



Sirma Group

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF SIRMA GROUP HOLDING JSC FOR THE PERIOD ENDED 30.09.2018



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# 1/ GENERAL INFORMATION ABOUT SIRMA GROUP HOLDING JSC

**Sirma Group Holding JSC** is a holding company is registered on 25.04.2008 with the Registry Agency with UIC 200101236.

**Seat and registered office:** BULGARIA, Sofia (capital), Sofia municipality, city. Sofia, 1784,Mladost area, bul. Tsarigradsko Shosse, No 135.

**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 TO COMPANIES IN WHICH THE COMPANY HOLDS, FINANCE COMPANIES IN WHICH THE COMPANY PARTICIPATES, ORGANIZE ACCOUNTING AND COMPILING FINANCIAL STATEMENTS UNDER THE LAW OF ACCOUNTING. COMPANY MAY PERFORM INDEPENDENT BUSINESS ACTIVITY THAT IS NOT PROHIBITED BY LAW.

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

The capital of the Company is amended as follows:

Date	Size of capital
30.10.2015	59 360 518 BGN
23.10.2014	49 837 156 BGN
22.10.2010	73 340 818 BGN
15.10.2008	77 252 478 BGN
25.4.2008	50 000 BGN

**The company's capital is paid 100%.**

Non-monetary contributions - description:

1. Software representing 29 (twenty nine) software modules  
**Value: 61 555 838 BGN**
2. 81 960 number of ordinary registered shares of "Sirma Group" JSC, the company registered in the Commercial Register to the Registry Agency with UIC 040529004.  
**Value: 11 734 980 BGN**
3. Real Estate - Floor 3 of an office building "IT - Center Office Express" in Sofia, bul."Tsarigradsko Shosse " N 135 with an area 796, 50 square meters, pursuant to Deed of buying and selling real estate N 126, Volume I, reg. N 4551, case N 116 from 23.04.200. and 5 floor of an office building "IT - center office Express" in Sofia bul. " Tsarigradsko Shosse " N 135 with area 281.81 square meters, according to Deed of sale of real estate N 86, Volume 4, Reg. N 10237, Case N 592 of 23.12.2004  
**Value: 3 911 660 BGN**

"Sirma Group Holding" JSC is a public company under the Public Offering of Securities Act.



## 1.1 Distribution of share capital

As of 30.09.2018 the distribution of the share capital of Sirma Group Holding is as follows:

	30.09.2018 BGN '000	30.06.2018 BGN '000
Share capital	59 361	59 361
Number of shares (par value of 1.00 lev)	59 360 518	59 360 518
Total number of registered shareholders	1046	1022
Including legal entities	54	52
individuals	992	970
Number of shares held by legal entities	10 156 135	10 129 449
% Of participation of entities	17,11%	17,06%
Number of shares held by individuals	49 204 383	49 231 069
% Participation of individuals	82,89%	82,94%

As of 30.09.2018 Sirma Group Holding JSC posses repurchased 474 724 own shares with total amount of BGN 474 724.

As of 30.09.2018 Ontotext owns 550 shares of the parent company Sirma Group Holding JSC, with total amount of BGN 643,50.

Share capital allocation, including deduction of own shares:

Shareholders	Number of shares at 30.09.2018	Number of shares at 30.06.2018	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 877 374	2 877 374	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	4 865 753	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	5 269 748	1	5 269 748	8,88%	8,95%
Krasimir Nevelinov Bozhkov	2 871 314	2 914 542	1	2 871 314	4,84%	4,88%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	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	184 000	394 981	1	184 000	0,31%	0,31%
Peter Nikolaev Konyarov	1 271 910	1 271 910	1	1 271 910	2,14%	2,16%
Emiliana Ilieva Ilieva	2 303 495	2 303 185	1	2 303 495	3,88%	3,91%
Elena Yordanova Kozuharova	1 963 950	1 963 950	1	1 963 950	3,31%	3,34%
Ivo Petrov Petrov	983 550	893 350	1	983 550	1,66%	1,67%
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%
"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"	627 000	625 000	1	627 000	1,06%	1,06%
"Mandjukov" Ltd.	960 000	960 000	1	960 000	1,62%	1,63%
Others	10 650 740	10 489 041	1	10 650 740	17,94%	18,09%
<b>Total</b>	<b>59 360 518</b>	<b>59 360 518</b>		<b>59 360 518</b>	<b>100%</b>	<b>100%</b>



Shareholders holding more than 5% of the company's capital are:

Shareholders	Number of shares at 30.09.2018	% Shareholding	% shareholding 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 30.06.2018	% Shareholding	% shareholding 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%

## 1.2 Management authorities

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

**The Board of Directors as of 30.09.2018 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.**

**Current term of the Board of Directors is until: 27.07.2019**

**CEO of Sirma Group Holding is Tsvetan Borisov Alexiev.**

**The following committees have been established to the Board of Directors:**

Committee on investments and risk  
Remuneration Committee  
Committee for disclosure of information  
  
Audit Committee





**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED ON 30.09.2018**

The participation of members of the Board of Directors in the capital of the Company is as follows:

Shareholders	Number of shares at 30.09.2018	Number of shares at 30.06.2018	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 877 374	2 877 374	1	2 877 374	4,85%	4,89%
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	8,95%
Tsvetan Borisov Alexiev	4 865 753	4 865 753	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%
<b>Total</b>	<b>17 777 194</b>	<b>17 777 194</b>		<b>17 777 194</b>	<b>29,95%</b>	<b>30,19%</b>

Investor's Relationship Director is Stanislav Borisov Tanushev.

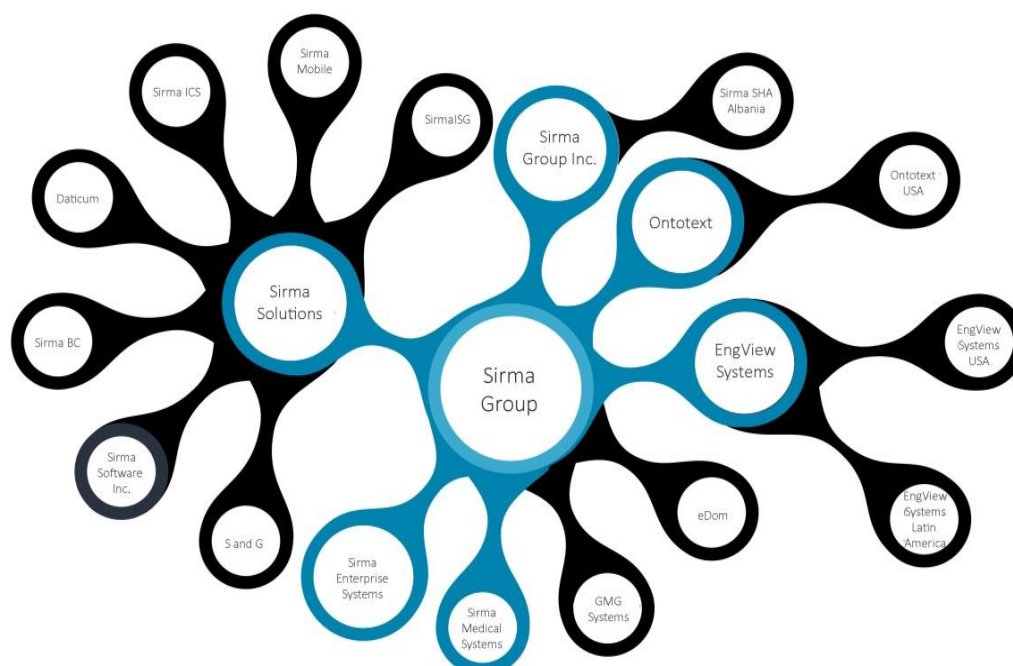
### 1.3 Structure of the Group and scope of activity

Sirma Group Holding JSC is a holding company that 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.

Due to lack of relevance in the consolidated statement of Sirma Group Holding JSC are not included the reports of Sirma Media, Flash Media, EngView Systems USA, EngView Systems Latin America, Sirma Sha, eDom and GMG Systems.



## PORTFOLIO OF SIRMA GROUP HOLDING JSC

### Subsidiaries of "Sirma Group Holding" JSC

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Percentage of capital with adjusted repurchased own shares at 30.09.2018	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	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	76,29%	76,29%	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
<b>Total</b>	<b>56 392</b>			<b>56 392</b>			<b>0</b>

### Subsidiaries of "Sirma Solutions"

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	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 Software Inc.	16 714	97,57%	17 630	97,57%	-916
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
<b>Total</b>	<b>19 869</b>		<b>20 785</b>		<b>-916</b>

### Subsidiaries of "Ontotext"

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Changes BGN '000
Ontotext USA	30	100,00%	30	100,00%	-

### Subsidiaries of "EngView Systems Sofia"

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Changes BGN '000
EngView Systems Latin America	7	95%	7	95%	0
EngView USA	9	100%	9	100%	0
<b>Total</b>	<b>16</b>		<b>16</b>		<b>0</b>

### Associated companies of "Sirma Group Holding" JSC

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Changes BGN '000
GMG Systems (IN LIQUIDATION)	214	19,93%	214	19,93%	0
E-DOM MANAGEMENT	7	35,00%	7	35,00%	0
<b>Total</b>	<b>221</b>		<b>221</b>		<b>0</b>





## Associated companies of “Sirma Solutions”

Company	Value of the investment at 30.09.2018 BGN '000	Percentage of capital at 30.09.2018	Value of the investment at 30.06.2018 BGN '000	Percentage of capital at 30.06.2018	Changes BGN '000
SEP Bulgaria	0	6,50%	0	6,50%	0
EYE BILL INTERACTIVE	0	34%	0	34%	0
EXCELL MANAGEMENT	0	34%	0	34%	0
Flash Media	0	50%	0	50%	0
Sirma Group Inc.	916	23,71%	0	0	916
Sirma Mobile	15	40%	15	40%	0
<b>Total</b>	<b>931</b>		<b>15</b>		<b>916</b>

For more information about the Group companies - Appendix 1.

## 1.4 Major events in Q3 2018

Information of major events and business news in Q3 2018 can be found in Appendix 3.

# 2/ SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE COMPANY

## 2.1. Basis for the preparation of the consolidated financial statements

The interim consolidated financial statements of Sirma Group Holding JSC have been prepared in accordance with all International Financial Reporting Standards (IFRSs), which are comprised of: Financial Reporting Standards and Interpretations Committee interpretations (IFRIC) the International Accounting Standards Board (IASB) and the International Accounting Standards and Interpretations Standing Interpretations Committee (SIC) interpretations endorsed by the International Accounting Standards Committee (IASB) effective in effect on 1 January 2018 and which have been adopted by the Commission of the European Union.

From the adoption of these standards and / or interpretations, effective for annual periods beginning on 1 January 2018, there have been no changes in the accounting policy of the Company except some new ones and the extension of already established disclosures without any other change - in the classification or evaluation of individual reporting objects and operations.

For more information - Appendix 2 - Summary of the significant consolidated accounting policies of Sirma Group Holding JSC.



