
Market intelligence, Publishing and Cultural heritage	GraphDB	Extraction, linking, structuring and enriching of information from various sources
	Instrument for text analysis	Text analysis of unstructured data
	Platform for dynamic semantic publishing	Data base integration within big graphs of data
	Digital assistant for fact-checking - Hercule	Analysis of documents, extraction of information and meta-data generation, which link text with structured data
	Text and data management	Linking company knowledge, information extracted from text and public open data.
	Content management and collaboration	Content query and indexation
	Public Content Management	Context and personalized content suggestion.
	Sirma Enterprise Platform	Helps research various content, published on the Internet, such as news, video and publication in social networks.
	·Museum Space	Intelligent query, personalized content,



	suggestions, discovery of fake news, fact check, popularity ranking
Collection Management	Intelligent transformation of every kind of organization
SEIP	Creation of vertical business solutions based on specific areas of knowledge
Data, Knowledge and Analytical services	Creation, storage and restoration of versions of important documents for cultural heritage objects
Digital Asset Management	Safeguards important objects and digital archives of becoming victims of inadequate policies for protection of records, changes in the documents, accidents or disasters caused by man or nature.

WHAT WE DID IN H1 2018?

A third stage of the contract has begun with one of the major international consulting companies in the field of M & A. Launched a pilot project for one of the largest US banks to develop an "intelligent" platform to monitor risks associated

with the Bank's information security. A three-year EU project "Intelligent Data Linking for Companies from Different Sources" was won. The project will be funded from "Competitiveness" program.

FINANCIAL RESULTS OF THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Market intelligence, Publishing and Cultural heritage	Revenues	Other operating revenue	9	9
		Revenues from sales of services	3 553	2 497
	Revenues Total		3 562	2 505
	Expenses without depreciation	Other expenses	(48)	(18)
		Expenses for external services	(957)	(170)
		Wage expenses (wages)	(1 336)	(216)
		Social Security expenses	(70)	(17)
	Expenses without depreciation Total		(2 411)	(422)
	Unfinished production 611	Other expenses	21	-
		Expenses for external services	129	-
		Wage expenses (wages)	782	-
		Social Security expenses	32	-
	Unfinished production 611 Total		965	-
	Capitalization 613	Depreciation and amortization expenses	0	1
	Capitalization 613 Total		0	1
	Depreciation and amortization	Depreciation and amortization expenses	(4)	(1)
	Depreciation and amortization Total		(4)	(1)
Result			2 112	2 084

In H1 2018, the segment recorded a increase in its result of 1,37% or BGN 29 thousand, compared to H1 2017.



10.2.5 Segment Industrial solutions

The company within Sirma Group, which primarily operates in the Industrial segment: EngView Systems Sofia JSC.

PRODUCTS, SERVICES AND SOLUTIONS OF SIRMA GROUP IN THE INDUSTRIAL SEGMENT:

Vertical	Product, service, solution	Use
Industrial solutions	EngView Package & Display Designer Suite	CAD tools for design of packaging and displays
	packGate	Online portal for packaging and display manufacturing connecting customers with manufacturers
	e-Callipre	Electronic caliper
	ScanFit & Measure	Intelligent video measurement software.
	E-QMA	Quality management
	TurnCheck	Specialized software for the measurement of shafts and rotary parts, part of OEM solution for quality control in their production.

WHAT WE DID IN H1 2018?

A pilot version of Cloud-based solution "PackGate" was released. The first version of Mcaliper was released and the

product was presented at the Control 2018 exhibition in Stuttgart.

FINANCIAL RESULTS FOR THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Industrial solutions	Revenues	Other operating revenue	10	26
		Revenues from sales of goods	16	46
		Revenues from sales of services	1 214	1 298
	Revenues Total		1 241	1 370
	Expenses without depreciation	Other expenses	(57)	(66)
		Expenses for external services	(255)	(228)
		Wage expenses (wages)	(974)	(1 003)
		Material expenses	(28)	(15)
		Social Security expenses	(111)	(130)
		Book Value of Goods Sold	(93)	(101)
	Expenses without depreciation Total		(1 519)	(1 544)
	Capitalization 613	Expenses for external services	105	113
		Wage expenses (wages)	436	218
		Social Security expenses	47	24
	Capitalization 613 Total		588	356
	Depreciation and amortization	Depreciation and amortization expenses	(105)	(59)
	Depreciation and amortization Total		(105)	(59)
Result			205	122

In H1 2018, the segment posted increase in its result of 67,39% or BGN 82 thousand compared to H1 2017.



10.2.6 SEGMENT RETAIL & UTILITY

Companies in Sirma Group, which operate in the segment Retail: Sirma Solutions, Sirma USA.

Vertical	Product, service, solution	Use
Retail & Utility	Comprehensive solution for in-store marketing – MarketVidia	Facial recognition with high precision
	Platform for management of loyalty programs LOYAX	Demographic identification
	Marketing and forecast analytics for consumer behaviour	Automated data collection
	Mobile OCR	Heatmap analysis in stores
	Chatbot, intelligent assistants	Improvement of customer experience
		Multi-channel communication
		Security – national, corporate

WHAT WE DID IN H1 2018?

Began the development of the Chatbot platform "Melinda".
The development of a surveillance system based on facial recognition technology has begun.

FINANCIAL RESULTS OF THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Retail & Utility	Revenues	Revenues from sales of services	63	85
	Revenues Total		63	85
	Expenses without depreciation	Other expenses	(1)	(10)
		Expenses for external services	(14)	(95)
		Wage expenses (wages)	(312)	(371)
		Material expenses	(3)	(2)
		Social Security expenses	(38)	(43)
	Expenses without depreciation Total		(367)	(520)
	Capitalization 613	Depreciation and amortization expenses	77	2 737
		Wage expenses (wages)	102	257
		Social Security expenses	14	31
	Capitalization 613 Total		192	3 025
	Depreciation and amortization	Depreciation and amortization expenses	(78)	(2 739)
	Depreciation and amortization Total		(78)	(2 739)
	Result		(190)	(148)

In H1 2018 the segment result decreased by BGN 42 thousand compared to H1 2017.



10.2.7 SEGMENT HEALTHCARE & LIFE SCIENCES

The company within Sirma Group, which mainly operates in the segment Healthcare: Sirma Medical Systems JSC.

PRODUCTS, SERVICES AND SOLUTIONS OF SIRMA GROUP IN THE SEGMENT HEALTHCARE:

Vertical	Product, service, solution	Use
Healthcare & Life sciences	Intelligent mobile application for control of diabetes – Diabetes: M	Diabetes management
	Platform for comprehensive monitoring of chronic diseases	Process optimization in various clinics and hospitals
	Software platform for management of healthcare institutions	Collection, access and sharing of information for health or sickness
	Personal health terminal – electronic patient file	

WHAT WE DID IN H1 2018?

The "Diabetes M" application was presented to "Advance technologies and treatments of diabetes" in Vienna. Finished product development of "MPI 2" and the product was launched. Successfully completed the pilot phase of a semantic search project at a major pharmaceutical company in Switzerland. The new versions of Rank and FactForge

demo apps, developed in partnership with the Drug Bank dataset for our Life Science & HealthCare customers, are available for public access. The Diabetes M application has entered the list of best diabetes applications according to healthline.com. B2B sales of Diabetes M to dieters in the UK began.

FINANCIAL RESULTS OF THE SEGMENT

Segment	Indicator	Detailed indicator	30.6.2018 BGN '000	30.6.2017 BGN '000
Healthcare & Life sciences	Revenues	Other operating revenue	10	-
		Revenues from sales of services	378	276
	Revenues Total		388	276
	Expenses without depreciation	Other expenses	(15)	(1)
		Expenses for external services	(49)	(51)
		Wage expenses (wages)	(227)	(162)
		Social Security expenses	(19)	(15)
	Expenses without depreciation Total		(309)	(228)
	Unfinished production 611	Other expenses	6	-
		Wage expenses (wages)	27	-
		Social Security expenses	3	-
	Unfinished production 611 Total		36	-
	Capitalization 613	Depreciation and amortization expenses	11	11
		Wage expenses (wages)	46	141
		Social Security expenses	5	14
	Capitalization 613 Total		62	165
	Depreciation and amortization	Depreciation and amortization expenses	(11)	(11)
	Depreciation and amortization Total		(11)	(11)
Result			166	202

In H1 2018 the segment result decreased by BGN 36 thousand compared to H1 2017.



11 INVESTMENTS BY COMPANIES

For information on company investments, please see Appendix 4.

12 MAIN MARKETS

Consolidated earnings of Sirma Group Holding for the historical period under review are of different nature and geographic origin. Traditionally, revenues from services and goods have the highest share. At the same time, Europe, North America and the United Kingdom are at the forefront of geographic distribution of earnings. Revenues by region and countries are presented in the following table.

