

Accounting Policy and Notes / Disclosures

to the Consolidated Financial Statements for the
period ending on 31.12.2019

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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 31.12.2019 the distribution of the share capital of Sirma Group Holding is as follows:

	31.12.2019 BGN '000	30.09.2019 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	1064	1072
Including legal entities	57	57
individuals	1007	1015
Number of shares held by legal entities	11 614 752	11 674 892
% Of participation of entities	19,57%	19,67%
Number of shares held by individuals	47 745 766	47 685 626
% Participation of individuals	80,43%	80,33%

As of 31.12.2019 Sirma Group Holding JSC possesses repurchased 474 724 own shares with total amount of BGN 474 724.

As of 31.12.2019 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 31.12.2019	Number of shares at 30.09.2019	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,90%
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	2 534 161	2 534 161	1	2 534 161	4,27%	4,30%
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%
Peter Nikolaev Konyarov	1 187 480	1 187 480	1	1 187 480	2,00%	2,02%
Emiliana Ilieva Ilieva	1 792 168	1 792 168	1	1 792 168	3,02%	3,04%
Elena Yordanova Kozuharova	607 040	638 942	1	607 040	1,02%	1,03%
Ivo Petrov Petrov	1 572 828	1 450 000	1	1 572 828	2,65%	2,67%
Stanislav Ivanov Dimitrov	257 368	257 368	1	257 368	0,43%	0,44%
Expat Bulgaria SOFIX UCITS ETF	732 355	977 907	1	732 355	1,23%	1,24%
Foundation for Educational Transformation	363 327	554 479	1	363 327	0,61%	0,62%
"NN Universal Pension Fund"	2 323 939	2 323 939	1	2 323 939	3,91%	3,95%
Bank of New York Mellon	857 600	857 600	1	857 600	1,44%	1,46%
UPF "Doverie" JSC	1 047 678	802 126	1	1 047 678	1,76%	1,78%
UPF "DSK Rodina"	747 036	747 036	1	747 036	1,26%	1,27%
UPF "Pension Insurance Institute"	715 810	715 810	1	715 810	1,21%	1,22%
"Mandjukov" Ltd.	960 000	960 000	1	960 000	1,62%	1,63%
Unicredit Bank Austria	1 094 249	1 094 249	1	1 094 249	1,84%	1,86%
Others	10 624 246	10 524 020	1	10 624 246	17,90%	18,04%
Total	59 360 518	59 360 518		59 360 518	100%	100%



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

Shareholders	Number of shares at 31.12.2019	% 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 30.09.2019	% 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 31.12.2019 includes the following members:

Chavdar Velizarov Dimitrov
Tsvetan Borisov Alexiev
Atanas Kostadinov Kiryakov
Georgi Parvanov Marinov
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: 19.09.2021

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



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

Shareholders	Number of shares at 31.12.2019	Number of shares at 30.09.2019	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,90%
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%
Total	17 787 344	17 787 344		17 787 344	29,96%	30,21%

During the period 30.09.2019 - 31.12.2019 there was no change in the participation of the members of the BD in the capital of the company.

Investor's Relationship Director is Stanislav Borisov Tanushev.

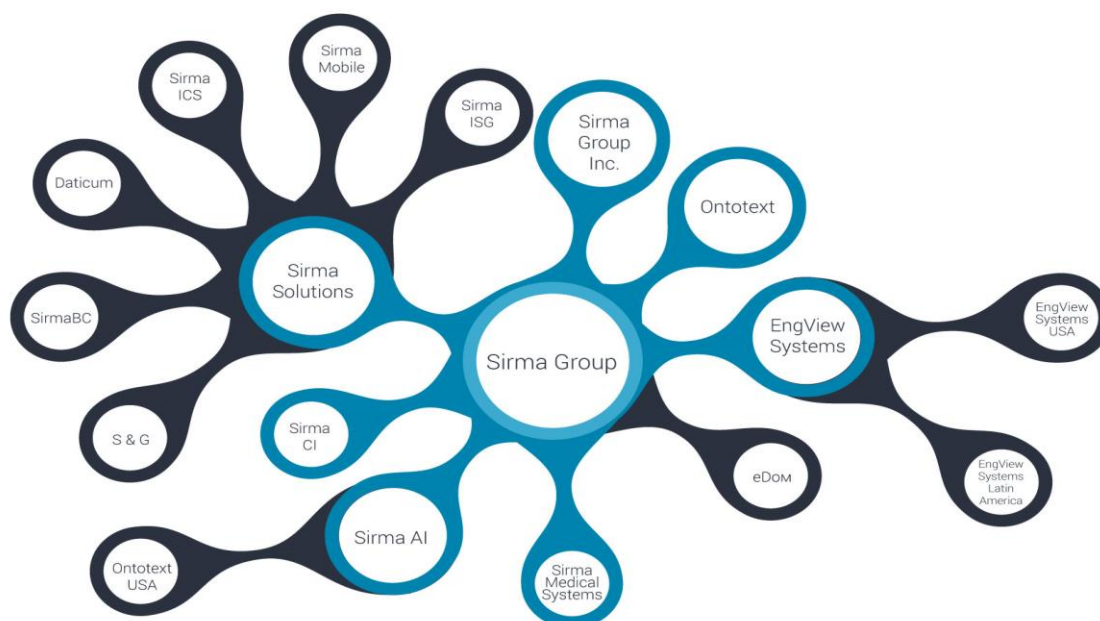
1.3 Structure of the Group and scope of activity