# 3/ CONSOLIDATED REVENUES

Consolidated revenues in Q3 2018 includes:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Operating revenues from the sale of goods	18 583	14 742	3 841	26,05%
Operating revenues from sales of services	25 589	22 005	3 584	16,29%
Revenue from revaluation and sale of FA	13	0	13	n/a
Revenues from financing	253	134	119	88,81%
Operating revenue from others	270	276	-6	-2,17%
<b>Total</b>	<b>44 708</b>	<b>37 157</b>	<b>7 551</b>	<b>20,32%</b>

Consolidated revenues grow steadily at a high rate of 20,36% or BGN 7 551 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 3 584 thousand or by 16,29% compared to the previous period, and consolidated revenues from sales of goods, increased by BGN 3 841 thousand or by 26,05% compared to Q3 2017.

For the past three years, an average 41% of total consolidated revenue comes from recurring customers.

Revenues from sales of services by type:

Type of service	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Backup services	72	57	15	26,32%
MAN connectivity	23	19	4	21,05%
Subscriptions	2 698	2260	438	19,38%
Administrative, accounting services	20	15	5	33,33%
Outsourcing services	47	25	22	88,00%
Installation fee	2	1	1	100,00%
Internet	81	82	(1)	-1,22%
Co-location	65	65	-	0,00%
Consulting services	4 278	2 710	1 568	57,86%
Consumables	118	123	(5)	-4,07%
Rental of software license	166	119	47	39,50%
Rental of hardware and licenses	62	69	(7)	-10,14%
Cabinet rental	138	134	4	2,99%
Rents	2	1	1	100,00%
Cloud Services	597	1 171	(574)	-49,02%
Training	39	52	(13)	-25,00%
License revenues	773	1 769	(996)	-56,30%
Revenue from European Projects - IAS 20	429	599	(170)	-28,38%
System integration	3 639	4	3 635	90875,00%
Software services	12 130	12 528	(398)	-3,18%
Technical Support	102	116	(14)	-12,07%
Hosting	108	86	22	25,58%
<b>Total</b>	<b>25 589</b>	<b>22 005</b>	<b>3 584</b>	<b>16,29%</b>

The share of revenues from subscriptions, licenses and SAS services for the past three years is an average of 11% of the total consolidated revenues of Sirma Group Holding JSC.



#### Consolidated revenues by region:

Region	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Australia	3	59	(56)	-94,92%
Asia	166	508	(342)	-67,32%
Africa	29	17	12	70,59%
Europe	30 445	24 546	5 899	24,03%
United Kingdom	6 497	5 691	806	14,16%
South America	32	16	16	100,00%
North America	7 536	6 320	1 216	19,24%
<b>Total</b>	<b>44 708</b>	<b>37 157</b>	<b>7 551</b>	<b>20,32%</b>

"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 99,49% 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 services.

In Q3 2018 the Group sold products and services in 58 countries. The largest share of the consolidated revenues were from Bulgaria and amounted to BGN 22 785 thousand or 50,96% of total sales revenue, followed by USA with BGN 6 782 thousand or 15,17% and Great Britain by BGN 6 442 thousand or 14,36%.

## 4/ CONSOLIDATED EXPENSES

### 4.1/ CONSOLIDATED STAFF EXPENSES

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Sick Leave	42	32	10	31,25%
Bonuses	19	-	19	n/a
Paid leave	906	991	(85)	-8,58%
Expenses for wages under civil contracts	93	196	(103)	-52,55%
Payroll costs for contracts for management and control	951	1 144	(193)	-16,87%
Social securities costs for civil contract	2	9	(7)	-77,78%
Social securities costs for contracts for management and control	28	29	(1)	-3,45%
Social securities costs for labour contracts	1 447	1 455	(8)	-0,55%
Wage costs	11 458	11 650	(192)	-1,65%
<b>Total</b>	<b>14 946</b>	<b>15 506</b>	<b>(560)</b>	<b>-3,61%</b>

In Q3 2018 the staff on Labour Contracts in the Group decreased by 3,09% and the consolidated staff expenses decreased by 3,61%.



Count of staff in the Group:

### 30.09.2018

Company	LC	CMC	Total
SIRMA ICS	9	1	10
DATICUM	9	6	15
ENGVIEW SYSTEMS SOFIA	41	5	46
SIRMA ENTERPRISE SYSTEMS	2	2	4
SIRMA BUSINESS CONSULTING	56	5	61
SIRMA GROUP HOLDING	23	8	31
SIRMA SOLUTIONS	138	7	145
SIRMA MEDICAL SYSTEMS	4	3	7
SIRMA USA	5	1	6
S&G UK	0	1	1
SIRMA SHA	4	3	7
ONTOTEXT	54	3	57
<b>Total</b>	<b>345</b>	<b>45</b>	<b>390</b>

### 30.09.2017

Company	LC	CMC	Total
SIRMA ICS	10	1	11
DATICUM	10	7	17
ENGVIEW SYSTEMS SOFIA	38	5	43
SIRMA ENTERPRISE SYSTEMS	2	3	5
SIRMA BUSINESS CONSULTING	51	5	56
SIRMA GROUP HOLDING	23	8	31
SIRMA SOLUTIONS	145	7	152
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	57	3	60
ONTOTEXT USA	3	1	4
<b>Total</b>	<b>356</b>	<b>50</b>	<b>406</b>

## 4.2/ CONSOLIDATED OPERATING EXPENSES

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000
Material expenses	(1 353)	(964)	-389
<i>Change in %</i>			40,35%
Expenses for external services	(7 281)	(6 011)	-1270
<i>Change in %</i>			21,13%
Depreciation and amortization expenses	(2 963)	(7 184)	4221
<i>Change in %</i>			-58,76%
Cost of goods sold and other current assets	(16 556)	(13 427)	-3129
<i>Change in %</i>			23,30%
Changes in stocks of finished products and incomplete production	764	330	434
<i>Change in %</i>			131,52%
Capitalized own expenses	4 222	10 556	-6334
<i>Change in %</i>			-60,00%
Other expenses	(1 085)	(1 144)	59
<i>Change in %</i>			-5,16%
<b>Total expenses</b>	<b>(24 252)</b>	<b>(17 844)</b>	<b>-6408</b>
<i>Change in %</i>			35,91%

In Q3 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 expenses (30,02%), followed by depreciation and amortization (12,22%).



## 4.2.1/ CONSOLIDATED MATERIAL EXPENSES

Consolidated costs for materials include:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Water	2	3	(1)	-33,33%
Fuel for cars	37	35	2	5,71%
Others	5	24	(19)	-79,17%
Electricity	154	137	17	12,41%
Inventory	81	36	45	125,00%
Software protection	19	18	1	5,56%
Computer Components	12	26	(14)	-53,85%
Consumables for cars	3	1	2	200,00%
Consumables for computers	1	1	-	0,00%
Office maintenance and repair materials	22	4	18	450,00%
Heating	10	9	1	11,11%
Office supplies	12	22	(10)	-45,45%
Promotional materials	13	14	(1)	-7,14%
System integration	954	608	346	56,91%
Toner	2	2	-	0,00%
Hygienic materials	15	12	3	25,00%
Vehicle repair parts	11	12	(1)	-8,33%
<b>Total</b>	<b>1 353</b>	<b>964</b>	<b>389</b>	<b>40,35%</b>

During the period under review, consolidated material expenses increased by BGN 389 thousand or by 40,35%. The increase is mainly attributable to the increase in material expenses for system integration, which increased by BGN 346 thousand.

## 4.2.2/ CONSOLIDATED EXPENSES FOR EXTERNAL SERVICES

Consolidated expenses for external services include:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Subscriptions	403	316	87	27,53%
Administrative service	29	22	7	31,82%
Others	147	297	(150)	-50,51%
Insurance	59	33	26	78,79%
Internet	63	71	(8)	-11,27%
Fees and commissions	73	116	(43)	-37,07%
Consulting services	1 123	1 736	(613)	-35,31%
Courier, transport	37	34	3	8,82%
Mobile phones	51	80	(29)	-36,25%
Staff recruitment	13	19	(6)	-31,58%
Rental software license	175	143	32	22,38%
Rentals	524	629	(105)	-16,69%
Audit	16	23	(7)	-30,43%
Security	41	45	(4)	-8,89%
Parking	4	15	(11)	-73,33%
Maintenance and repair of vehicles	19	16	3	18,75%
Maintenance and repair of the office	47	10	37	370,00%
Cleaning	14	25	(11)	-44,00%
Translation services	3	1	2	200,00%
Marketing and Advertising	384	389	(5)	-1,29%
Repair of Comp. and office equipment	4	5	(1)	-20,00%
Connectivity	28	23	5	21,74%
Seminars and training	95	130	(35)	-26,92%
Software services	3 623	1 628	1 995	122,54%
Project subcontracting services	150	50	100	200,00%
Hosting	154	143	11	7,69%
Fixed phones	2	12	(10)	-83,33%
<b>Total</b>	<b>7 281</b>	<b>6 011</b>	<b>1 270</b>	<b>21,13%</b>

In Q3 2018 consolidated expenses for external services increased by BGN 1 270 thousand or by 21,13%. Growth was due mostly to the rise in software service expenses, which increased by BGN 1 995 thousand or by 122,54%.



## 4.2.3/ CONSOLIDATED OTHER EXPENSES

Consolidated other expenses include:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Local taxes and fees	64	119	(55)	-46,22%
Tax representative expenses	1	10	(9)	-90,00%
Donations	32	11	21	190,91%
Others	34	164	(130)	-79,27%
Business trips in the country	44	118	(74)	-62,71%
Business trips abroad	511	392	119	30,36%
Negotiations on commercial contracts	1	2	(1)	-50,00%
Entertainment expenses	59	57	2	3,51%
Differences in partial tax credit	4	10	(6)	-60,00%
Expenses without documents	39	37	2	5,41%
Social expenses	296	224	72	32,14%
<b>Total</b>	<b>1 085</b>	<b>1 144</b>	<b>(59)</b>	<b>-5,16%</b>

In Q3 2018, consolidated other expenses decreased by BGN 59 thousand or by 5,16%.

## 4.2.4/ CONSOLIDATED EXPENSES FOR DEPRECIATION AND AMORTIZATION

Consolidated depreciation and amortization expenses include:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Tangible assets	625	716	(91)	-12,71%
Intangible assets	2 338	6 468	(4 130)	-63,85%
<b>Total</b>	<b>2 963</b>	<b>7 184</b>	<b>(4 221)</b>	<b>-58,76%</b>

Amortization and depreciation expenses during the period decreased by 58,76% or by BGN 4 221 thousand.