REVENUE BY REGIONS AND COUNTRIES:

Region	30.6.2018 BGN '000	30.6.2017 BGN '000	Change BGN '000	Change %
Australia	3	50	(47)	-94,00%
Asia	105	408	(303)	-74,26%
Africa	26	17	9	52,94%
Europe	18 879	11 122	7 757	69,74%
United Kingdom	4 961	4 216	745	17,67%
South America	30	14	16	114,29%
North America	4 456	6 174	(1 718)	-27,83%
Total	28 460	22 001	6 459	29,36%

"Sirma Group Holding" JSC and the companies from the Group realize their production and services without geographical restrictions. However, traditionally the highest sales Group generates in Europe and North America. These, together with United Kingdom revenues, occupy traditionally 99,42 % of the total amount of consolidated revenue. Nevertheless, due to the exceptional diversification of its products and services, which are applied in many different sectors and customers, we can not talk about any dependence of the Group on individual clients or on particular service



Countries	30.6.2018 BGN '000	30.6.2017 BGN '000	Change BGN '000	Change %
Albania	27	19	8	44,93%
Austria	1 156	601	555	92,40%
Belgium	713	16	697	4270,34%
Bulgaria	13 452	8 914	4 538	50,91%
Canada	581	839	(258)	-30,73%
Czech Republic	21	11	10	99,91%
Denmark	11	117	(106)	-90,59%
Egypt	14	17	(3)	-15,43%
Germany	1 549	180	1 369	759,66%
Gibraltar	1	96	(95)	-98,96%
Great Britain (UK)	4 908	4 216	692	16,41%
Greece	271	25	246	1003,71%
Italy	128	153	(25)	-16,30%
Japan	19	62	(43)	-69,18%
Netherlands	95	44	51	114,63%
Norway	68	3	65	2260,77%
Portugal	12	58	(46)	-79,46%
Romania	137	91	46	49,96%
Singapore	5	58	(53)	-91,41%
Serbia	278	-	278	n/a
Switzerland	801	127	674	532,58%
Trinidad and Tobago	47	418	(371)	-88,76%
United Arab Emirates	10	261	(251)	-96,17%
Virgin Islands (British)	53	43	10	22,00%
United States	3 802	5 336	(1 534)	-28,74%
Others	301	297	4	1,35%
Total	28 460	22 001	6 459	19,85%

13 INFORMATION

13.1 IMPACT OF EXCLUSIVE FACTORS

The information in this report is not affected by the presence of exceptional factors.

13.2 SUMMARY INFORMATION RELATING TO THE STATE OF WHICH THE COMPANY DEPENDS ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR FROM NEW PRODUCTION PROCESSES

Sirma Group Holding is not dependent on patents or licenses, industrial, commercial or financial contracts, as well as new production processes.

For all employees of the Company, it has the appropriate licenses for operating systems and application software for PCs and servers required for the normal workflow.



13.3 INFORMATION CONCERNING SIGNIFICANT FACTORS INCLUDING NON-ORDINARY OR RARE EVENTS OR NEW DEVELOPMENTS WHICH DETERMINE THE INCOME OF THE COMPANY'S ACTIVITY

There are no significant factors, including unusual or rare events or new developments that materially affect the Company's revenue and future investments.

13.4 SIGNIFICANT CHANGES IN NET SALES OR REVENUES DISCLOSED IN THE ACCOUNTS

Significant changes in net sales or earnings as reported in the Company's statements and detailed in Section 14.1 of this Report are observed during the period considered.

13.5 INFORMATION ON GOVERNMENTAL, ECONOMIC, FISCAL, MONETARY POLICY OR POLITICAL COURSE OR FACTORS WHICH HAVE INFLUENCES SIGNIFICANTLY OR MAY INFLUENCE SIGNIFICANTLY, DIRECTLY OR INDIRECTLY THE ACTIVITY OF THE COMPANY

During the period under review, there were no factors of government, economic, fiscal, monetary or political factors which had a significant impact on the company's operations.

The main factors that may affect the Company's operations and how it manages the risk are described in the Risk Factors of this document.

13.6 SUMMARY INFORMATION RELATING TO THE STATE OF WHICH THE COMPANY DEPENDS ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR FROM NEW PROCESSING PROCESSES

In the economic group of Sirma Group Holding there are currently no activities dependent on foreign patents. In their product development, Ontotext and Sirma Enterprise Systems have integrated and developed software components that are based on open source software but are under licensing regimes (LGPL - "General public right GNU Free Software Foundation, BSD License - Berkeley Software Distribution Licensing Software, USA, Apache License, Apache Software Foundation, US), which do not restrict commercial use or otherwise to restrict their freedom by

ordering them Nittel comprehensive software solutions, including transfer copyright on them.

For the jobs of all employees in the Company's economic group, all companies have the appropriate licenses for operating systems and application software for PCs and servers required for the normal workflow in each particular company.

13.7 MAIN EVENTS AND MAIN BUSINESS NEWS IN H1 2018

Information of events and business news in H1 2018 can be found in Appendix 3.



13.8 MAIN LEGAL INFORMATION IN H1 2018

13.8.1 Litigation for the period 01.01.2018 - 30.06.2018:

JUDICIAL JUDGMENTS

“SIRMA ISG” OOD AGAINST INSURANCES “SOFTWARE RETAIL” EOOD

Claims amount: 158 283 BGN, of which:

- 100 000 BGN - filed as a partial claim for compensation for damages from the total amount due, amounting to 538 971.27 BGN representing damages for non-performance of contractual obligations
- 58 283 BGN. - price of settling claim for establishing the existence of a legal relationship under a license agreement from 01.06.2011 - Reason for the objectively connected claims: Art. 79 of the LOC, Art. 82 LOC

„SIRMA ISG” OOD AGAINST TIANKO SASHKOV LATEV

Claims amount: 69 162,19 BGN of which::

- 50 000 BGN - filed as a partial claim for compensation for damages, expressed as expenses incurred from a total amount due from 311 524 BGN
- 11 162,19 BGN - representing indemnity for damages, expressed as unaccountable material means
- 8 000 BGN - representing damages in the form of the lost benefit

Grounds for claims: Art. 45 of the LOC in relation to Art. 145 TL, Art. 36 LPC and Art. 142 TL

There are no lawsuits filed against the company for the period



14 CONSOLIDATED FINANCIAL RESULTS

14.1 CONSOLIDATED REVENUES

Consolidated revenues in H1 2018 includes:

	30.6.2018	30.6.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Operating revenues from the sale of goods	10 522	8 688	1 834	21,11%
Operating revenues from sales of services	17 630	13 035	4 595	35,25%
Revenues from financing	89	89	0	-0,52%
Operating revenue from others	219	189	30	15,85%
Total	28 460	22 001	6 459	29,36%

Consolidated revenues grow steadily at a high rate of 29,36% or BGN 6 459 thousand during the period considered, which is in line with the upward trend in the business sector of the Group. The increase in consolidated revenues is due both to the attraction of new customers and to the increase in the volumes of existing ones.

The largest share in the increase of consolidated revenues is the consolidated revenues from sales of services, increased by BGN 4 595 thousand or by 35,25% compared to the previous period, followed by consolidated revenues from sales of goods, increased by BGN 1 834 thousand or by 21,11% compared to H1 2017.

Revenues from sales of services by type:

Type of service	30.6.2018	30.6.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Backup services	47	36	11	28,92%
MAN connectivity	14	11	3	22,18%
Subscriptions	1 912	1434	478	33,34%
Administrative, accounting services	10	10	0	0,00%
Outsourcing services	30	21	9	45,61%
Installation fee	1	1	0	45,77%
Internet	53	55	(2)	-4,48%
Co-location	43	44	(1)	-1,77%
Consulting services	3 358	1 820	1 538	84,55%
Consumables	75	82	(7)	-8,18%
Rental of software license	110	78	32	40,82%
Rental of hardware and licenses	40	43	(3)	-7,47%
Cabinet rental	91	89	2	2,60%
Rents	2	1	1	233,33%
Cloud Services	393	354	39	10,97%
Training	25	45	(20)	-44,12%
License revenues	367	1 403	(1 036)	-73,84%
Revenue from European Projects - IAS 20	249	473	(224)	-47,40%
System integration	4 054	494	3 560	721,24%
Software services	6 669	6 402	267	4,16%
Technical Support	66	82	(16)	-19,39%
Hosting	21	57	(36)	-63,29%
Total	17 630	13 035	4 595	35,25%



14.2 CONSOLIDATED STAFF EXPENSES

Consolidated staff costs include:

	30.6.2018	30.6.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Sick Leave	35	24	11	45,83%
Bonuses	597	-	597	n/a
Paid leave	409	529	(120)	-22,68%
Expenses for wages under civil contracts	45	149	(104)	-69,80%
Payroll costs for contracts for management and control	672	773	(101)	-13,07%
Social securities costs for civil contract	1	7	(6)	-85,71%
Social securities costs for contracts for management and control	19	46	(27)	-58,70%
Social securities costs for labour contracts	979	950	29	3,05%
Wage costs	7 839	8 004	(165)	-2,06%
Total	10 596	10 482	114	1,09%

During H1 2018 the staff on Labour Contracts in the Group decreased by 2,24% and the consolidated staff expenses increased by 1,09%.