"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 Flash Media, Engview Systems Latin America, Eyebill Interactive, Excell Management, e-Dom and GMG Systems.



PORTFOLIO OF SIRMA GROUP HOLDING JSC

Subsidiaries of "Sirma Group Holding" JSC

Company	Value of the investment at 31.12.2019 (in BGN'000)	Percentage of capital at 31.12.2019	Percentage of capital with adjusted repurchased own shares at 31.12.2019	Value of the investment at 31.12.2018 (in BGN'000)	Percentage of capital at 31.12.2018	Percentage of capital with adjusted repurchased own shares at 31.12.2018	Changes (in BGN'000)
Sirma Solutions	39 311	77,71%	82,43%	39 311	77,71%	82,43%	0
Sirma AI	7 035	100,00%	100,00%	7 035	100,00%	100,00%	0
Sirma Medical Systems	66	66,00%	66,00%	66	66,00%	66,00%	0
Sirma Group Inc.	3 471	76,16%	76,29%	3 471	76,16%	76,29%	0
Sirma CI	106	80,00%	80,00%	106	80,00%	80,00%	0
Ontotext	17 865	87,65%	90,44%	17 865	87,65%	90,44%	0
Engview Systems	50	72,90%	72,90%	50	72,90%	72,90%	0
Total	67 904			67 904			0

Subsidiaries of "Sirma Solutions"

Company	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Value of the investment at 31.12.2018 BGN '000	Percentage of capital at 31.12.2018	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.	0	0%	0	0%	0
S&G Technology Services Ltd., UK	117	51,00%	117	51,00%	0
Sirma ISG	0	71%	0	71%	0
Sirma ICS	270	90,00%	270	90,00%	0
Total	3 155		3 155		0

Subsidiaries of "Sirma AI"

Company	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Value of the investment at 31.12.2018 BGN '000	Percentage of capital at 31.12.2018	Changes BGN '000
Ontotext USA	30	100,00%	0	0%	30

Subsidiaries of "EngView Systems Sofia"

Company	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Value of the investment at 31.12.2018 BGN '000	Percentage of capital at 31.12.2018	Changes BGN '000
EngView Systems Latin America	7	95%	7	95%	0
EngView USA	9	100%	9	100%	0
Total	16		16		0

Associated companies of "Sirma Group Holding" JSC

Company	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Value of the investment at 31.12.2018 BGN '000	Percentage of capital at 31.12.2018	Changes BGN '000
GMG Systems (IN LIQUIDATION)	0	19,93%	150	19,93%	(150)
E-DOM MANAGEMENT	7	35,00%	7	35,00%	0
Total	7		157		(150)



Associated companies of “Sirma Solutions”

Company	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Value of the investment at 31.12.2018 BGN '000	Percentage of capital at 31.12.2018
SEP Bulgaria	0	6,50%	0	6,50%
EYE BILL INTERACTIVE	0	34%	0	34%
EXCELL MANAGEMENT	0	34%	0	34%
Flash Media	0	50%	0	50%
Sirma Group Inc.	916	23,71%	916	23,71%
Sirma Mobile	15	40%	15	40%
Total	931		931	

For more information about the Group companies - Appendix 1.

1.4 Major events in Q4 2019

Information of major events and business news in Q4 2019 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 2019 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 2019, 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 Q4 2019 includes:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Operating revenues from the sale of goods	19 463	12 117	7 346	60,63%
Operating revenues from sales of services	39 442	44 820	(5 378)	-12,00%
Operating revenues from sales of FA	5	20	(15)	-75,00%
Revenues from financing	2 018	290	1 728	595,86%
Operating revenue from others	526	1 578	(1 052)	-66,67%
Total	61 454	58 825	2 629	4,47%

Consolidated revenues grow with 4,74 % or BGN 2 629 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.