Depreciation and amortization expenses	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Other intangible long term assets	100	99	1	1,01%
Other tangible long term assets	7	4	3	75,00%
Intellectual Property Rights and Software Modules	871	847	24	2,83%
Software Software Products - Acquired	65	75	(10)	-13,33%
Development products	840	4 985	(4 145)	-83,15%
Products for commercial applications	462	462	-	0,00%
Depreciation expenses of own buildings	76	110	(34)	-30,91%
Expenses for depreciation of computer equipment	383	428	(45)	-10,51%
Depreciation expenses of machinery and equipment	78	75	3	4,00%
Expenses of depreciation on mobile phones	7	8	(1)	-12,50%
Expenses for amortization of repairs of leased assets	10	12	(2)	-16,67%
Fixtures and fittings	24	21	3	14,29%
Vehicles	40	58	(18)	-31,03%
<b>Total</b>	<b>2 963</b>	<b>7 184</b>	<b>(4 221)</b>	<b>-58,76%</b>





#### 4.2.5/ CONSOLIDATED CAPITALIZED OWN EXPENSES

Capitalized own expenses	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
ONTOTEXT	726	1 555	(829)	-53,31%
SIRMA ICS	203	208	(5)	-2,40%
SIRMA SOLUTIONS	1 272	5 670	(4 398)	-77,57%
SIRMA ENTERPRISE SYSTEMS	-	642	(642)	-100,00%
ENGVIEW SYSTEMS SOFIA	879	522	357	68,39%
SIRMA GROUP HOLDING	1 063	765	298	38,95%
SIRMA MEDICAL SYSTEMS	79	269	(190)	-70,63%
S&G	-	173	(173)	-100,00%
SIRMA USA	-	752	(752)	-100,00%
<b>Total</b>	<b>4 222</b>	<b>10 556</b>	<b>(6 334)</b>	<b>-60,00%</b>

Capitalized expenses during the period decreased by 60% or BGN 6 334 thousand.

#### 4.2.6/ CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Changes in inventories of finished goods and work in progress	764	330	434	131,52%

#### 4.2.7/ COST OF GOODS SOLD AND OTHER CURRENT ASSETS

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Cost of goods sold and other current assets	16 556	13 427	3 129	23,30%



## 4.2.8/ CONSOLIDATED RESULTS BY SEGMENTS

The segment reporting in the Group is organized on the basis of the main business activities, performed by the Group companies:

30.09.2018 BGN '000	Core	Cross Industry	Financial sector	Health Care	Manufacturing	Market Intelligence, Publishing and Cultural Heritage	Retail	G&A for all sectors	Total
Revenues from sales of services	2 211	9 071	7 206	328	1 753	4 939	81		25 589
Revenues from sales of goods		18 563			20				18 583
Revenue from revaluation and sale of FA			13						13
Revenues from financing	120	134							254
Other operating revenues		217	21	12	11	9			270
<b>Total Revenues</b>	<b>2 331</b>	<b>27 985</b>	<b>7 239</b>	<b>340</b>	<b>1 784</b>	<b>4 949</b>	<b>81</b>		<b>44 708</b>
<b>Expenses without depreciation</b>									
Wage expenses (wages)	(1 259)	(3 575)	(3 070)	(312)	(1 420)	(955)	(438)	(2 440)	(13 469)
Social Security expenses	(105)	(392)	(357)	(26)	(163)	(91)	(53)	(291)	(1 477)
Expenses for external services	(623)	(2 742)	(1 475)	(51)	(407)	(766)	(21)	(1 196)	(7 281)
Material expenses	(1)	(1 084)	(85)		(41)	(1)	(3)	(137)	(1 353)
Book value of sold goods / production and assets		(16 541)			(15)				(16 556)
Other expenses	(24)	(113)	(345)	(16)	(83)	(49)		(455)	(1 085)
<b>Expenses without depreciation Total</b>	<b>(2 012)</b>	<b>(24 447)</b>	<b>(5 332)</b>	<b>(405)</b>	<b>(2 128)</b>	<b>(1 862)</b>	<b>(515)</b>	<b>(4 520)</b>	<b>(41 221)</b>
<b>Capitalization 613</b>	<b>1 745</b>	<b>1 034</b>	<b>203</b>	<b>79</b>	<b>879</b>		<b>237</b>	<b>45</b>	<b>4 222</b>
<b>Unfinished production 611</b>	<b>74</b>	<b>114</b>	<b>134</b>	<b>36</b>		<b>323</b>		<b>84</b>	<b>764</b>
<b>EBITDA</b>	<b>2 138</b>	<b>4 686</b>	<b>2 244</b>	<b>49</b>	<b>535</b>	<b>3 410</b>	<b>(197)</b>	<b>(4 391)</b>	<b>8 474</b>
<b>Depreciation and amortization</b>	<b>(889)</b>	<b>(874)</b>	<b>(229)</b>	<b>(11)</b>	<b>(172)</b>	<b>(7)</b>	<b>(118)</b>	<b>(663)</b>	<b>(2 963)</b>
<b>EBIT</b>	<b>1 249</b>	<b>3 812</b>	<b>2 015</b>	<b>38</b>	<b>363</b>	<b>3 403</b>	<b>(315)</b>	<b>(5 054)</b>	<b>5 511</b>



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED ON 30.09.2018

30.09.2017 BGN '000	Core	Cross Industry	Financial sector	Health Care	Manufacturing	Market Intelligence, Publishing and Cultural Heritage	Retail	G&A for all sectors	Total
Revenues from sales of services	2 065	6 822	4 579	375	2 272	4 875	1 016		22 004
Revenues from sales of goods		14 716			26				14 742
Revenue from revaluation and sale of FA									-
Revenues from financing		134							134
Other operating revenues		233	24		11	9			276
<b>Total Revenues</b>	<b>2 065</b>	<b>21 905</b>	<b>4 603</b>	<b>375</b>	<b>2 309</b>	<b>4 883</b>	<b>1 016</b>		<b>37 157</b>
<b>Expenses without depreciation</b>									
Wage expenses (wages)	(1 485)	(4 369)	(2 308)	(262)	(1 342)	(383)	(556)	(3 308)	(14 013)
Social Security expenses	(135)	(495)	(224)	(19)	(195)	(34)	(76)	(315)	(1 493)
Expenses for external services	(184)	(1 470)	(780)	(129)	(678)	(772)	(335)	(1 663)	(6 011)
Material expenses		(739)	(48)		(47)		(3)	(127)	(964)
Book value of sold goods / production and assets		(13 401)			(26)				(13 427)
Other expenses	(32)	(312)	(147)	(1)	(101)	(27)	(14)	(511)	(1 144)
<b>Expenses without depreciation Total</b>	<b>(1 836)</b>	<b>(20 786)</b>	<b>(3 507)</b>	<b>(411)</b>	<b>(2 390)</b>	<b>(1 215)</b>	<b>(983)</b>	<b>(5 924)</b>	<b>(37 052)</b>
<b>Capitalization 613</b>	<b>1 555</b>	<b>2 036</b>	<b>296</b>	<b>270</b>	<b>522</b>	<b>-</b>	<b>4 424</b>	<b>1 452</b>	<b>10 556</b>
<b>Unfinished production 611</b>	<b>326</b>	<b>4</b>							<b>330</b>
<b>EBITDA</b>	<b>2 110</b>	<b>3 159</b>	<b>1 392</b>	<b>233</b>	<b>442</b>	<b>3 668</b>	<b>4 457</b>	<b>(4 471)</b>	<b>10 991</b>
<b>Depreciation and amortization</b>	<b>(1 342)</b>	<b>(488)</b>	<b>(425)</b>	<b>(16)</b>	<b>(111)</b>	<b>(347)</b>	<b>(3 996)</b>	<b>(459)</b>	<b>(7 184)</b>
<b>EBIT</b>	<b>768</b>	<b>2 672</b>	<b>967</b>	<b>217</b>	<b>331</b>	<b>3 321</b>	<b>461</b>	<b>(4 931)</b>	<b>3 807</b>



## 5/ CONSOLIDATED FINANCIAL INCOME / COSTS NET

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Financial expenses	(721)	(806)	85	-10,55%
Financial income	532	312	220	70,51%
<b>Financial income / expenses net</b>	<b>(189)</b>	<b>(494)</b>	<b>305</b>	<b>-61,74%</b>

Consolidated financial expenses decreased by BGN 85 thousand or by 10,55 % in Q3 2018, mainly due to the exchange rate differences on currency transactions. Financial income increased by BGN 220 thousand or by 70,51%, mainly due to the increase in revenues from currency operations.

### 5.1/ CONSOLIDATED FINANCIAL INCOME

Consolidated financial income includes:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Interest income on deposits	2	12	-10	-83,33%
Interest income on loans	61	55	6	10,91%
Revenues from currency operations	469	245	224	91,43%
<b>Total</b>	<b>532</b>	<b>312</b>	<b>220</b>	<b>70,51%</b>

### 5.2/ CONSOLIDATED FINANCIAL COSTS

Consolidated financial costs include:

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Interest costs NRA	30	41	(11)	-26,83%
Interest costs	1	4	(3)	-75,00%
Interest costs on loans	199	137	62	45,26%
Interest costs on lease contracts	7	10	(3)	-30,00%
Costs on currency operations	383	532	(149)	-28,01%
Other financial costs	101	82	19	23,17%
<b>Total</b>	<b>721</b>	<b>806</b>	<b>(85)</b>	<b>-10,55%</b>

## 6/ CONSOLIDATED OTHER COMPREHENSIVE INCOME

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Other comprehensive income	1 272	925	347	37,57%
including other comprehensive income of non-controlling interest	413	176	237	134,99%
including other comprehensive income of equity holders of the parent company	859	749	110	14,65%
<b>Total comprehensive income</b>	<b>6 593</b>	<b>4 238</b>	<b>2 355</b>	<b>55,58%</b>
including total comprehensive income of the non-controlling interest	2 458	1 610	848	52,63%
including total comprehensive income of equity holders of the parent company	4 135	2 628	1 507	57,37%



## 7/ CONSOLIDATED ASSETS

Like the revenues, assets posted an increase of BGN 8 814 thousand or 6% over 2017. Traditionally, most of them, or 32,50%, occupy intangible assets, incl. Goodwill (13,82%), which is dictated by the activity of the Group and its ownership over a significant amount of software modules.

### 7.1. NON-CURRENT ASSETS

<b>Assets</b>	<b>30.9.2018 BGN '000</b>	<b>31.12.2017 BGN '000</b>	<b>Change BGN '000</b>	<b>Change %</b>
<b>Non-current assets</b>				
Intangible assets	45 942	48 471	(2 529)	-5,22%
Property, plant and equipment	4 949	5 214	(265)	-5,08%
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	42 099	36 737	5 362	14,60%
Goodwill	19 540	19 540	-	0,00%
<b>Total</b>	<b>113 188</b>	<b>110 618</b>	<b>2 570</b>	<b>2,32%</b>

Non-current assets increased by BGN 2 570 thousand or by 1,58% during Q3 2018.