Count of staff in the Group:

30.06.2018

Company	LC	CMC	Total
SIRMA ICS	9	1	10
DATICUM	9	6	15
ENGVIEW SYSTEMS SOFIA	42	5	47
SIRMA ENTERPRISE SYSTEMS	2	3	5
SIRMA BUSINESS CONSULTING	56	5	61
SIRMA GROUP HOLDING	24	8	32
SIRMA SOLUTIONS	140	7	147
SIRMA MEDICAL SYSTEMS	4	3	7
SIRMA GROUP INC.	0	0	0
SIRMA USA	5	1	6
S&G UK	0	1	1
SIRMA SHA	4	3	7
ONTOTEXT	54	3	57
Total	349	46	395



30.06.2017

Company	LC	CMC	Total
SIRMA ICS	11	1	12
DATICUM	10	6	16
ENGVIEW SYSTEMS SOFIA	37	5	42
SIRMA ENTERPRISE SYSTEMS	2	3	5
SIRMA BUSINESS CONSULTING	50	5	55
SIRMA GROUP HOLDING	26	8	34
SIRMA SOLUTIONS	143	7	150
SIRMA MEDICAL SYSTEMS	4	3	7
SIRMA GROUP INC.	5	1	6
SIRMA USA	4	2	6
S&G UK	0	1	1
SIRMA SHA	4	3	7
ONTOTEXT	58	3	61
ONTOTEXT USA	3	1	4
Total	357	49	406

14.3 CONSOLIDATED OPERATING EXPENSES

	30.6.2018	30.6.2017	Change
	BGN '000	BGN '000	BGN '000
Material expenses	(753)	(230)	-523
<i>Change in %</i>			227,39%
Expenses for external services	(6 021)	(2 665)	-3356
<i>Change in %</i>			125,93%
Depreciation and amortization of non-financial assets	(1 983)	(4 863)	2880
<i>Change in %</i>			-59,22%
Cost of goods sold and other current assets	(9 678)	(8 310)	-1368
<i>Change in %</i>			16,46%
Changes in stocks of finished products and incomplete production	1 430	216	1214
<i>Change in %</i>			562,04%
Capitalized own expenses	2 823	7 248	-4425
<i>Change in %</i>			-61,05%
Other expenses	(756)	(786)	30
<i>Change in %</i>			-3,82%
Total expenses	(14 938)	(9 390)	-5548
<i>Change in %</i>			59,08%

In H1 2018, consolidated operating expenses gradually increased in line with the Group's consolidated revenues. The highest share in consolidated operating expenses has consolidated external service costs (40,31%), followed by depreciation and amortization (13,27%).



14.4 CONSOLIDATED FINANCIAL INCOME / COSTS NET

	30.6.2018	30.6.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Financial costs	(634)	(613)	(21)	3,43%
Financial income	472	223	249	111,66%
Financial income / expenses net	(162)	(390)	228	-58,46%

Consolidated financial expenses increased by BGN 21 thousand or by 3,43 % in H1 2018, mainly due to the exchange rate differences on currency transactions. Financial income also increased by BGN 249 thousand or by 111,66%, mainly due to the increase in revenues from currency operations.

14.5 CONSOLIDATED ASSETS

Like the revenues, assets posted an increase of BGN 7 954 thousand or 6% over 2017. Traditionally, most of them, or 33,10%, occupy intangible assets, incl. Goodwill (13,91%), which is dictated by the activity of the Group and its ownership over a significant amount of software modules.

14.5.1 NON-CURRENT ASSETS

	30.6.2018	31.12.2017	Change	Change
Assets	BGN '000	BGN '000	BGN '000	%
Non-current assets				
Intangible assets	46 504	48 471	(1 967)	-4,06%
Property, plant and equipment	4 970	5 214	(244)	-4,68%
Investments in subsidiaries	222	222	-	0,00%
Investments in Associates	236	236	-	0,00%
Deferred tax assets	200	198	2	1,01%
Expenses for acquisition of fixed assets	40 691	36 737	3 954	10,76%
Goodwill	19 540	19 540	-	0,00%
Total	112 363	110 618	1 745	1,58%

Non-current assets increased by BGN 1 745 thousand or by 1,58% during H1 2018.

RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Several companies belonging to the Sirma Holding Group invest in R & D, patents and licenses. These companies are "Ontotext", "Sirma Solutions", "EngView Systems Sofia" and "Sirma Enterprise Systems". They incurred the following costs for the historical period considered:

	30.6.2018	31.12.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Sirma Solutions	675	559	116	20,75%
Ontotext	508	424	84	19,81%
EngView Systems Sofia	168	129	39	30,23%
Sirma Enterprise Systems	18	43	(25)	-58,14%
Total	1369	1155	214	18,53%



14.5.2 CURRENT ASSETS

Assets	30.6.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Current assets				
Inventories	4 495	2 576	1 919	74,50%
Trade receivables	11 094	9 098	1 996	21,94%
Receivables from related parties	2 434	2 460	(26)	-1,06%
Tax receivables	440	386	54	13,99%
Other receivables	1 536	1 114	422	37,88%
Prepaid expenses	326	164	162	98,78%
Money and cash equivalents	7 801	6 119	1 682	27,49%
Total	28 126	21 917	6 209	28,33%

Current assets increased by BGN 6 209 thousand or by 28,33% during H1 2018.

14.6 EQUITY

	30.6.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000
Main / Share Capital	59 361	59 361	0
<i>Change</i>			0,00%
Reserves	7 578	6 826	752
<i>Change</i>			11,02%
Retained earnings / (Accumulated loss) from previous years	18 284	15 513	2771
<i>Change</i>			17,86%
Non-controlling interest	23 863	25 221	-1358
<i>Change</i>			-5,38%
Changes resulting from purchased own shares	(475)	(475)	0
<i>Change</i>			0,00%
Total	108 611	106 446	2165
Change			2,03%

Equity during the period increased by BGN 2 165 thousand or by 2,03%.



14.7 CONSOLIDATED LIABILITIES

Like the consolidated assets, the consolidated liabilities increased by BGN 5 789 thousand or 22,19% in H1 2018, which can be traced back to the following tables.

14.7.1 NON-CURRENT LIABILITIES

	30.6.2018	31.12.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Non-current liabilities				
Provisions	177	177	-	0,00%
Long-term loans	8 953	1 924	7 029	365,33%
Finance lease liabilities	126	199	(73)	-36,68%
Financing (Grants)	58	159	(101)	-63,52%
Liabilities to suppliers	-	28	(28)	-100,00%
Deferred tax liabilities	1 335	1 335	-	0,00%
Total	10 649	3 822	6 827	178,62%

Non-current liabilities increased by BGN 6 827 thousand or by 178,62% in H1 2017.