Revenues from sales of services by type:

Type of service	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Backup services	122	97	25	25,77%
MAN connectivity	40	32	8	25,00%
Subscriptions	3 208	3606	(398)	-11,04%
Administrative, accounting services	38	19	19	100,00%
Outsourcing services	48	78	(30)	-38,46%
Internet	167	111	56	50,45%
Co-location	98	88	10	11,36%
Consulting services	6 290	6 424	(134)	-2,09%
Consumables	169	165	4	2,42%
Rental of software license	275	226	49	21,68%
Rental of hardware and licenses	128	90	38	42,22%
Cabinet rental	174	183	(9)	-4,92%
Cloud Services	2 060	2 902	(842)	-29,01%
Training	137	41	96	234,15%
License revenues	2 905	2 283	622	27,24%
Revenue from European Projects - IAS 20	34	639	(605)	-94,68%
System integration	3 113	3 639	(526)	-14,45%
Software services	19 731	23 862	(4 131)	-17,31%
Technical Support	297	136	161	118,38%
Hosting	408	195	213	109,23%
Total	39 442	44 820	(5 378)	-12,00%



Consolidated revenues by region:

Region	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Australia	22	3	19	633,33%
Asia	462	232	230	99,14%
Africa	28	39	(11)	-28,21%
Europe	34 281	38 203	(3 922)	-10,27%
United Kingdom	11 626	8 698	2 928	33,66%
South America	62	12	50	416,67%
North America	14 973	11 638	3 335	28,66%
Total	61 454	58 825	2 629	4,47%

"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 99,07% 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 Q4 2019 the Group sold products and services in 55 countries. The largest share of the consolidated revenues were from Bulgaria and amounted to BGN 23 086 thousand or 37,57% of total sales revenue, followed by USA with BGN 11 926 thousand or 19,41% and UK with BGN 11 626 thousand or 18,92%.

4/ CONSOLIDATED EXPENSES

4.1/ CONSOLIDATED STAFF EXPENSES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Actuarial gains / losses for the reporting period	-	1	(1)	-100,00%
Unused vacation	(87)	77	(164)	-212,99%
Sick Leave	60	64	(4)	-6,25%
Bonuses	1 043	227	816	359,47%
Paid leave	1 212	1 100	112	10,18%
Expenses for wages under civil contracts	53	106	(53)	-50,00%
Payroll expenses for contracts for management and control	1 336	1 322	14	1,06%
Expenses of retirement benefits under IAS 19	64	17	47	276,47%
Social securities expenses for civil contract	5	4	1	25,00%
Social securities expenses for contracts for management and control	47	38	9	23,68%
Social securities expenses for unused vacation	(8)	18	(26)	-144,44%
Social securities expenses for labour contracts	2 406	2 017	389	19,29%
Wage expenses	16 422	16 094	328	2,04%
Total	22 553	21 085	1 468	6,96%

In Q4 2019 the staff on Labour Contracts in the Group increased by 0,28 % and the consolidated staff expenses increased by 6,96%.



Count of staff in the Group:
31.12.2019

Company	LC	CMC	Total
SIRMA CI	2	1	3
SIRMA ICS	10	1	11
DATICUM	9	6	15
ENGVIEW SYSTEMS SOFIA	37	4	41
SIRMA AI	73	6	79
SIRMA BUSINESS CONSULTING	59	5	64
SIRMA GROUP HOLDING	21	6	27
SIRMA SOLUTIONS	126	7	133
SIRMA MEDICAL SYSTEMS	3	3	6
SIRMA GROUP INC.	5	1	6
S&G UK	1	1	2
SIRMA SHA	7	3	10
ONTOTEXT	0	1	1
Total	353	45	398

31.12.2018

Company	LC	CMC	Total
SIRMA ICS	9	1	10
DATICUM	10	6	16
ENGVIEW SYSTEMS SOFIA	42	5	47
SIRMA AI	1	2	3
SIRMA BUSINESS CONSULTING	56	5	61
SIRMA GROUP HOLDING	22	8	30
SIRMA SOLUTIONS	133	7	140
SIRMA MEDICAL SYSTEMS	4	3	7
SIRMA GROUP INC.	0	0	0
SIRMA USA	5	1	6
S&G UK	0	1	1
SIRMA SHA	7	3	10
ONTOTEXT	58	3	61
Total	352	48	400

4.2/ CONSOLIDATED OPERATING EXPENSES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000
Material expenses	(3 944)	(10 710)	6 766
<i>Change in %</i>			-63,17%
Expenses for external services	(7 250)	(11 059)	3809
<i>Change in %</i>			-34,44%
Depreciation and amortization expenses	(4 962)	(4 412)	-550
<i>Change in %</i>			12,47%
Cost of goods sold	(17 371)	(10 239)	(7 132)
<i>Change in %</i>			69,66%
Changes in stocks of finished products and incomplete production	(1 241)	962	(2 203)
<i>Change in %</i>			-229,00%
Capitalized own expenses	2 408	8 523	(6 115)
<i>Change in %</i>			-71,75%
Other expenses	(1 234)	(2 730)	1 496
<i>Change in %</i>			-54,80%
Total expenses	(33 594)	(29 665)	(3 929)
<i>Change in %</i>			13,24%