#### 7.1.1. PROPERTY, PLANT AND EQUIPMENT

<b>Name of group of tangible assets</b>	<b>30.9.2018 BGN '000</b>	<b>31.12.2017 BGN '000</b>	<b>Change BGN '000</b>	<b>Change %</b>
Buildings and constructions	3 738	3 951	(213)	-5,39%
Machinery and equipment	84	128	(44)	-34,38%
Vehicles	77	95	(18)	-18,95%
Office furniture	170	100	70	70,00%
Computer equipment and mobile phones	777	856	(79)	-9,23%
Renovations of rented premises	103	84	19	22,62%
<b>Total</b>	<b>4 949</b>	<b>5 214</b>	<b>(265)</b>	<b>-5,08%</b>

### Pledge on fixed assets and other assets

As of September 30, 2018 there are established pledge on fixed tangible assets of the Group in relation to borrowings as follows:

- OFFICE № 8 / eight /, located in Sofia, Sofia District Mladost, on the 3rd (third) floor - II (second) office floor, in the building of "Tsarigradsko shose - 7 km" Blvd. (one hundred and thirty-five), elevation +7.45 (plus seven forty-five hundredths) meters, with a built-up area of 176.74 (one hundred and seventy-six whole and seventy four hundredths) sq.m, consisting of OFFICE ROOM, : northeast - office №7 (seven), southeast - corridor and staircase, southwest - yard, northwest - street, along with 4.631% (four hundred and sixty three one thousandth per hundred) IDEAL PARTS of the common parts of the building, which, according to a copy of a cadastral map with data from CRNI, is a building with identifier 68134.4081.392.1 / sixty-eight thousand one hundred and thirty-four point, four thousand eighty-one point, three hundred and ninety two, one, one, along the cadastral map and the cadastral registers of Sofia, Sofia, Reg. Sofia-city, approved by Order RD - 18 - 35 / 09.06.2011 of the Executive Director of AGKK, with address of the building - Sofia, st. 1000, 13 Tsarigradsko shosse Blvd., with an area of Sketch 999.00 sq.m. / ninety ninety-nine square meters /, with number of floors: 5, with purpose: Administrative, business building,



with previous plan number: none, old identifier: none, which building is located in a land plot with identifier № 68134.4081.392, and so ideal shares of the right to build on the yard in which the building was built, the whole of which has an area of 3 150 (three thousand one hundred and fifty) square meters, constituting a Regulated Land II-392 (second assigned for a plot of land number ninety-two) in the 11th (eleven) on the plan of the city of Sofia, (the first, assigned for a property number three hundred and ninety-two), street and UPI III-392 (third, assigned for property number three hundred and ninety-two), which, according to a copy of a cadastral map with data from CRNI, represents a land property with identifier 68134.4081.392 / sixty-eight thousand one hundred and thirty-four point four thousand eighty one point three hundred ninety-two / , on the cadastral map and cadastral registers of Sofia, Sofia, Reg. Sofia-city, approved by Order RD - 18 - 35 / 09.06.2011 of the Executive Director of AGKK, with address of the property - Sofia, Mladost district, 135 Tsarigradsko shose Blvd. sketch 3161.00 sq.m. / three thousand one hundred and sixty one square meters /, with a permanent purpose on the territory: Urbanized, with a permanent use: for another type of development, with a number according to the previous plan: 392, district: 11, plot: II, neighbors on the land property on sketch: property with identifier № 68134.4081.10, property with identifier № 68134.4081.48, property with identifier № 68134.4081.55.

Property Act - Decree on the assignment of immovable property dated 23.09.2013, on private enforcement agent Nedelcho Mitev, 43840, filed on 18.10.2013, volume CXXII, number 124

Contractual mortgage of 20.12.2013, Notary Deed 119, Volume X, Reg. No 26272, Case 1690 of 2013 for provision of credit from Allianz Bank Bulgaria AD at the amount of 123000 Euro.

- OFFICE 19 / nineteen /, with identifier 68134.4081.392.1.19 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. nineteen / with a built-up area of the office 99.21 / ninety nine and twenty one hundredths / sq.m, consisting of: office premises, neighbors, corridor, office №20 and neighbors with identified identifiers: the same floor: 68134.4081.392.1.20, under the object: none, above the building: none, together with 2.597% / two five hundred and ninety seven thousand per cent / ideal parts of the common parts of the building and so many ideal parts of the building right on the yard a place described below;

Contractual mortgage of 10.10.2013, Notary Act 80, Volume 20, number 38867, for securing an investment loan from Unicredit Bulbank AD at the amount of EUR 300000.

- OFFICE №20 / twenty /, with identifier 68134.4081.392.1.20 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. twenty / with an area of 144.39 / one hundred and forty-four and thirty-nine hundredths / sq.m., consisting of: office space, together with a terrace, with an area of 3.41 / three whole forty one hundredths / sq. in neighboring areas, according to architectural design: office №19, corridor, office №21 and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.19, 68134.4081.392.1.21, under the object: none, above the object : no, together with 3.784% / three hundred seven hundred and eighty four thousand per cent / ideal parts of the common parts of the building and so many ideal parts of the right to build on the yard described below;

Contractual mortgage of 10.10.2013, Notary Act 80, Volume 20 reg. Number 38867 ,. for securing an investment loan from Unicredit Bulbank AD amounting to EUR 100000.

- OFFICE N ° 21 / twenty-one /, with identifier 68134.4081.392.1.21 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. twenty-one), with an office area of 81.35 / eighty one and thirty-five hundredths / sq.m, consisting of: office premises, neighbors according to architectural project: office №20, corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.20, under the object: none, above the object: none, together with 2.132% / two whole thirty-two thousand per cent / common parts of the common parts of the building and so many common parts from the right to build on the yard, landed property with identifier 68134.4081.392 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two /, the whole of which is 3 150 / three thousand one hundred and fifty / square meters, constituting a regulated landed property II-392 / second for a property number three hundred and ninety-two /, from the 11th district / eleven / Sofia, Mladost area, Tsarigradsko Shosse Blvd. - 7 / seventh / kilometer, with neighbors: North - plot I-392, east and west - streets, south - plot III-392, 115, Volume 2, Case 247/2002

Act of Property under Items 1.2, 1.3, and 1.4 - Notary Deed of 10.10.2013, Number 181, Volume VII, Reg. No. 20818, Case 1214 of 2013

Contractual mortgage of 10.10.2013, Notary Act 80, Volume 20 reg. Number 38867 ,. for securing an investment loan from Unicredit Bulbank AD amounting to EUR 300,000.

- Floor 3 of the office building "IT-Center Office Express" in Sofia, 135 Tsarigradsko shosse Blvd. with a total area of 796,50 sq.m. Notary deed for the purchase and sale of immovable property № 126, Volume I, reg. № 4551, case № 116 of 23.04.2003.

Contractual mortgage from 13.06.2014, Deed of Deed 84, Volume I-1, Reg. No 2002, Case 63 of 2014 for provision of overdraft loan from Unicredit Bulbank AD at the amount of EUR 100000.





- Floor 5 of the office building "IT-Center Office Express" in Sofia, 135 Tsarigradsko shose Blvd., with an area of 281.81 square meters, according to the Notary deed for sale and purchase of real estate № 86, vol. 4, Reg. No. 10237, Case No 592 of 23.12.2004.

Contractual mortgage of 23/09/2014, Notary Act 37, Volume 18, Reg. No 36189, for the provision of an overdraft loan from ALIANZ BANK BULGARIA amounting to EUR 100000.

- OFFICE № 10 (ten), located in the high office building, built on 135 Tsarigradsko shosse Boulevard (one hundred thirty-five), located in the middle of the eastern part of the third (second office) floor of the building (elevation + 7.45 / plus seven whole forty-five hundredths /), with built-up area of 144.39 / one hundred and forty-four thirty-nine hundredths / sq.m., at boundaries: northeast - first office in number, counted from north to south, southeast - yard, northwest - corridor, as well as the deduction of the property 3.93% / three ninety and three hundredth per cent / common parts of the common parts of the building, corresponding to 44.32 / forty four and thirty-two hundredths / sq.m. built area and 3.93% / three hundred and ninety-three hundredth per cent / ideal parts of the right to build on the yard on which the building, which constitutes a regulated plot of land / plot № II-392 / second, allocated for a plot with a plot number three hundred and ninety-two (from the 11th district), according to the regulation of the territory of Tsarigradsko shose - 7 / seventh / kilometer, Sofia, approved by Order No. RD-09-50-631 of 20.11.1998, which property has an area of 3150 / three thousand one hundred and fifty / sq. meters and is at boundaries: northeast - UPI purpose number I-392 / first, assigned for a property with a numbering number three hundred and ninety-two /, southeast - street, southwest - plot / plot № III- 392 / third, assigned to property number three hundred and ninety-two / street, according to a Notary deed for the purchase and sale of real estate, entered in the Registry Office - Sofia with int. Reg. No 94655 / 17.12.2008, Act No 43, Volume CCXLL, Case No 66314/08;

Contract for financial leasing 05912-001 / 2014 dated 23.04.2014, concluded with "PIRAEUS LEASING BULGARIA" AD.

A Contractual Mortgage and a Contract for Special Pledge on Receivables to secure Contract № 100-1622 dated July 21, 2015 for overdraft loan from Eurobank Bulgaria AD at the amount of BGN 1 200 000.

- OFFICE with meeting room, cafeteria and service rooms (converted from restaurant), with identifier 68134.4081.392.1.22 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. twenty-two), located in the city of Sofia, district "Mladost", 136 Tsarigradsko Shose Blvd./155 / thirty-five /, in 5 / five / storey administrative, business building with identifier 68134.4081.392.1 / eight thousand one hundred thirty-four. four thousand eighty-one. three hundred and ninety-two. one / on the 5th floor / floor, in the attic of the building, elevation + 16.90 m., with a built-up area of the office 281.81 / two hundred eighty one one and eighty one hundredths / sq.m., to neighbors according to document for property: northeast - staircase and terrace, southwest - staircase and terrace, southeast - terrace and northwest - terrace, and neighbors with identified identifiers: on the same floor: none, under the object: 68134.4081.392.1.18, 68134.4081.392.1.19 , 68134.4081.392.1.20, 68134.4081.392.1.21, 68134.4081.392.1.17, over the object: none, together with 7.384% / seven whole three hundred eighty four thousand per cent / ideal parts of bshtite areas and the right to build on the land, land with ID 68134.4081.392 / sixty-eight thousand one hundred thirty-four. four thousand eighty-one. three hundred and ninety-two), the whole with an area of 3 150 (three thousand one hundred and fifty) square meters, constituting a regulated landed property II-392 (second, assigned for cadastre number three hundred ninety-two) in the 11th district ), according to the plan of Sofia, Tsarigradsko Shosse - 7th kilometer, with neighbors, according to a document of ownership: north - UPI I-392, south - UPI III-392, east and west - street.

- All current and future receivables arising from the Grant Agreement with BG161PO003-2.2.01-0012-C0001 under the Operational Program "Development of the Competitiveness of the Bulgarian Economy" 2007-1203 "under Priority Axis 2" Increasing the efficiency of businesses and the development of a favorable business environment ", Impact area 2.2. "Establishment of Business Support Infrastructure", Operation 2.2.2 "Establishment of Regional Business Incubators", which was signed between SIRMA GROUP HOLDING JSC and the Ministry of Economy, Energy and Tourism, Executive Agency for Promotion of Small and Medium Enterprises enterprises with contract

number BI-02-16 / 02.02.2012 and concluded with it Additional Agreement № BI-02-16-A-3 dated 27.01.2015 between SIRMA GROUP HOLDING JSC and the Ministry of Economy , through the Directorate-General for European Funds for Competitiveness, vein by the Contracting Authority grants under Component 1 and Component 2 of 500 293.50 BGN.