LONG-TERM AND SHORT-TERM BANK LOANS

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit	Remaining obligation to 30.06.2018	Date of making the loan	Interest rate	Number of remaining installments	The amount of monthly installment	End date of the contract	Collateral
Loans in which the Issuer is a debtor											
Sirma Group Holding JSC	Eurobank Bulgaria	overdraft	BGN	2 200 000,00	1 498 189,00	11.8.2017	2,50%			31.7.2019	Pledge on shares – 1 373 548 of the share of Sirma Business Consulting AD, owned by Sirma Solutions, Pledge of Future and Current Cash Receivables and Stocks on the Open Account in Eurobank, Receivables Pledge of the Receivables under the Business Incubator Contract №BG161PO003-2.2.0012-C0001 / 02.02.2012; Contractual mortgage of a real estate located in Sofia, Mladost district, Tsarigradsko Shose Blvd 135, namely the 5th floor of the building (EUR 2 282 021)
Sirma Group Holding JSC	Societe Generale Expressbank	overdraft	BGN	2 000 000,00	0	8.8.2017	1 m. SOFIBOR +1,8%			31.8.2019	Pledge of 1 392 740 registered shares of the capital of Datium AD, owned by Sirma Solutions AD
Sirma Group Holding JSC	Unicredit Bulbank	investment	BGN	1 781 507,00	1 637 638,00	7.4.2017	3 m. SOFIBOR; premium 2.5%	107	16 495,00	7.4.2027	Office №1, 2, 3, 4, 5, 6, 7, 9, 11
Sirma Group Holding JSC	Allianz Bank Bulgaria	investment	EUR	123 000,00	65 320,00	18.12.2013	6m. LIBOR EUR + 4.75%, but not less than 4.75%	63	1 030,00	25.11.2023	Office №8 , 3th floor+ pledge of receivables totaling EUR 123,000



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Sirma Group Holding JSC	Unicredit Bulbank	investment	EUR	300 000,00	133 352,00	8.10.2013	3 m. EURIBOR + 4.45%	64	2 083,00	8.12.2023	Office №19; Office №20; Office №21 + pledge of receivables
											Pledge under the terms of LPO of the commercial enterprise Sirma Solutions JSC, Pledge of 2 443 682 (BGN 10) ordinary shares of Sirma Solutions' equity and 3,550 shares (BGN 1) from Sirma ISG Ltd. Pledge on all future receivables and current receivables available and future on the accounts of the account holder and third party debtors. Pledge of 270000 shares of the capital of SirmaICS JSC, 25000 shares of the capital of Flash Media JSC, 20000 shares of the capital of Sirma Mobile JSC
Sirma Group Holding JSC	Unicredit Bulbank	investment	BGN	9 780 000,00	7 824 000,00	26.1.2018	3M SOFIBOR; allowance 1,35%	6	120 000,00	26.7.2022	
								35	252 000,00		
Loans for which the Issuer is a guarantor											
Sirma Solutions		overdraft	BGN	420 000,00	415 723,00	30.5.2015	1 m. SOFIBOR + 2,9%			31.10.2018	Office №19; Office №20; Office №21 + pledge of receivables
Ontotext	Unicredit Bulbank	overdraft	EUR	460 000,00	0	30.5.2016	1 m. EURIBOR (but not less than 3.5%) in euro or 1 m. SOFIBOR (but not less than 2,9%) in BGN			31.10.2018	Ontotext - Contracts for 391 041 GBP + 848 316 GBP;
Sirma Enterprise Systems		overdraft	BGN	550 000,00	546 724,03	8.10.2013	1 m. SOFIBOR + 2,9%, but not less than 2,9%			31.10.2018	Office №19; Office №20; Office №21 + pledge on receivables + contract EUR 400 000.



Sirma Solutions	overdraft	EUR	810 000,00	688 807,00	30.5.2015	1 m. EURIBOR + 2,9%	31.10.2018	3th Floor, 135 Tsarigradsko shose office building Sofia + pledge on receivables \$ 700,000 / annually by Sirma USA and all other receivables
Sirma Solutions	overdraft	EUR	700 000,00	224 312,00	30.5.2015	1 m. EURIBOR + 2,9%	31.10.2018n/ a	Another mortgage 3th floor, office building Tsarigradsko shose 135; Next mortgage Office №19; office №20; office №21 floor 4; Pledge under the terms of the Contract on receivables under Contracts concluded between Sirma Solutions AD and its clients in the total amount of BGN 9 210 022



14.7.2 CURRENT LIABILITIES

	30.6.2018	31.12.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Current liabilities				
Provisions	665	714	(49)	-6,86%
Pension obligations to the staff	1 357	1 434	(77)	-5,37%
Short-term loans	5 167	8 452	(3 285)	-38,87%
Finance lease liabilities	42	41	1	2,44%
Trade and other payables	8 545	4 815	3 730	77,47%
Short-term obligations affiliates	246	1	245	24500,00%
Tax obligations	380	1 078	(698)	-64,75%
Advances received	3 110	2 583	527	20,40%
Deferred income and financing	670	414	256	61,84%
Other liabilities	1 047	2 735	(1 688)	-61,72%
Total Current liabilities	21 229	22 267	(989)	-4,66%

Current liabilities decreased by 4,66% in H1 2018.

14.8 CASH FLOWS

The Group has no liquidity problems and operates with the available resources while maintaining a low level of indebtedness for the period under review. Traditionally, the largest pay-out in revenue streams is paid by customers, while the role of a negative item is paid by payments to suppliers and payments for staff and social security contributions.

SUMMARY OF CASH FLOW

	30.6.2018	30.6.2017	Change	Change
	BGN '000	BGN '000	BGN '000	%
Net cash flow from operating activities	403	1 693	(1 290)	-76,20%
Net cash flow from investing activities	(1 793)	(4 240)	2 447	-57,71%
Net cash flow from financing activities	3 072	3 132	(60)	-1,92%
Net change in cash and cash equivalents	1 682	585	1 097	187,52%
Cash and cash equivalents at the beginning of the year	6 119	6 075	44	0,72%
Cash and cash equivalents at the end of the year	7 801	6 660	1141	17,13%



14.9 INDICATORS AND RATIOS

№	Indicators	30.6.2018	31.12.2017/ 30.6.2017	Change	Change
		BGN '000	BGN '000	BGN '000	%
1	Revenue from operating activities	28 460	22 001	6459	29,36%
2	Cost of sales	(24 778)	(19 086)	-5692	29,82%
3	Gross profit / loss	3 682	2 915	767	26,31%
4	Other operating costs	(756)	(786)	30	-3,82%
5	Operating profit / loss	2 926	2 129	797	37,44%
6	Financial income	472	223	249	111,66%
7	Financial costs	(634)	(613)	-21	3,43%
8	Profit / loss before tax expense	2 764	1 739	1025	58,94%
9	Tax costs	-	-	0	n/a
10	Net profit / loss	2 764	1 189	1575	132,46%
11	Dividend	0	594	-594	-100,00%
12	Cash and cash equivalents	7 801	6 119	1682	27,49%
13	Inventories	4 495	2 576	1919	74,50%
14	Short-term assets	28 126	21 917	6209	28,33%
15	Total amount of assets	140 489	132 535	7954	6,00%
16	Average arithmetic total asset value for 5 quarters	131 229	124 097	7132	5,75%
17	Current liabilities	21 229	22 267	-1038	-4,66%
18	Debt	14 288	10 616	3672	34,59%
19	Liabilities (borrowed funds)	31 878	26 089	5789	22,19%
20	Equity	108 611	106 446	2165	2,03%
21	Equity averaged 5 quarters	106 053	104 168	1885	1,81%
22	Turnover capital	6 897	-350	7247	-2070,57%
23	Number of shares at the end of the period (in thousands)	59 361	59 361	0	0,00%
24	Gain / loss minority interest	1408	1519	-111	-7,31%
25	Interest expenses	231	189	42	22,22%
26	Weighted average price of last trading session	0,922	1,07	-0,148	-13,83%
27	Last price per share of last trading session	0,91	1,097	-0,187	-17,05%



Indicators	30.6.2018	31.12.2017/ 30.6.2017	Change %	Change
EBITDA	4 978	6 791	-1813	-26,70%
DEPRITIATION	(1 983)	(4 863)	2880	-59,22%
EBIT	2 764	1 739	1025	58,94%
FIN/INVEST NET	(162)	(390)	228	-58,46%
EBT	2 764	1 739	1025	58,94%
ROA	0,0097	-0,0025	0,0121	-487,64%
ROA(BSE)	0,0103	-0,0027	0,0130	-488,58%
Debt/EBITDA Ratio	2,8702	1,5632	1,3070	83,61%
Quick Ratio	1,1131	0,8686	0,2446	28,15%
ROE (BSE)	0,0165	-0,0042	0,0207	-494,70%
ROE	0,0261	0,0114	0,0146	128,33%
Debt/Equity Ratio (BSE)	0,2935	0,2451	0,0484	19,75%
Profitability ratios				
Gross profit margin	0,1294	0,1325	-0,0031	-2,35%
Operating profit margin	0,1028	0,0968	0,0060	6,24%
Net profit margin	0,0971	0,0540	0,0431	79,71%
Coefficients for assets and liquidity				
Assets turnover ratio	0,2205	0,1791	0,0414	23,11%
Assets turnover ratio (BSE)	0,2169	0,1773	0,0396	22,33%
Operating cycle	4,1264	-62,8600	66,9864	-106,56%
Current ratio	1,3249	0,9843	0,3406	34,60%
Quick ratio	1,1131	0,8686	0,2446	28,15%
Cash ratio	0,3675	0,2748	0,0927	33,72%
Odds per share				
P/S ratio	1,9231	2,8870	-0,9639	-33,39%
P/E ratio	19,8013	53,4199	-33,6186	-62,93%
P/B ratio	0,6634	0,7820	-0,1186	-15,16%
Revenue per share	0,4794	0,3706	0,1088	29,36%
Earnings per share	0,0466	0,0200	0,0265	132,46%
Book value of equity per share	1,7866	1,7548	0,0317	1,81%
Dividends ratio				
Divident payout ratio	0,0000	0,4996	-0,4996	-100,00%
Earnings retention ratio	1,0000	0,5004	0,4996	99,83%
Divident per share	0,0000	0,0100	-0,0100	-100,00%
Development Ratios				
Revenue growth	0,2936	0,3642	-0,0707	-19,40%
Gross profit growth	0,2631	2,1582	-1,8951	-87,81%
Assets growth	0,0600	0,1046	-0,0445	-42,60%
Leverage Ratios				
Debt/taotal assets	0,1089	0,0855	0,0233	27,27%
Debt/capital	0,1187	0,0925	0,0262	28,37%
Debt/equity	0,1347	0,1019	0,0328	32,20%
Total assets/equity	1,2374	1,1913	0,0461	3,87%
Market value of the company	54 019	65 119	-11100,51	-17,05%



14.10 RELATED COMPANIES TRANSACTIONS

Sales:

30.06.2018

Company	Type	Type of Connectivity	(BGN '000)
EngView Systems Sofia	Sale of service	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	5
Sirma Group Holding	Sale of service	Companies under common indirect control	5
Sirma Enterprise Systems	Sale of service	Companies under common indirect control	1
Total			12

30.06.2017

Company	Type	Type of Connectivity	(BGN '000)
Sirma Group Holding	Sale of goods	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	5
Sirma Group Holding	Sale of service	Companies under common indirect control	5
Total			11

Loans (balances):

30.06.2018

Company	Type	Type of Connectivity	(BGN '000)
Sirma Group Holding	loan	Other related parties	608
Sirma Enterprise Systems	loan	Other related parties	18
Sirma Business Consulting	loan	Other related parties	46
Sirma Solutions	loan	Companies under common indirect control	384
Sirma Solutions	loan	Other related parties	331

31.12.2017

Company	Type	Type of Connectivity	(BGN '000)
Sirma Group Holding	loan	Other related parties	608
Sirma Enterprise Systems	loan	Other related parties	18
Sirma Business Consulting	loan	Other related parties	46
Sirma Solutions	loan	Companies under common indirect control	284
Sirma Solutions	loan	Other related parties	331



14.11 PERSONNEL AND ECOLOGY

Sirma Group Holding maintains and observes its commitments in compliance with the national legislation in the field of environmental protection. The company applies measures for separate collection of waste, minimization, recovery and recycling of municipal waste. In 2018, the use of plastic cups stopped, and they were replaced with porcelain and glass.

The Company believes that its employees play a key role in the development of its business and the overall corporate goals and therefore pays special attention to the development of a common human resources management

strategy and policies. Sirma Group Holding's policies in this regard are aimed at stimulating the responsibility and motivation of the staff to fulfill the assigned tasks and objectives.

The company and the companies in the group apply certain selection criteria and consider that they have an ambitious team of professionals capable of pursuing the strategic and operational objectives. Sirma Group Holding invests in various training programs for its employees and provides its employees with opportunities for professional development.

DESCRIPTION OF ALL AGREEMENTS FOR THE PARTICIPATION OF THE EMPLOYEES IN THE CAPITAL OF THE COMPANY.

There are no arrangements for the participation of employees in the capital of Sirma Group Holding JSC. Some of the subsidiary companies of Sirma Group Holding JSC have options for the participation of key employees in the capital of the respective companies. As mentioned above in paragraph 7, the following subsidiaries have taken concrete steps in this direction:

- "Sirma Enterprise Systems" JSC bought back 13,902 registered voting shares (representing 10% of all shares) for the purpose of subsequent sale of key employees of Sirma Enterprise Systems AD (balance as at 30.09.2017 2 220 items). For this purpose, by decision of the sole owner of the capital from 15.09.2014, the redemption shares were transformed into a new class A.
- Sirma Solutions AD bought back 248,687 registered shares of the company, which consisted of 7.7% of the share capital of Sirma Solutions AD, held by the shareholder of Sirma Group Holding JSC. Purpose of redemption - Shares will be sold to key employees. For this purpose, with a decision of the GMS dated March 9, 2015, a part of the own shares were transformed and two

new classes of shares - Class A and Class B were created. At the date of this document, the balance of own shares is: 188,255 shares. shares.

- An amendment to the Articles of Association of Ontotext AD has created an option fund of the holders of ordinary shares, who have agreed to create an option fund of 1 210 215 shares for a term up to 31 March 2019 under which they are obliged to sell the included in the Optional Equity Fund, to option holders at a price per share equal to 1.17 BGN. Options of the Option Fund will be sold to key employees of the Company, key employees of subsidiaries and consultants of the Company and its subsidiaries on the fixed the previous sentence price according to the solution of the board of directors of Ontotext AD. The sale of ordinary shares under the Options Release Scheme will be made in proportion to all Shareholders holding Ordinary Shares included in the Option Fund.

There are no other options and / or arrangements for employee participation in the capital of one of the companies in the Group.

15 RISK FACTORS

THE WORDS USED IN THE REPORT AS "EXPECTS", "BELIEVES", "INTENDS" OR THE LIKE INSTRUCTIONS FOR STATEMENTS THAT ARE FORWARD-LOOKING IN NATURE AND / OR REFER TO FUTURE UNCERTAIN EVENTS AND CONDITIONS WHICH MAY INFLUENCE FUTURE BUSINESS AND FINANCIAL PLANS OF THE COMPANY, THE RESULTS OF ITS ACTIVITY AND THE FINANCIAL POSITION. WE WARN THE INVESTORS THAT THE ABOVE STATEMENTS ARE NOT A GUARANTEE FOR THE FUTURE RESULTS OF THE COMPANY'S ACTIVITY AND ARE THEMSELVES SUBJECT TO RISKS AND UNCERTAINTY. ACTUAL FUTURE RESULTS FROM THE COMPANY'S ACTIVITY MAY DIFFER SUBSTANTIALLY FROM THE FORECAST RESULTS AND EXPECTATIONS AS A RESULT OF MULTIPLE FACTORS INCLUDING THE RISK FACTORS LISTED BELOW. (THE SEQUENCE IN THE PRESENTATION OF THE RISK FACTORS INDICATES THE VIEW OF THE BOARD OF DIRECTORS REGARDING THEIR PARTICULAR SIGNIFICANCE FOR THE ACTIVITY OF THE COMPANY AT THE PRESENT TIME).

RISKS, TO WHICH INVESTORS IN SECURITIES MAY BE EXPOSED CAN BE BROKEN DOWN BY DIFFERENT CRITERIA DEPENDING ON THEIR NATURE, MANIFESTATION, FEATURES OF THE COMPANY, CHANGES IN EQUITY OF THE COMPANY AND THE POSSIBILITY OF RISK MITIGATION OR NOT. THESE MAY BE DIVIDED INTO TWO GROUPS: SYSTEMIC AND NON-SYSTEMATIC RISKS.

RISK MANAGEMENT

The management of the risks of Sirma Group Holding is the responsibility of the Board of Directors. In its activities, it is assisted by the Investment and Risk Committee. The Holding also supports its subsidiaries in risk management.

Risk management is, inherently, the ability to anticipate threats to the company's activities, individual projects and minimize their adverse effects. The process is iterative. It

starts with identifying the possible risks, goes through risk analysis and planning their management, then begins a process of monitoring and regular return to the analysis process.

A sophisticated risk management system has been set up in Sirma Group Holding.



RISK MANAGEMENT IN SIRMA GROUP HOLDING INCLUDES:

- Risk Identification - This is a lengthy process which detects potential threats. In order to identify the expected and predictable risks, different methods are used: questionnaires (interview questionnaires), interviews, brainstorming, document analysis, a list of expected and predictable risks, based on a previous experience

- Qualitative and quantitative risk analysis - Once the potential risks have been identified, a qualitative and quantitative analysis of each of them is required. The likelihood of occurrence and impact through predefined scales is estimated, for example Probability: very small, small, medium, large or very large; Impact: catastrophic, critical, permissible, insignificant.

A risk table is prepared with the data. Risks are grouped into categories, their likelihood of occurrence and their impact, as well as case scenarios which are implemented in case the risk occurs. The resulting list is sorted by impact and probability. A threshold is set, the risks over which it will be managed. The risk table is reviewed and reassessed on a regular basis, as there is a possibility that risks may be dropped, new ones added or ratings changed.