Contractual Mortgage E from 10.04.2017, Notary Act 127, Volume 3, Reg. No 6930, for securing an investment loan from Unicredit Bulbank AD at the amount of BGN 1 781 507.



- OFFICE № 1 / one /, with identifier 68134.4081.392.1.1 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. one / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 152.48 / one hundred and fifty-two forty and forty eight hundredths / sq.m, consisting of: one office space, , according to the ownership document: office №2, street, yard and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.2, under the facility: 68134.4081.392.1.50, above the site: 68134.4081.392.1.7 , together with 3.996% / three nine hundred and ninety-six thousandth per cent / ideal parts of the common parts of the building and the right to build on the site described below;
- OFFICE 2 (two), with identifier 68134.4081.392.1.2 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. two / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 176.56 / one hundred and seventy-six fifty-six hundredths / sq.m, consisting of: one office space, , according to the ownership document: office №1, street, Reg. III-392 and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.1, under the object: 68134.4081.392.1.50, above the site: 68134.4081. 392.1.8, together with 4.627% / four six hundred twenty seven thousand per cent / ideal parts of the common parts of the building and the right to build on the site described below;
- OFFICE № 3 / three /, with identifier 68134.4081.392.1.3 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. three / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 95.50 / ninety five fifty fifty hundredths / sqm, consisting of: one office space, with neighbors, for property: UPI III-392, yard with low body, office №4 and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.4, under the project: 68134.4081.392.1.50, above the building: 68134.4081 .392.1.9, together with 2.502% / two whole five hundred and two thousandth per cent / common parts of the common parts of the building and the right to build on the site described below;
- OFFICE № 4 / four /, with identifier 68134.4081.392.1.4 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. four / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 79.30 / seventy-nine thirty and thirty cent / sq.m, consisting of: one office space, for property: office №3, yard built with low body, office №5 and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.3, 68134.4081.392.1.5, under the project: 68134.4081.392.1.50 , above the site: 68134.4081.392.1.10, together with 2.078% / two hundred and seventy-eight thousandth per cent / common parts of the common parts of the building and the right to build on the site described below;
- OFFICE № 5 / five /, with identifier 68134.4081.392.1.5 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. five / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 79.40 / seventy-nine whole and forty hundredths / sq.m, consisting of: one office space, for property: office №4, yard built with low body, office №6 and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.4, 68134.4081.392.1.6, under the facility: 68134.4081.392.1.50 , above the site: 68134.4081.392.1.10, together with 2.081% / two hundred and eighty one thousand per cent / common parts of the common parts of the building and the right to build on the site described below;
- OFFICE № 6 / six /, with identifier 68134.4081.392.1.6 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. six / according to the scheme of the site on 1 / first / floor, elevation 4.30 m, with built-up area 81.30 / eighty one and thirty hundredths / sq.m, consisting of: one office space, with neighbors, according to document for property: office №5, yard built with low body, sanitary premises and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.5, under the project: 68134.4081.392.1.50, above the building: 68134.4081.392.1 .10, 68134.4081.392.1.11, together with 2.130% / two hundred and thirty thousand per cent / ideal parts of the common parts of the building and the right to build on the site described above;
- OFFICE № 7 (seven), with identifier 68134.4081.392.1.7 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. seven / according to the scheme of the site on 2 / second / floor, elevation 7.45 m, built-up area 153.04 / one hundred and fifty three and four hundredths / sq.m, consisting of: one office space, ownership document: street, office number 8, corridor, sanitary premises and yard, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.8, under the facility: 68134.4081.392.1.1, over the site: 68134.4081.392.1. 12, together with 4.010% / four ten thousandths per cent / ideal parts of the common parts of the building and the right to build on the site described below;
- OFFICE № 9 (nine), with identifier 68134.4081.392.1.9 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. nine / according to the scheme of the site on 2 / second / floor, elevation 7.45 m, with built-up area 99.15 / ninety nine and fifteen hundredths / sq.m, consisting of: one office space, with neighbors, for property: UPI III-392, yard built with low body, office №10



and corridor, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.10, under the project: 68134.4081.392.1.3, above the site: 68134.4081.392.1.12, together with 2.598% / two five hundred

and ninety-eight thousandth per cent / ideal parts of the common parts of the building and the right to build on the site described below and

- OFFICE № 11 / eleven /, with identifier 68134.4081.392.1.11 / sixty-eight thousand one hundred and thirty-four. four thousand and eighty-one. three hundred and ninety-two. one. eleven), according to the scheme of the site on the 2nd (second) floor, elevation 7.45 m, with built-up area 81.35 / eighty one and thirty-five hundredths / sq.m, consisting of one office space, according to a document of ownership: office №10, yard built with a low body, yard and sanitary premises, and neighbors with identified identifiers: on the same floor: 68134.4081.392.1.10, under the object: 68134.4081.392.1.6, above the site: 68134.4081.392.1.12, together with 2.132% / two hundred thirty-two thousandth per cent / ideal parts of the common parts of the building and the right to build on the yard, all the lot with an area of 3 150 / three thousand one hundred and fifty / square meters, constituting a regulated landed property II-392 / second for property cadastre number three hundred ninety-two /, from the 11th district / eleven /, according to the plan of the city of Sofia, "Tzarigradsko Shose" - 7 / seventh / kilometer, with neighbors: Regulated plot I-392, UPI III-392 and two streets.

As the only significant non-current tangible assets can be determined: the office-building owned by the Company - offices, floor 1, floor 2, floor 3, floor 5 and part of floor 4 of an office building, located in 135 Tzarigradsko Shosse Blvd., and servers and infrastructure equipment owned by Daticum JSC.

As of the date of this document, the Company does not plan the purchase of significant tangible fixed assets.

## 7.1.2. INTANGIBLE ASSETS

Name of the group of intangible assets and goodwill	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Goodwill	19 540	19 540	-	0,00%
Development products	5 584	6 423	(839)	-13,06%
Software products	49	114	(65)	-57,02%
Rights on Software Modules and Industrial Property	39 373	27 395	11 978	43,72%
Reclassified from held for sale to SENPAI embedded assets	-	13 511	(13 511)	-100,00%
Other intangible fixed assets	936	1 028	(92)	-8,95%
<b>Total</b>	<b>65 482</b>	<b>68 011</b>	<b>(2 529)</b>	<b>-3,72%</b>

### 7.1.2.1. GOODWILL

The management of the Group has made the necessary procedures to perform the statutory impairment test for goodwill recognized in the consolidated financial statements for the acquisition of subsidiaries. For this purpose, it is accepted that each individual company appears as a "cash-generating unit". The calculations were made by the management taking into account the estimates of independent licensed valuers as of December 31, 2015 and a detailed review was made as to whether events and facts appeared to indicate changes in the assumptions and judgments made by the end of 2015 at 30.09.2018 As a basis for cash flow projections (before tax), the financial budgets developed by the management of the respective companies and the Group as a whole, covering a three to five year period, as well as other medium- and long-term plans intentions for the development and restructuring of the activities within the Group. The recoverable amount of each cash-generating unit is determined on a "value in use" basis. The key assumptions used to calculate the recoverable value of each object are in the following ranges:

- Growth rate in the three (or five) year period - from minus 1% to 50%;
- EBITDA growth rate - basically in the range of 1% to 67%;
- post-forecast growth in terminal value calculation - 0%;
- Discount rate (based on WACC) - from 3% to 30%.

The key assumptions used in the calculations are specifically determined for each reputable company treated as a separate cash-generating unit and according to its specific business, business environment and risks. The tests and judgments of the Group's management for the impairment of recognized goodwill are made in the light of its projections and intentions regarding future economic benefits that the Group expects to obtain from its subsidiaries,



through the use of their internally-created trademarks, commercial experience and revenues generated and expected in future by them, securing positions on Bulgarian and foreign markets (development and preservation), expectations for future sales and restructuring of the activity, etc. For these reputations the analysis of reasonably possible changes in the key assumptions used to calculate the value in use shows that the carrying amount of the goodwill would be higher than the recoverable amount.

There is no change in Goodwill for the reporting period and it retains the amount of BGN 19 540 thousand:

	<b>30.09.2017 BGN '000</b>
<b>Acquired company</b>	
Sirma Solutions	11 754
EngView Systems Latin America	14
Panaton Soft. Ink. USA	1 863
Sirma Enterprise Systems	5 722
Ontotext	19
S&G Technology Services Ltd.	164
Sirma Business Consulting	4
<b>Total Goodwill</b>	<b>19 540</b>

### 7.1.3. EXPENDITURE ON THE ACQUISITION OF LONG-TERM INTANGIBLE ASSETS

	<b>30.9.2018 BGN '000</b>	<b>31.12.2017 BGN '000</b>	<b>Change BGN '000</b>	<b>Change %</b>
Expenditure on acquisition fixed assets	42 099	36 737	5 362	14,60%

### 7.1.4. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

During the reporting period, investments were recorded in the accounting records in EngView USA and EngView Latin America. These companies do not participate in the consolidated statement of Sirma Group Holding JSC, because they are not material.

The core business of Group companies is concentrated in the IT sector.

The parent company and its subsidiaries operate on the territories of the Republic of Bulgaria and the USA.

The shares of the subsidiaries are not traded on a regulated market.

### 7.1.5. DEFERRED TAX ASSETS

	<b>30.9.2018 BGN '000</b>	<b>31.12.2017 BGN '000</b>	<b>Change BGN '000</b>	<b>Change %</b>
<b>Deferred tax assets</b>				
Unused leave	73	71	2	2,82%
Depreciation	3	3	0	0,00%
Loss	16	16	0	0,00%
Impaired receivables	10	10	0	0,00%
Impairment of inventories	5	5	0	0,00%
Impairment of investments	65	65	0	0,00%
Unpaid amounts to individuals	23	23	0	0,00%
Taxed temporary difference on expense	5	5	0	0,00%
<b>Total</b>	<b>200</b>	<b>198</b>	<b>2</b>	<b>1,01%</b>



## 7.2. CURRENT ASSETS

Assets	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
<b>Current assets</b>				
Inventories	2 934	2 576	358	13,90%
Trade receivables	11 490	9 098	2 392	26,29%
Receivables from related parties	2 049	2 460	(411)	-16,71%
Tax receivables	315	386	(71)	-18,39%
Other receivables	2 862	1 114	1 748	156,91%
Prepaid expenses	344	164	180	109,76%
Money and cash equivalents	8 167	6 119	2 048	33,47%
<b>Total</b>	<b>28 161</b>	<b>21 917</b>	<b>6 244</b>	<b>28,49%</b>

Current assets increased by BGN 6 244 thousand or by 28,59% in Q3 2018.

### 7.2.1. INVENTORIES

Inventories are:

Assets	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Materials	100	86	14	16,28%
Goods	384	891	(507)	-56,90%
Other tangible assets	114	57	57	100,00%
Work in progress- projects	2 336	1 542	794	51,49%
<b>Total</b>	<b>2 934</b>	<b>2 576</b>	<b>358</b>	<b>13,90%</b>

### 7.2.2. RECEIVABLES FROM RELATED PARTIES

Consolidated receivables from related parties:

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Receivables on sale of goods and services	690	814	(124)	-15,23%
Commercial loans	1 358	1 645	(287)	-17,45%
Deposits provided	1	1	-	0,00%
<b>Total</b>	<b>2 049</b>	<b>2 460</b>	<b>(411)</b>	<b>-16,71%</b>

The balance of receivables is formed from receivables from companies not participating in the consolidation but related parties within the meaning of the law.

Sales receivables are interest-free and are in BGN, EUR or USD.

Typically, companies in the Group negotiate a payment term for sales receivables between 10 and 30 days, and for sales receivables of materials up to 90 days.

The Group has set a maximum credit period of up to 360 days for which it does not charge interest to the related party-related counterparties. The delay after this period was accepted by the Group as an indicator of impairment.

The management of the Group companies assesses the collection by analyzing the specific receivables and the condition of the debtor company as well as the circumstances of the delay and the repayment options and then decides whether to recognize and accrue impairment on an individual basis and to what extent.

Loans are provided for working capital to the respective counterparties. As of 31.12.2017 the loans are not further secured by a special pledge or guarantee.



*The conditions under which loans to affiliated companies are granted are as follows:*

Currency BGN	Amount agreed BGN '000	Maturity	Interest rate %	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
<b>Receivables from entities under indirect common control</b>							
Sirma ISG	254	31.12.2018	5,00%	254	250	4	1,60%
Sirma Media	18	31.12.2018	6,50%	18	18	-	0,00%
Pirina Technologies	590	31.12.2018	6,50%	590	591	(1)	-0,17%
Sirma ICS	250	31.12.2018	3,00%	250	250	-	0,00%
<b>Subsidiaries</b>							
Sirma Solutions	801	31.12.2018	3,75%	801	800	1	0,12%
Sirma Enterprise Systems	3 566	31.12.2018	5%, 5,5%	3 568	3 164	404	12,77%
Sirma Medical Systems	498	31.12.2018	5,00%	499	343	156	45,48%

All related party transactions are under market conditions and receivables are not secured.

### 7.2.3. TRADE RECEIVABLES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Receivables from customers	11 137	9 142	1 995	21,82%
Impairment of uncollectible receivables	(21)	(21)	-	0,00%
Provider advances made	374	212	162	76,42%
<b>Total</b>	<b>11 490</b>	<b>9 333</b>	<b>2 157</b>	<b>23,11%</b>

### Maturity analysis of trade receivables

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
up to 90 days	7 741	6 110	1 631	26,69%
from 91 to 180 days	1 709	1 906	(197)	-10,34%
from 180 to 360 days	452	203	249	122,66%
<b>Regular receivables up to 1 year</b>	<b>9 902</b>	<b>8 219</b>	<b>1 683</b>	<b>20,48%</b>
from 1 to 2 years	311	283	28	9,89%
over 2 years	1 277	831	446	53,67%
<b>Regular receivables over 1 year</b>	<b>1 588</b>	<b>1 114</b>	<b>474</b>	<b>42,55%</b>
<b>Total</b>	<b>11 490</b>	<b>9 333</b>	<b>2 157</b>	<b>23,11%</b>





Receivables from customers are interest-free and are mainly in: Bulgarian BGN, EUR, CAD and US \$.

Typically, the Group companies negotiate with customers the payment term for sales receivables of 30 to 180 days, unless there are certain specific maturity conditions for certain customers.

The group has defined a usual 360-day credit period for which it does not charge interest to customers. The delay after this period was accepted by the Group as an indicator of impairment. The management of the Group companies assesses the collection by analyzing the exposure of the particular client, the repayment options (to the client and through the collateral) and decides on the recognition and accrual of the respective impairment.

## 7.2.4. TAX RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses include:

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Prepaid expenses	344	164	180	109,76%
Other receivables	2 862	1 114	1 748	156,91%
<b>Total</b>	<b>3 206</b>	<b>1 278</b>	<b>1 928</b>	<b>150,86%</b>

Tax receivables include:

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Profit tax receivables	9	9	-	0,00%
VAT receivables	306	377	(71)	-18,83%
<b>Total</b>	<b>315</b>	<b>386</b>	<b>(71)</b>	<b>-18,39%</b>

## 7.2.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Current accounts	8 069	6 062	2 007	33,11%
Cash in hand	96	55	41	74,55%
Blocked cash	2	2	-	0,00%
<b>Total</b>	<b>8 167</b>	<b>6 119</b>	<b>2 048</b>	<b>33,47%</b>



## 8/ EQUITY

Equity during the period increased by BGN 6 425 thousand or by 6,04%.

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000
Main / Share Capital	59 361	59 361	0
<i>Change</i>			0,00%
Reserves	8 946	6 826	2 120
<i>Change</i>			31,06%
Retained earnings / (Accumulated loss) from previous years	20 842	15 513	5 329
<i>Change</i>			34,35%
Non-controlling interest	24 197	25 221	-1 024
<i>Change</i>			-4,06%
Changes resulting from purchased own shares	(475)	(475)	0
<i>Change</i>			0,00%
<b>Total</b>	<b>112 871</b>	<b>106 446</b>	<b>6 425</b>
<b><i>Change</i></b>			<b>6,04%</b>

### 8.1 MAIN SHARE CAPITAL

As at 30.09.2018 the registered share capital of SIRMA GROUP HOLDING JSC amounted to BGN 59 361 thousand, divided into 59 360 518 dematerialized registered shares with a nominal value of BGN 1.

Shares are ordinary, dematerialized with the right to vote, the right to receive a dividend and a liquidation share.

### 8.2 RESERVES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Emissions premiums	1 634	1 634	-	0,00%
Reserves	3 036	3 036	-	0,00%
Reserves from restated reports	4 276	2 156	2 120	98,33%
<b>Total</b>	<b>8 946</b>	<b>6 826</b>	<b>2 120</b>	<b>31,06%</b>

### 8.3 RETAINED EARNINGS

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000
Retained earnings / (Accumulated loss) from previous years	15 521	11 213	4 308
<i>Change</i>			38,42%
Current financial result	5 321	6 190	-869
<i>Change</i>			-14,04%
including profit from non-controlling interest	2 113	2 036	77
<i>Change</i>			3,78%
<b>including profit per equity holders of the parent company</b>	<b>3 276</b>	<b>4 300</b>	<b>-1 024</b>
<i>Change</i>			-23,81%
including loss from non-controlling interest	(68)	(146)	78
<i>Change</i>			-53,42%
<b>Total</b>	<b>20 842</b>	<b>17 403</b>	<b>3 439</b>
<b><i>Change</i></b>			<b>19,76%</b>



## 8.4 NON-CONTROLLING INTEREST

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Non-controlling interest	24 197	25 221	(1 024)	-4,06%

## 9/ CONSOLIDATED LIABILITIES

Like the consolidated assets, the consolidated liabilities increased by BGN 2 389 thousand or 9,16% in Q3 2018, which can be traced back to the following tables.

### 9.1. NON-CURRENT LIABILITIES

Non-current liabilities	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Provisions	177	177	-	0,00%
Long-term loans	9 830	1 924	7 906	410,91%
Finance lease liabilities	113	199	(86)	-43,22%
Financing (Grants)	-	159	(159)	-100,00%
Liabilities to suppliers	58	28	30	107,14%
Deferred tax liabilities	1 335	1 335	-	0,00%
<b>Total</b>	<b>11 513</b>	<b>3 822</b>	<b>7 691</b>	<b>201,23%</b>

Non-current liabilities increased by BGN 7 691 thousand or by 201,23% in Q3 2017.

#### 9.1.1. LONG-TERM LOANS AND FINANCIAL LEASING

##### Long-term finance lease liabilities

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Finance lease liabilities	113	199	(86)	-43,22%



The lease for the purchase of real estate has the following parameters:

Company	Creditor	Currency	Credit amount in currency	Type	Value at 30.09.2018	Interest rate	Contract end date
Sirma Group Holding	Pireos Leasing	Euro	154 081	Leasing	62 931	3M Euribor + 4,75%	30.4.2021

### Long-term loans

Bank and currency	Agreed amount BGN '000	Maturity	Interest %	30.9.2018 BGN '000	31.12.2017 BGN '000	Change (BGN '000)	Change (%)
Unicredit Bulbank AD (euro)	587	8.12.2023	BIP 4.45%; LI 3M EURIBOR	269	293	(24)	-8%
Unicredit Bulbank AD (BGN)	1782	7.4.2027	3M SOFIBOR; premium 2.5%	1 605	1 638	(33)	-2%
Alianz Bank AD (euro)	241	25.11.2023	6M LIBOR premium 4.75%	132	144	(12)	-8%
Unicredit Bulbank AD (BGN)	9 780	26.7.2022	3M SOFIBOR premium 1.35%	7 824	-	7 824	n/a



## 9.1.2. DEFERRED TAX LIABILITIES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Depreciation	35	35	0	0,00%
Unpaid amounts to individuals	20	20	0	0,00%
Taxable temporary differences due - from Tax balance and Acc.balance value	1280	1280	0	0,00%
<b>Total</b>	<b>1335</b>	<b>1335</b>	<b>0</b>	<b>0,00%</b>

## 9.1.3. LONG-TERM LIABILITIES TO SUPPLIERS

There are no entries in the registers during the period.

## 9.1.4. LONG-TERM FINANCING

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Financing	58	159	(101)	-63,5%

## 9.1.5. LONG-TERM PROVISIONS

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Long-term provisions	177	177	0	0%

## 9.2. CURRENT LIABILITIES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
<b>Current liabilities</b>				
Provisions	643	714	(71)	-9,94%
Pension obligations to the staff	1 377	1 434	(57)	-3,97%
Short-term loans	4 343	8 452	(4 109)	-48,62%
Finance lease liabilities	42	41	1	2,44%
Trade and other payables	5 927	4 815	1 112	23,09%
Short-term obligations affiliates	351	1	350	35000,00%
Tax obligations	441	1 078	(637)	-59,09%
Advances received	2 780	2 583	197	7,63%
Deferred income and financing	420	414	6	1,45%
Other liabilities	641	2 735	(2 094)	-76,56%
<b>Total Current liabilities</b>	<b>16 965</b>	<b>22 267</b>	<b>(5 231)</b>	<b>-23,81%</b>

Current liabilities decreased by 23,81% in Q3 2018.