- Planning actions to overcome the risk

The next step in risk management is planning. This is the process of documenting the measures which will be applied to managing each of the identified key risks. 3 management strategies are used:

- risk avoidance - a strategy which reduces the likelihood of risk occurring;

- minimizing the risk-taking effect - a strategy that reduces the consequences of the risk;

- Emergency action plans - a strategy whereby the organization accepts the risk and is ready to deal with it if it comes to fruition;

As a result of the risk planning, a Risk Mitigation Monitoring and Management Plan is established. It may be a separate document or a set of information cards for each individual risk to be stored and managed in a database.

- Risk monitoring and control - This is the last activity in risk management process. This process has several main tasks:

- confirm the occurrence of a risk

- Ensure that activities to prevent or deal with risks are implemented

- Identify what risk has caused the relevant problems

- document information to be used in a subsequent risk analysis

15.1 SYSTEM RISKS

The general risks stem from possible changes in the overall economic system and, in particular, a change in the conditions of the financial markets. They can not be diversified, as all economic entities in the country are exposed to them.

Twenty-five years after the end of the planned economy in Bulgaria, a policy of economic reforms and stabilization aimed at the imposition and functioning of the principles of a free market economy is being pursued. As a result, business entities in Bulgaria have a limited history of activity in free market conditions. In this regard, Bulgarian companies, compared to Western companies, are characterized by a lack of experience in the market economy and limited capital resources, with which to develop their business. Bulgaria also has limited infrastructure to maintain the market system.

In Bulgaria, as in most transition countries, there is a trade deficit and a current account deficit. Our country is an importer of crude oil and energy resources. In this regard, increases in oil prices and energy resources reduce the competitiveness of the Bulgarian economy and, in addition, its dependence on oil and energy imports further exposes the economy to currency risks from unfavorable changes in the USD exchange rate against the Bulgarian Lev. The capital gains from privatization are expected to gradually decrease as the privatization program is completed.

15.1.1 Economic Growth

The interaction between economic growth and external indebtedness of the country has a direct impact on the formation and change of market conditions and the investment climate. Official statistics show real GDP and GDP growth per capita in recent years, which are in line with the government's development agenda.

According to published information from NSI, after the introduction of the currency board system in 1997, Bulgaria achieved macroeconomic stability and good indicators for economic development.

Delayed economic growth, not only in Bulgaria but also in other countries where the Company realizes its output, means reduced activity on the part of economic operators, where there is also a reduced level of investment in general and in particular in software solutions. In this respect, lower economic growth adversely affects the Company's activity and would prevent the future plans from being realized according to predefined parameters.

15.1.2 Political Risk

The political risk is the likelihood of a change in government, or a sudden change in its policy, the emergence of internal political turmoil and unfavorable changes in European and / or national legislation, resulting in a negative change in the environment in which local businesses operate, and investors to suffer losses.

The political risks for Bulgaria at international level are related to the commitments made to implement serious



structural reforms in the country as an equal member of the EU, increasing the social stability of the inefficient spending on the one hand, as well as the severe destabilization of the countries The Middle East, the increasing threats of terrorist attacks in Europe, refugee waves, and the volatility of key countries in the immediate vicinity of Bulgaria.

Bulgaria, as well as the other EU member states in the region, continues to be seriously affected by the common European problem of the intensive Middle East refugee flow.

Other factors that also affect this risk are possible legislative changes, particularly those that concern the economic and investment climate in the country.

15.1.3 Credit Risk

The credit risk of the country is related to the ability of the state to repay its obligations regularly. In this respect, Bulgaria is constantly improving its position on the international debt markets, which facilitates the access of state and economic agents to external financing. The most important effect of the credit rating improvement is the lowering of loan risk premiums, which leads to more favorable interest rates (on equal terms). For this reason, the potential increase in the country's credit rating would have a beneficial impact on the Company's activity and more precisely on its financing. On the other hand, lowering the credit rating of Bulgaria would have a negative impact on the cost of financing the Company unless its loan agreements are fixed-rate. The determination and measurement of this risk is carried out by specialized international credit agencies.

At the date of this document, the credit rating of the Republic of Bulgaria is as follows:

- Standard & Poors - Long-term BB +, short-term C, stable outlook both in foreign and local currencies;
- Moody's - Long-term Baa2 with a stable outlook for foreign and local currencies;
- Fitch Ratings - foreign currency long-term BBB- with stable outlook, short-term F3 with stable outlook and local currency long-term BBB with stable outlook.

Bulgaria continues to fund its needs under relatively good credit conditions, given the reduced long-term ratings. The quantitative easing policy of the European Central Bank implies the maintenance of historically low interest rates in Europe, from which it would stimulate the attraction of credit resources from all economic subjects, including the Company.

15.1.4 Currency Risk

Exposure to the currency risk is the dependence and effects of exchange rate fluctuations. The systemic currency risk is the probability of a possible change in the currency regime of the country (The Currency Board), which would either lead to a depreciation of the BGN or a rise in the BGN against foreign currencies. The currency risk will have an impact on companies with considerable market share, whose payments are made in a currency other than the BGN and the Euro. Since the Bulgarian Lev is fixed to the Euro in EUR 1 = BGN 1.95583 and the Bulgarian National Bank is obliged to maintain a level of Bulgarian BGN in circulation equal to the foreign currency reserves of the bank, the risk of depreciation of the BGN against the European currency is minimal and consists in the eventual early elimination of the Currency Board in the country. This seems unlikely at this stage as the expectations are that the Currency Board will be abolished when the Euro is adopted in Bulgaria as an official legal

tender. Theoretically, the currency risk could rise when Bulgaria joins the second stage of the European Monetary Mechanism (ERM II). This is a regime in which the country has to maintain the exchange rate against the Euro within +/- 15% against the central parity. In practice, all countries currently in the mechanism (Denmark, Estonia, Cyprus, Lithuania, Latvia, Malta) are experiencing fluctuations that are substantially lower than the $\pm 15\%$ allowed. The fixed exchange rate of the BGN to the Euro does not eliminate the risk of unfavorable movements of the Euro against other major currencies (US Dollar, British Pound, Swiss Franc) on the international financial markets, but at present the company does not consider that such a risk would have a significant impact on its activities. The Company may be affected by the currency risk depending on the type of currency of its revenue and the type of currency of potential borrowings of the company.

According to "External Debt Statistics: Guide for Compilers and Users", p. 7, par. 2.3, Gross external debt at a given time represents the amount of current and unconditional liabilities requiring principal (s) and / or interest on the debtor in a future moment due to non-residents by the residents of an economy. High gross external debt is a prerequisite for potential debt repayment problems, especially when there is a significant currency risk.

According to BNB preliminary data of 28.06.2018 gross external debt at the end of April 2018 r. was EUR 32 876.9 million (61.3% of GDP), down by EUR 431.9 million (1.3%) compared to the end of 2017 (EUR 33 308.8 million, 66.1% of GDP). Debt decreased by EUR 1460.6 million (4.3%) compared to April 2017 (EUR 34 337.5 million, 68.1% of GDP). At the end of April 2018 long-term deposits amounted to EUR 25 043.8 million (76.2% of gross debt, 46.7% of GDP), down by EUR 496.6 million (1.9%) compared to the end of 2017 (25 540.4 million euro, 76.7% of the debt, 50.6% of GDP). Long-term debt decreased by EUR 1349.3 million (5.1%) compared to April 2017 (26 393 million euro, 52.3% of GDP). Short-term liabilities amounted to EUR 7 833.2 million (23.8% of gross debt, 14.6% of GDP) and increased by EUR 64.8 million (0.8%) compared to the end of 2017 (7 768.4 million euro, 23.3% of the debt, 15.4% of GDP). Short-term external debt decreased by EUR 111.3 million (1.4%) compared to April 2017 (EUR 7 944.5 million, 15.8% of GDP).

15.1.5 Interest Rate Risk

The interest rate risk is related to possible negative changes in the interest rates established by the financial institutions in the Republic of Bulgaria.

At its meeting on monetary policy on 14 June 2018, the Governing Council of the ECB came to the conclusion that significant progress has been made so far towards a sustainable inflation adjustment. Already since the beginning of its asset purchase program (APR) in January 2015, The Governing Council has set its net asset purchases according to the extent of progress in sustaining the inflation rate to below but close to 2% in the medium term. On June 14, 2018, The Governing Council made a thorough review of the progress achieved, taking into account the latest Eurosystem staff macroeconomic projections, price and wage pressures and uncertainty about inflation prospects. As a result of the assessment, the Governing Council has concluded that significant progress has been made so far towards a sustainable inflation adjustment. With stable expectations of long-term inflation, the strengthening of the euro area economy and the continued substantial monetary stimulus create confidence that a sustained convergence of inflation to the target level set by the Governing Council will continue in the future and will be sustained even after the phasing out of net purchases of assets. According to the monetary



policy decisions of 14 June 2018 r. the current high degree of monetary stimulus will be maintained, thus ensuring further sustainable convergence to below but close to 2% over the medium term. A policy of significant monetary stimulus is still needed to support the further strengthening of domestic price pressures and overall inflation dynamics in the medium term. Such support will continue to be the net purchases of assets by the end of the year, the significant volume of assets acquired and the related reinvestment, and the ECB's improved benchmark for key ECB interest rates. In any event, the Governing Council is prepared to adjust all its instruments according to circumstances to ensure that inflation continues to steadily approach the target level set by the Governing Council.