## 9.2.1. SHORT-TERM LOANS AND FINANCIAL LEASING

### Short-term loans

Company	Bank	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
EngView Systems Sofia	Bulbank	-	2	(2)	-100,00%
Ontotext	EUR/ Bulbank	-	474	(474)	-100,00%
Sirma Enterprise Systems	Bulbank	542	549	(7)	-1,28%
Sirma Group Holding	Societe Generale Expressbank	-	1 994	(1 994)	-100,00%
Sirma Group Holding	Eurobank	1 495	2 194	(699)	-31,86%
Sirma Group Holding	Allianz Bank Bulgaria	24	24	-	0,00%
Sirma Group Holding	Bulbank	49	49	-	0,00%
Sirma USA	Bank	16	16	-	0,00%
Sirma Solutions	EUR/Bulbank	1 366	1 546	(180)	-11,64%
Sirma Solutions	Bulbank	851	1 188	(337)	-28,37%
Sirma Solutions	EUR/Bulbank	-	416	(416)	-100,00%
<b>Total</b>		<b>4 343</b>	<b>8 452</b>	<b>(4 109)</b>	<b>-48,62%</b>

### Short-term finance lease liabilities

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Short-term finance lease liabilities	42	41	1	2,44%

## 9.2.2. TRADE AND OTHER PAYABLES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Obligations to suppliers	4 678	4 112	566	13,76%
Other estimates with suppliers	1 249	703	546	77,67%
<b>Total</b>	<b>5 927</b>	<b>4 815</b>	<b>1 112</b>	<b>23,09%</b>

## 9.2.3. DUTIES ON ADVANCES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Clients on advances in BGN	621	929	(308)	-33,15%
Clients on advances in foreign currency	2 159	1 654	505	30,53%
<b>Total</b>	<b>2 780</b>	<b>2 583</b>	<b>(440)</b>	<b>7,63%</b>





## 9.2.4. SHORT-TERM PAYABLES TO RELATED PARTIES

Short-term obligations to affiliates by type are as follows:

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Delivery of services	25	-	25	n/a
Liabilities on borrowings received	1	1	-	0,00%
Dividend Obligations	325	-	325	n/a
<b>Total</b>	<b>351</b>	<b>1</b>	<b>350</b>	<b>30500%</b>

## 9.2.5. TAX OBLIGATIONS

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
VAT receipts	110	32	78	243,75%
Profit tax receipts	9	651	(642)	-98,62%
Other budget receipts	28	20	8	40,00%
TTA receipts	294	375	(81)	-21,60%
<b>Total</b>	<b>441</b>	<b>1 078</b>	<b>(637)</b>	<b>-59,09%</b>

## 9.2.6. PENSION AND OTHER OBLIGATIONS TO THE STAFF AND SOCIAL SECURITY

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Staff recruited under a civil contract	-	5	(5)	-100,00%
Staff hired under contract for management and control	136	136	-	0,00%
Staff recruited under a labor contract	891	924	(33)	-3,57%
Payables to insurance enterprises	350	369	(19)	-5,15%
<b>Total</b>	<b>1 377</b>	<b>1 434</b>	<b>(57)</b>	<b>-3,97%</b>

## 9.2.7. OTHER CURRENT LIABILITIES

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Other liabilities	641	2 735	(2 094)	-76,56%



## 9.2.8. CURRENT PROVISIONS

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Accruals on unused leaves	546	602	(56)	-9,30%
Contributions for unused leaves	63	63	-	0,00%
Bonus provisions	34	49	(15)	-30,61%
<b>Total</b>	<b>643</b>	<b>714</b>	<b>(71)</b>	<b>-9,94%</b>

## 9.2.9. DEFERRED INCOME AND FINANCING

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Deferred income and financing	420	414	6	1,4%

# 10/ PROFIT / LOSS

	30.9.2018 BGN '000	31.12.2017 BGN '000	Change BGN '000	Change %
Current financial result	5 321	3 313	2 008,00	60,61%
including profit non-controlling interest	2 113	1 660	453,00	27,29%
including non-controlling interest loss	(68)	(25)	(43,00)	172,00%
including profit per equity holders of the parent company	3 276	1 678	1 598,00	95,23%

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
Basic earnings per share	0,0556	0,0285	0,0271	95,23%
Basic earnings per share, incl. other comprehensive income	0,0697	0,0409	0,0288	70,36%



# 11/ INDICATORS AND COEFFICIENTS

No	Indicators	30.9.2018 BGN '000	31.12.2017/ 30.9.2017 BGN '000	Change BGN '000	Change %
1	Revenue from operating activities	44 708	37 157	7551	20,32%
2	Cost of sales	(38 113)	(32 206)	-5907	18,34%
3	Gross profit / loss	6 595	4 951	1644	33,21%
4	Other operating costs	(1 085)	(1 144)	59	-5,16%
5	Operating profit / loss	5 510	3 807	1703	44,73%
6	Financial income	532	312	220	70,51%
7	Financial costs	( 721)	( 806)	85	-10,55%
8	Profit / loss before tax expense	5 321	3 313	2008	60,61%
9	Tax costs	-	-	0	n/a
10	Net profit / loss	5 321	3 313	2008	60,61%
11	Dividend	0	594	-594	-100,00%
12	Cash and cash equivalents	8 167	6 119	2048	33,47%
13	Inventories	2 934	2 576	358	13,90%
14	Short-term assets	28 161	21 917	6244	28,49%
15	Total amount of assets	141 349	132 535	8814	6,65%
16	Average arithmetic total asset value for 5 quarters	135 174	124 097	11077	8,93%
17	Current liabilities	18 534	22 267	-3733	-16,76%
18	Debt	14 328	10 616	3712	34,97%
19	Liabilities (borrowed funds)	28 478	26 089	2389	9,16%
20	Equity	112 871	106 446	6425	6,04%
21	Equity averaged 5 quarters	108 101	104 168	3933	3,78%
22	Turnover capital	9 627	-350	9977	n/a
23	Number of shares at the end of the period (in thousands)	59 361	59 361	0	0,00%
24	Gain / loss minority interest	2045	1635	410	25,08%
25	Interest expenses	237	192	45	23,44%
26	Weighted average price of last trading session	0,895	1,119	-0,224	-20,02%
27	Last price per share of last trading session	0,85	1,119	-0,269	-24,04%



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED ON 30.09.2018

Indicators	30.9.2018	31.12.2017/ 30.9.2017	Change %	Change
EBITDA	8 473	10 991	-2518	-22,91%
DEPRATIATION	(2 963)	(7 184)	4221	-58,76%
EBIT	5 510	3 807	1703	44,75%
FIN/INVEST NET	( 189)	( 494)	305	-61,74%
EBT	5 321	3 313	2008	60,61%
ROA	0,0232	0,0127	0,0105	83,06%
ROA(BSE)	0,0242	0,0135	0,0107	79,23%
Debt/EBITDA Ratio	1,6909	0,9659	0,7250	75,07%
Quick Ratio	1,3611	0,8686	0,4925	56,70%
ROE (BSE)	0,0389	0,0213	0,0176	82,97%
ROE	0,0492	0,0318	0,0174	54,77%
Debt/Equity Ratio (BSE)	0,2523	0,2451	0,0072	2,94%
<b>Profitability ratios</b>				
Gross profit margin	0,1475	0,1332	0,0143	10,71%
Operating profit margin	0,1232	0,1025	0,0208	20,29%
Net profit margin	0,1190	0,0892	0,0299	33,48%
<b>Coefficients for assets and liquidity</b>				
Assets turnover ratio	0,3347	0,3019	0,0327	10,85%
Assets turnover ratio (BSE)	0,3307	0,2994	0,0313	10,46%
Operating cycle	4,6440	-106,1629	110,8069	n/a
Current ratio	1,5194	0,9843	0,5351	54,37%
Quick ratio	1,3611	0,8686	0,4925	56,70%
Cash ratio	0,4406	0,2748	0,1658	60,35%
<b>Odds per share</b>				
P/S ratio	1,1883	1,7877	-0,5993	-33,53%
P/E ratio	9,9846	20,0498	-10,0652	-50,20%
P/B ratio	0,6124	0,8178	-0,2054	-25,12%
Revenue per share	0,7532	0,6259	0,1272	20,32%
Earnings per share	0,0896	0,0558	0,0338	60,61%
Book value of equity per share	1,8211	1,7548	0,0663	3,78%
<b>Dividends ratio</b>				
Divident payout ratio	0,0000	0,1793	-0,1793	-100,00%
Earnings retention ratio	1,0000	0,8207	0,1793	21,85%
Divident per share	0,0000	0,0100	-0,0100	-100,00%
<b>Development Ratios</b>				
Revenue growth	0,2032	1,3040	-1,1008	-84,42%
Gross profit growth	0,3321	4,3640	-4,0320	-92,39%
Assets growth	0,0665	0,1046	-0,0381	-36,40%
<b>Leverage Ratios</b>				
Debt/total assets	0,1060	0,0855	0,0205	23,91%
Debt/capital	0,1170	0,0925	0,0245	26,54%
Debt/equity	0,1325	0,1019	0,0306	30,06%
Total assets/equity	1,2504	1,1913	0,0591	4,96%
Market value of the company	50457	66425	-15 968	-24,04%



# 12/ CASH FLOW

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.

	30.9.2018 BGN '000	30.9.2017 BGN '000	Change BGN '000	Change %
<b>Operation activity</b>				
Cash receipts from customers	46 717	38 085	8 632	22,67%
Payments to suppliers	(31 236)	(25 445)	(5 791)	22,76%
Payments to employees and social security institutions	(12 396)	(11 653)	(743)	6,38%
Cash flows related to interest, dividends and similar	(168)	(159)	(9)	5,66%
Paid and refunded income tax	(651)	(114)	(537)	471,05%
Positive / negative differences from foreign exchange operations	3	-	3	n/a
Other receipts / (payments), net	(129)	(1 048)	919	-87,69%
<b>Net cash flow from operating activities</b>	<b>2 140</b>	<b>(334)</b>	<b>2 474</b>	<b>-740,72%</b>
<b>Investment activity</b>				
Payments for acquisition of property, plant and equipment	(291)	(2 024)	1 733	-85,62%
Sale of subsidiaries	(45)	-	(45)	n/a
Acquisition / Sale of intangible assets	(2 662)	(3 206)	544	-16,97%
Payments on loans	-	135	(135)	-100,00%
Interest payments on loans	(113)	(116)	3	-2,59%
Interests, commissions, dividends ect.	(11)	310	(321)	-103,55%
Others	-	(29)	29	-100,00%
<b>Net cash flow from investing activities</b>	<b>(3 122)</b>	<b>(4 930)</b>	<b>1 808</b>	<b>-36,67%</b>
<b>Financing activity</b>				
Received or provided loans	9 348	6 426	2 922	45,47%
Loans payables	(5 918)	(1 107)	(4 811)	434,60%
Proceeds from interest, dividends and similar	(1)	(39)	38	-97,44%
Payments under finance leases	(71)	(72)	1	-1,39%
Cash flows from positive and negative foreign exchange differences	(17)	(9)	(8)	88,89%
Other	(311)	(533)	222	-41,65%
<b>Net cash flow from financing activities</b>	<b>3 030</b>	<b>4 666</b>	<b>(1 636)</b>	<b>-35,06%</b>



# 13/ FINANCIAL RISK MANAGEMENT

## 13.1. Financial risk management

In the normal course of business the Group may be exposed to various financial risks, the most important of which are market risk (including currency risk, changes in the fair value and price risk), credit risk, liquidity risk and risk of interest-bearing cash flows. The general risk management is focused on the difficulty of forecasting the financial markets and to achieve minimizing the potential negative effects that could affect the financial results and position of the Group. The financial risks are identified, measured and monitored through various control mechanisms in order to establish adequate prices for the products and services of the Group and attracted their loan capital, as well as to assess adequately the market circumstances of these investments and the forms for maintenance of free liquid funds through preventing undue concentration of a particular risk.

Risk management is carried out by the management of the Group under policies adopted by the Board of Directors of the Group. The Board of Directors has approved the basic principles of general financial risk management, based on which have developed specific procedures for the management of individual specific risks such as currency, interest rate, credit and liquidity risk and the use of non-derivative instruments.

## 13.2. Foreign exchange rate risk

The companies of the Group carry out their activities in active exchange with foreign suppliers and customers and are therefore exposed to currency risk.

A significant amount of the Group's revenue is generated by exports of services contracted for payment in US dollars. The currency risk is related to the negative movement of the US dollar exchange rate against the Bulgarian lev in the future business operations, the recognized foreign currency assets and liabilities and the net investments in foreign companies.

Companies abroad sell their services and products mainly on local markets.

To control currency risk, there is a system in place throughout the Group for import supply planning, sales in foreign currency Sales, as well as procedures for day-to-day monitoring of movements in the US dollar exchange rate and control of forthcoming payments.

Borrowings, when denominated in foreign currency, are mainly denominated in euro.

## 13.3. Price risk

The companies of the Group are exposed to price risk by two main factors:

- (a) increasing competition from countries such as India and China with significantly lower labor costs;
- (b) increasing competition on the Bulgarian market for attracting skilled labor and rising labor costs;

To minimize this impact, the Group's management applies a company strategy to optimize costs.

Pricing policy is a function of three main factors - cost structure, competitor prices and consumer purchasing power.



## 13.4. Credit risk

Credit is the risk that the clients of the Group will not be able to repay fully and within the usual time limits the amounts due from them under the trade receivables. The latter are presented in the consolidated statement of financial position in net amount after deduction of accrued impairment on doubtful and bad debts.

Such impairments are made where and when there are events identifying loss of uncollectability under previous experience.

The Group works with contractors with a history of relationships in its core markets, partnering with a large number of Bulgarian and foreign companies and institutions.

Credit risk is minimized through established selection procedures and ongoing monitoring of liquidity and financial stability of trading partners. If the receivables of these counterparties are overdue, the Group has set a 30-day period after which the collection of receivables starts.

Deferred payments (sales on credit) to counterparties are only available to customers who have a long history and commercial cooperation with the Group, good financial standing and no breaches of compliance with the agreed credit terms.

The Group's credit policy provides for each new client to be considered for creditworthiness before offering standard delivery and payment terms. The analysis performed by the Group includes, but is not limited to, customer visits, collection of monthly turnover data.

The collection of receivables is controlled directly by the executive director of the parent company and respectively the subsidiaries' management. It is their responsibility to control and regulate receivables in accordance with the objective market circumstances and needs of the Group.

The Group has developed policies and procedures for assessing the creditworthiness of its counterparties and setting credit rating and credit limits by group of clients.

The management of the Group is currently monitoring and regulating the resulting concentration of receivables by customers and counterparties.

## 13.5. Liquidity risk

The liquidity risk is expressed in the negative situation that the Group will not be able to meet unconditionally all its obligations according to their maturity.

The Group generates and maintains a significant volume of liquidity. An internal source of liquidity for the Group is the main business of its companies generating sufficient operating flows. External sources of funding are banks and other permanent partners. Substantial effect on the Group's liquidity may be the change in the USD exchange rate in relation to dollar positions.

## 13.6. Risk of interest-bearing cash flows

In the structure of the Group's assets, interest-bearing assets are represented by cash, bank deposits and loans granted at a fixed interest rate. On the other hand, the borrowed funds of the Group in the form of long-term and short-term loans are usually with variable interest rates. This circumstance partially puts the cash flows of the Group in line with interest rate risk. The coverage of this risk is achieved in two ways:





- (a) optimizing sources and the structure of credit resources to achieve a relatively lower cost of borrowed funds; and
- (b) a combined structure of interest rates on loans, which contains two components - constant and variable, the ratio between which and their absolute value can be achieved and maintained at a favorable rate for the companies of the Group. The permanent component has a relatively low absolute value and a large enough relative share in the total interest rate. This circumstance eliminates the likelihood of a significant change in interest rates with a possible update of the variable component. This also minimizes the likelihood of a change in the unfavorable direction of cash flows.

The management of the Group's companies, together with that of the parent, are currently monitoring and analyzing the exposure of the respective company to changes in interest rates.

## 13.7. Capital management risk

With the management of the capital, the Group aims to create and maintain opportunities for it to continue to operate as a going concern and to ensure the appropriate return of the invested funds to the shareholders, the economic benefits of other stakeholders and participants in its business as well as to maintain an optimal capital structure, to reduce the cost of capital. An analogous approach is also applied at the individual company level of the Group in terms of its capital structure and financing.

The Group is currently monitoring the capital adequacy and structure on the basis of the debt ratio. This ratio is calculated between the net debt capital and the total amount of the committed capital. Net debt capital is defined as the difference between all borrowed funds (short and long term) as stated in the balance sheet and cash and cash equivalents.

## 13.8. Fair Values

Fair value is generally the amount for which an asset may be exchanged or an obligation to be paid under normal terms of trade between independent, willing and informed counterparties. The Group's policy is to disclose in its financial statements the fair value of financial assets and liabilities.

The concept of fair value implies the realization of financial instruments through sale. In most cases, however, especially with respect to trade receivables and payables, loans and bank deposits, the Group expects to realize these financial assets through their full repayment or repayment over time. Therefore, they are presented at amortized cost.

Also, the bulk of the financial assets and liabilities are either short-term in nature (trade receivables and payables, short-term loans) or are reflected in the statement of financial position at market value (bank deposits, investments in securities) fair value is approximately equal to their carrying amount. An exception to this rule is part of the investments in other companies as a non-controlling interest, for which there is no market and objective conditions for the estimation of their fair value in an honest manner, which is why they are presented at cost. As long as there is not yet a sufficiently developed market, with stability and liquidity for purchases and sales of some financial assets and liabilities, there are not enough and reliable quotes available at market prices.

The management of the parent company considers that, under the circumstances, the estimates of financial assets and liabilities presented in the statement of financial position are as reliable, adequate and reliable as possible for the purposes of financial reporting.



# 14/ RELATED PARTIES TRANSACTIONS

## Purchases:

Company	Type	Type of Connectivity	30.09.2018 (BGN '000)
EngView Systems Sofia	Service expenses	Other related parties	-4
<b>Total</b>			<b>-4</b>

Company	Type	Type of Connectivity	30.09.2018 (BGN '000)
EngView Systems Sofia	Service expenses	Other related parties	-6
EngView Systems Sofia	Service expenses	Companies under common indirect control	-3
<b>Total</b>			<b>-9</b>

## Sales:

Company	Type	Type of Connectivity	30.09.2018 (BGN '000)
EngView Systems Sofia	Sale of service	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	19
Sirma Group Holding	Sale of service	Companies under common indirect control	8
Sirma Group Holding	Interest income	Other related parties	23
Sirma Business Consulting	Interest income	Other related parties	1
Sirma Solutions	Interest income	Companies under common indirect control	16
Sirma Solutions	Interest income	Other related parties	19
<b>Total</b>			<b>87</b>

Company	Type	Type of Connectivity	30.09.2018 (BGN '000)
Sirma Group Holding	Sale of goods	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	8
Sirma Group Holding	Sale of service	Companies under common indirect control	8
<b>Total</b>			<b>17</b>

## Loans (balances):

30.09.2018

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	390
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



# 15/ REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Board Member	Company	Sums for the period 01.01.2018 - 30.09.2018 (BGN)
Atanas Kostadinov Kiryakov	EngView Systems Sofia	450
	Ontotext	118 460
	Sirma Enterprise Systems	75
	Sirma Group Holding	13 800
	Sirma Solutions	4 500
Georgi Parvanov Marinov	EngView Systems Sofia	77 166
	Sirma Business Consulting	9 000
	Sirma Group Holding	15 300
Yordan Stoyanov Nedev	Sirma Group Holding	54 810
	Sirma Medical Systems	900
Petar Borisov Statev	Sirma Group Holding	13 800
Sasha Konstantinova Bezuhanova	Sirma Group Holding	13 500
Tsvetan Borisov Alexiev	Daticum	180
	EngView Systems Sofia	450
	Ontotext	4 500
	Sirma Enterprise Systems	75
	Sirma Business Consulting	18 000
	Sirma Group Holding	105 000
	Sirma Solutions	94 104
Tsvetomir Angelov Doskov	Sirma Business Consulting	133 694
	Sirma Group Holding	13 800
Chavdar Velizarov Dimitrov	Daticum	177
	EngView Systems Sofia	50 652
	Sirma Group Holding	41 202
	Sirma Medical Systems	887
<b>Total</b>		<b>784 482</b>



# 16/

## EVENTS AFTER THE END OF THE REPORTING PERIOD

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### Purchase of a minority stake in Ontotext AD

On October 4, 2018, „Sirma Group Holding“ JSC concluded with „New Europe Venture Equity“ LP Purchase and Sale Agreement with which the Company acquires 4 187 087 Class A1 shares from the capital of Ontotext AD, UIC 200356710, owned by the seller “New Europe Venture Equity” LP, under the following conditions:

The Purchase Price of the Shares amounts to EUR 4,200,000 (four million two hundred thousand) euros, which the Buyer undertakes to pay to the Seller as follows:

2.1. EUR 1,000,000 (one million) euro should be paid by the Buyer for the end of the Shares as agreed in this Agreement;

2.2. EUR 1,000,000 (one million) euro should be paid by the Buyer by 30.06.2018;

2.3. EUR 2,200,000 (two million two hundred thousand) euros should be paid within three days after entering the buyer's capital increase in the Commercial Register but not later than 15.03.2019.

The Seller has transferred through the endorsement of the Interim Certificate 057 / 18.01.2017 to the Buyer, the rights 4187087 Class A1 available registered shares of the capital of Ontotext AD, UIC 200356710.

The Buyer has established, through the giro for pledge of Provisional Certificate 059 / 03.10.2018, an unconditional and irrevocable pledge in favor of the Seller on 8 195 089 ordinary registered shares in the capital of Ontotext AD, owned by the Buyer, each of which have a nominal value of BGN 1 (one lev), reflected in the Company's Shares.

### Establishment of a new subsidiary of Sirma Group Holding JSC

On October 26, 2018, a joint-stock company with the name "SIRMA CI" AD, Sofia, with headquarters in Sofia, district "Mladost" and registered office in Sofia, "Mladost" district, "Tsarigradsko shose" № 135, with a capital of 133 000 / one hundred and thirty three thousand / BGN, which is formed by cash contributions. The Company's share capital is divided into 133 000 ordinary shares, all of them with a nominal value of BGN 1 each and an issue value equal to the nominal value. The subject of activity of Sirma CI is: Design, development, sales, deployment and information technology maintenance, systems and software products, consulting services in the field of information technologies and systems, as well as any other activity not prohibited by law in the event that one of the activities requires permission or license upon receipt of the same.

The shareholders are "Sirma Group Holding" JSC, which owns 80% of the company's capital and two individuals.

Sofia

CEO:   
Tsvetan Alexiev