The key interest rates set by the BNB for the period 01.01.2018 - 30.06.2018 is 0.00%.

15.1.6 Inflation Risk

Inflationary risk is a general price increase whereby money is depreciated and there is a likelihood of loss from households and firms.

According to NSI data, Inflation from the beginning of the year (June 2018 versus December 2017) was 1.1% and annual inflation for June 2018 against June 2017 is 3.2%. Average annual inflation for the period July 2017 - June 2018 compared to the period July 2016 - June 2017 is 2.2%.

The Harmonized Index of Consumer Prices for June 2018 against May 2018 r. is 100.5%, i. monthly inflation is 0.5%. Inflation from the beginning of the year (June 2018 versus December 2017) was 1.4% and annual inflation for June 2018 against June 2017 is 3.0%. Average annual inflation for the period July 2017 - June 2018 compared to the period July 2016 - June 2017 is 1.6%

Inflation for the period 01.01.2018 - 30.06.2018 is the following:

January 2018 - 0,3%
February 2018 - 0,3%
March 2018 - -0,3%
April 2018 - 0,4%
May 2018 - 0,3%
June 2018 - 0,1%

15.1.7 Risk from unfavorable changes in

15.2 NON-SYSTEM RISKS

Non-system risks are associated with the overall investment risk specific to the firm and the industry itself. Non-system risks can be divided into two types: sectoral risk related to the uncertainty in the development of the sector as a whole and general business risk - arising from the specifics of the particular company.

15.2.1 Industry Risks

The activity of the Company and of the companies within Sirma Group are exposed to various risks, including: 1) risks typical of the Information and Communication Technology (ICT) industry and 2) risks specific to the Company itself. Revenue and profit of the Company may be adversely affected by a number of factors: the financial market situation and the information and communication

tax and other legislation

The taxes paid by Bulgarian merchants include taxes at source, local taxes and fees, corporate income tax, value added tax, excise duties, export and import duties and property taxes. The tax system in Bulgaria is still developing. This may result in contradictory tax practices, both at state and local level.

Investors should also take into account that the value of the investment in shares may be adversely affected by changes in the current tax legislation, including its interpretation and application. In addition, tax legislation is not the only one that can undergo changes, and these changes adversely affect the Company's business. Although the bulk of Bulgarian legislation is already harmonized with EU law, the application of the law is subject to criticism by the European partners in Bulgaria. Judicial and administrative practice remains problematic: the Bulgarian courts are not able to effectively resolve disputes over property rights, breaches of legal and contractual obligations, etc., resulting in a systemic regulatory risk being relatively high.

Unfavorable changes to tax and other laws would lead to a worsening of the general conditions in which the Company operates, from wherever its future results may deteriorate. In particular, the increase in the corporate income tax and other taxes would reduce the ultimate disposable profit for new investments and / or the distribution of dividends to its shareholders.

15.1.8 Force Majeure Risks

Force majeure events such as natural disasters, sabotage, war and terrorist acts, and others may lead to unpredictable changes in investor and interest in the market for all shares, as well as, in particular, the shares of Sirma Group Holding. Some force majeure events do not provide for the possibility of insurance.

Force majeure events could seriously affect the Company's performance by reducing its ability to conduct normal business activities and cause an increase in some cost items.

technology market; the ability of the Company to ensure effective management, assessment of the different risks and economic feasibility of individual transactions, the economic climate in the country and others

15.2.2 Specific Company Risk

The company risk is related to the nature of the Company's business, as for every firm it is important that the return on the invested funds and resources is consistent with the risk associated with the investment.

The main company risk for Sirma Group Holding JSC is related to the possibility of reduction of the solvent demand for the products and services offered by the Group, as well as changes in the terms of sale of those products and services. The company risk may have an impact on the



growth of service and software solutions development contracts. Uncertainty can be measured by the variability of revenue earned over time. This means that the more volatile the revenues of a company, the greater the uncertainty of the company to realize a positive financial result, i.e. the risk for the investors, respectively the creditors, will be higher.

15.2.3 Operation Risk

Operational risks are related to the management of the company and can be expressed in the following:

- Making erroneous decisions for the ongoing management of the investment and liquidity of the company by the management staff;
- the inability of the management team to start the implementation of planned projects or lack of suitable personnel for this;
- key employees leaving and impossibility to recruit new ones;
- the risk of excessive spending on management and administration, leading to a reduction in the overall profitability of the company.

Various mechanisms will be used to optimize and manage this risk, including the following:

- sound investment policy;
- optimizing the structure, quality and return on assets of the Company;
- protection against unfavorable and undesirable external factors and attacks, etc.

15.2.4 Intellectual Property Protection

The protection of the intellectual property of the Group is crucial to its success. It uses a variety of tools to identify and control potential risks and to protect its intellectual property. These measures include application for patents, trademarks, and other brands and copyrights to prevent infringement of copyright and trademarks. Despite these efforts, the Group may not be able to prevent third parties from using or selling without permission what it regards as its own technology. All these measures provide only limited protection and its rights could be challenged or otherwise

affected. Any intellectual property may be vulnerable to disclosure or misuse by employees, partners or third parties. Third countries can independently develop technologies that are substantially equivalent to or better than the technology of the Company. In addition, a third party may reengineer or otherwise obtain and use technology and information that the Group considers to be its own. In this regard, the Company may not be able to protect its proprietary rights against unauthorized copying or third party use, which could have an adverse effect on the competitive and financial situation and lead to a decline in sales. In addition, the laws and courts of some countries may not offer effective protection of intellectual property rights.

15.2.5 Risk of concluding insider deals at prices differing from the market ones

The company is part of an economic group. The risk of engaging in transactions with Group entities, whose conditions differ from market at the date of the transaction is eliminated to the extent that the Company seeks to maintain a transparent policy regarding its relations and the treatment of related companies. As far as there are transactions in the economic group, they are concluded under standard market conditions at the moment of transaction and do not favor any of the parties.

15.2.6 Risk of asset depreciation

The impairment risk of assets is related to the possibility of reducing the carrying amount of the Company's assets. Possible impairment of tangible and / or intangible fixed assets would result in the need to account for an impairment loss. This, in turn, may worsen the Company's future financial performance as well as lead to a final negative financial result for an annual period. This in turn leads to the risk of not being able to distribute dividends to existing shareholders at this future moment, as well as a possible decrease in the market price of a shares of the Company due to the deteriorated financial indicators

15.3 RISK FACTORS, CHARACTERISTIC OF SHARE TRADED ON THE STOCK EXCHANGE

The risk of investing in securities is linked to the uncertainty and the inability to accurately predict future effects and the impact on the expected return on the investment made.

The main risk and uncertainty for the shareholders of Sirma Group Holding JSC is the probability that the investments in the company's shares will not retain its value, nor generate the expected return on them, due to a decrease in the price of the shares or a lack of other income (dividends) from them.

Sirma Group Holding JSC informs potential investors that investing in shares is associated with certain risks. Investors should carefully read and understand the risks associated with investing in shares of the current issue before making an investment decision.

Sirma Group Holding JSC seeks to maintain a low risk profile by maintaining low levels of financial and operational leverage, a high level of operational efficiency, the introduction of strict rules and procedures in the management of the activity and strict control over their compliance, diversification of the client base and suppliers.

The above makes the company resistant to external negative shocks, but nevertheless has significant risks for its business that could negatively affect the company's results.

15.3.1 Price Risk

The changes in the price of the shares of Sirma Group Holding JSC can be created both from the fundamental state of the Company - current and expected results from the activity and financial results as well as from the



economic and market conditions in Bulgaria and from the market and economic conditions in the world economy.

Shareholders should keep in mind that events that may cause sudden fluctuations in market prices of shares that have previously occurred on the Bulgarian capital market and in international financial markets may occur and that such fluctuations are likely to affect unfavorable price movements of the shares of Sirma Group Holding JSC.

The market value of the shares will be determined on the basis of supply and demand, and the share price may increase or decrease. These "price fluctuations" can cause a security to cost at a certain point much less than the value at which it is purchased. This price dynamic is particularly typical for the ordinary stock market, whose stock prices may be subject to sharp fluctuations as a result of publicly disclosed information about the Company's financial performance, changes in legislation and other material events.

A significant number of sales of the shares of Sirma Group Holding JSC for a certain period of time may have an adverse effect on the maintenance of their achieved price level. Such an event would result from a significant excess of the sellers of those shares over buyers in that period. At this point in time, the Issuer or a third party does not commit to maintaining a particular price level and a significant number of sales may lead to a decrease in that level.

The Company does not guarantee to investors that the price of its shares will remain stable and / or increase its value in the future. At the moment of preparation of this document, Sirma Group Holding JSC or, to the best of its knowledge, other persons, do not intend to purchase shares of the Company in order to preserve and / or increase the market price of the Company's shares after the increase of capital.

15.3.2 Liquidity Risk

Liquidity risk is directly related to the liquidity of the securities market itself and expresses the potential for short-term purchase or sale of the securities on the secondary market. The liquidity of the issue depends on the number of investors who will be interested in investing in the issue. The liquidity risk of the shares will also depend on the development of the equity market in terms of the volume and variety of instruments offered, the issuer's financial position, the ability of the local capital market to attract new investors,

Investors should keep in mind that the BSE is significantly smaller and less liquid than the securities markets in most developed market economies. Thus, for the shareholders of Sirma Group Holding JSC there is no guarantee that the listing of the shares of the Company on the BSE will guarantee their active trading and sufficient liquidity.

15.3.3 Inflation Risk

The manifestation of the inflationary risk for the shareholders of Sirma Group Holding JSC would arise in cases when the income from the shares (increase in the price and / or received dividends) were lower than the inflation for the investment period. The inflation processes leads to a decrease in the real yield that investors receive.

Although in the long run equity yields usually outweigh the inflationary processes in Bulgaria and other countries with a developed market economy, there is no guarantee for the investors in the shares of Sirma Group Holding JSC that their investment in shares of the Company will represent a real protection against inflation.

15.3.4 Dillution Risk

Pursuant to the Articles of Association of the Company no limitations on the maximum amount of future issues of shares are envisaged. For this reason, shareholder participation may be reduced as a result of a public offering if they do not exercise their rights and do not subscribe a proportionate share of the new shares. In the event that, as a result of a future public offering, the number of issued shares of the Company increases at a faster rate than the amount of the assets of the Company, it is possible to decrease the value of the assets per share of the Company.

15.3.5 Currency Risk

This current issue is denominated in BGN. Currency risk of the investment exists for investors whose funds are denominated in US dollars or currencies other than Lev and Euro, due to the constant exchange rate movements. Investors who take a currency risk in the purchase of the current issue would increase or reduce the effective return on their investment as a consequence of strengthening or weakening the BGN and EUR exchange rate against the currency in which the investor's funds are denominated.

Stability and high confidence in the credibility of the Currency Board in the country, as well as the relatively stable positions of the euro on international currency markets, reduce the existence of the currency risk to minimum levels.

15.3.6 Lack of an annual dividend payment guaranty

The financial results of the company depend on many factors, including the skills and professionalism of the management team, the development of the market in which the company operates, the economic development of the country and the region, etc. There is a risk for investors due to the lack of a guarantee for annual dividends payment.

15.3.7 Risk of change in the tax treatment of investments in shares

The risk of changing in the taxation of investments in securities is linked to the change in the current taxation regime for such instruments. The latter may be considered favorable, as capital gains are tax-exempt. Changes in capital gains tax, as well as other potential changes in the taxation of securities' investments, may have a negative impact on the final realized net result by an investor.

For additional information on the risk factors affecting the Group's activity, see Appendix 5.



16 INFORMATION ABOUT EVENTS AND INDICATORS WITH INCREASED NATURE OF THE COMPANY, HAVING A SIGNIFICANT EFFECT ON THEIR ACTIVITY AND THEIR INCOME AND EXPENDITURE; EVALUATION OF THEIR IMPACT ON RESULTS IN THE CURRENT YEAR.

There are no events and indicators with an unusual nature for the company that have a significant impact on its operations and its realized revenues and expenses; assessing their impact on results during the current year.

17 INFORMATION ABOUT OUT OF THE BALANCE SHEET TRANSACTIONS - NATURE AND BUSINESS PURPOSE, FINANCIAL IMPACT OF THE TRANSACTION ON ACTIVITY IF THE RISKS AND BENEFITS OF THESE TRANSACTIONS ARE ESSENTIAL FOR THE COMPANY AND THE DISCLOSURE OF THIS INFORMATION IS ESSENTIAL FOR ASSESSING THE FINANCIAL POSITION OF THE COMPANY.

There are no deals out of the balance sheet of the Company.

18 ANALYSIS AND FINANCIAL EVALUATION OF THE FINANCIAL RESOURCES MANAGEMENT POLICY WITH THE POSITION OF OPPORTUNITIES FOR THE SERVICE OF THE OBLIGATIONS, THE EVENTUAL THREATS AND MEASURES WHICH THE COMPANY WAS PREVENTED OR PROVIDED TO TAKE FOR THE PURPOSE OF REMOVING THEM.

The company successfully manages its financial resources and serves its duties in a normal and timely manner.

19 ASSESSMENT OF THE POSSIBILITIES FOR THE IMPLEMENTATION OF INVESTMENT INTENTIONS WITH THE SIGNIFICANCE OF THE AMOUNT OF EXPENDITURE AND THE EFFECTIVENESS OF THE POSSIBLE CHANGES IN THE STRUCTURE OF FINANCING THAT ACTIVITY.

The management estimates that it is possible to realize the investment intentions declared with the prospectus for initial public offering.

20 INFORMATION ABOUT OCCURRING CHANGES IN THE REPORTING PERIOD IN THE MAIN PRINCIPLES FOR THE MANAGEMENT OF THE COMPANY AND ITS ECONOMIC GROUP.

There were no changes during the reporting period in the company's main management principles and its economic group.

21 INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE FINANCIAL REPORTING PROCESSING INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM

Under Bulgarian law, the management should prepare an interim report on the operations and a financial statement for each quarter to give a true and fair view of the

Company's financial position as of the end of the year, financial performance and cash flows in accordance with the applicable accounting framework. Management's



responsibility also includes the implementation of an internal control system to prevent, detect and correct mistakes and false statements as a result of the accounting system's actions. In this respect, the management observes the following basic principles in its activities:

- adherence to a particular management and accounting policy disclosed in the financial statements;

- carrying out all operations in compliance with the laws and regulations; coverage of all events and operations in a timely manner, with the exact amount of the amounts in the appropriate accounting articles.

- accounts and the relevant reporting period so as to allow the financial statements to be prepared in accordance with the specific accounting framework;

- observance of the precautionary principle in the valuation of assets, liabilities, income and expenses;

- detection and termination of frauds and errors;

- completeness and regularity of accounting information;

- preparation of reliable financial information;

- adherence to international financial reporting standards and adherence to the going concern principle.

During the reporting period, there have been no changes in the basic principles of management of SIRMA GROUP HOLDING

22 INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY BODIES IN THE FINANCIAL YEAR.

During the period considered, after the decision of the General Meeting of Shareholders of Sirma Group Holding, held on 15.06.2017, based on article 20 from Regulation № 48/ 20.03.2013 regarding the remuneration requirements of FSC, members of the Remuneration committee were appointed:

Georgi Parvanov Marinov – chairman

Yordan Stoyanov Nedev - member

Petar Borisov Statev- member

23 DETAILS OF THE DIRECTOR FOR CONNECTIONS WITH THE INVESTOR, INCLUDING A TELEPHONE AND ADDRESS FOR CORRESPONDENCE.

Stanislav Tanushev

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24 CHANGES IN THE PRICE OF THE SHARES OF THE COMPANY

Market capitalization – BGN 54 018 071

Historical Data and Financial Ratios

Financial ratios provided by **X3 ANALYSES**

1 month	3 months	6 months	1 year	Select Period
Start Price -			1.088 BGN	2017.12.29
Last Price -			0.910 BGN	2018.06.29
MAX Price -			1.095 BGN	2018.01.05
MIN Price -			0.900 BGN	2018.05.31
Percent Change			-16.36% ▼	
Value Change			-0.178 ▼	
Market Capitalisation -			54 018 071 BGN	2018.06.29

ROA	0.02	ROA cons	0.04
ROE	0.03	ROE cons	0.06
ROA/EBIT	0.03	ROA/EBIT cons	0.12
ROE/EBIT	0.04	ROE/EBIT cons	0.18
Asset turnover	0.08	Asset turnover cons	0.42
Current ratio	3.35	Current ratio cons	1.38
D/E	0.14	D/E cons	0.17



25 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events after the end of the reporting period.

Sofia

CEO: 
Tsvetan Alexiev