4.2.1/ CONSOLIDATED MATERIAL EXPENSES

Consolidated costs for materials include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Water	3	3	-	0,00%
Fuel for cars	40	50	(10)	-20,00%
Others	4	14	(10)	-71,43%
Electricity	257	217	40	18,43%
Inventory	67	123	(56)	-45,53%
Software protection	28	26	2	7,69%
Computer Components	44	23	21	91,30%
Consumables for cars	1	4	(3)	-75,00%
Office maintenance and repair materials	20	27	(7)	-25,93%
Heating	12	17	(5)	-29,41%
Office supplies	26	31	(5)	-16,13%
Promotional materials	28	26	2	7,69%
System integration	3 365	10 115	(6 750)	-66,73%
Toner	2	2	-	0,00%
Hygienic materials	19	18	1	5,56%
Vehicle repair parts	28	14	14	100,00%
Total	3 944	10 710	(6 766)	-63,17%

During the period under review, consolidated material expenses decreased by BGN 6 766 thousand or by 63,17 %. The decrease is mainly attributable to the decrease in material expenses for system integration, which decreased by BGN 6 750 thousand or by 66,73 %.

4.2.2/ CONSOLIDATED EXPENSES FOR EXTERNAL SERVICES

Consolidated expenses for external services include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Subscriptions	562	550	12	2,18%
Civil contracts	5	5	-	0,00%
Administrative service	15	12	3	25,00%
Others	41	50	(9)	-18,00%
Insurance	98	76	22	28,95%
Internet	101	96	5	5,21%
Fees and commissions	146	133	13	9,77%
Consulting services	1 565	1 263	302	23,91%
Courier, transport	72	52	20	38,46%
Mobile phones	88	72	16	22,22%
Staff recruitment	29	19	10	52,63%
Rental software license	251	264	(13)	-4,92%
Rentals	751	701	50	7,13%
Audit	139	47	92	195,74%
Security	52	55	(3)	-5,45%
Parking	19	9	10	111,11%
Maintenance and repair of vehicles	22	24	(2)	-8,33%
Maintenance and repair of the office	32	57	(25)	-43,86%
Cleaning	17	21	(4)	-19,05%
Translation services	5	3	2	66,67%
Marketing and Advertising	391	552	(161)	-29,17%
Repair of Comp. and office equipment	10	5	5	100,00%
Connectivity	60	38	22	57,89%
Seminars and training	276	141	135	95,74%
Software services	2 070	6 405	(4 335)	-67,68%
Project subcontracting services	20	150	(130)	-86,67%
Hosting	410	256	154	60,16%
Fixed phones	3	3	-	0,00%
Total	7 250	11 059	(3 809)	-34,44%

In Q4 2019 consolidated expenses for external services decreased by BGN 3 809 thousand or by 34,44%. Decrease was due mostly to the change in software service expenses, which decreased by BGN 4 335 thousand or by 67,68%.



4.2.3/ CONSOLIDATED OTHER EXPENSES

Consolidated other expenses include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Local taxes and fees	79	125	(46)	-36,80%
Tax representative expenses	11	9	2	22,22%
Donations	27	332	(305)	-91,87%
Others	115	139	(24)	-17,27%
Business trips in the country	92	138	(46)	-33,33%
Business trips abroad	349	662	(313)	-47,28%
Penalties on commercial contracts	1	1	-	0,00%
Entertainment expenses	114	92	22	23,91%
Differences in partial tax credit	2	3	(1)	-33,33%
Expenses without documents	56	85	(29)	-34,12%
Social expenses	388	400	(12)	-3,00%
Total	1 234	2 730	(1 496)	-54,80%

In Q4 2019, consolidated other expenses decreased by BGN 1 496 thousand or by 54,80 %.

4.2.4/ CONSOLIDATED EXPENSES FOR DEPRECIATION AND AMORTIZATION

Consolidated depreciation and amortization expenses include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Tangible assets	787	756	31	4,10%
Intangible assets	4 175	3 656	519	14,20%
Total	4 962	4 412	550	12,47%

Consolidated depreciation and amortization during the period increased by 12,47% or by BGN 550 thousand.

Depreciation and amortization expenses	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Other intangible long term assets	292	133	159	119,55%
Other tangible long term assets	12	15	(3)	-20,00%
Intellectual Property Rights and Software Modules	866	915	(49)	-5,36%
Software Software Products - Acquired	49	77	(28)	-36,36%
Development products	2 961	1 874	1 087	58,00%
Products for commercial applications	7	618	(611)	-98,87%
Depreciation expenses of own buildings	83	63	20	31,75%
Expenses for depreciation of computer equipment	533	509	24	4,72%
Depreciation expenses of machinery and equipment	51	100	(49)	-49,00%
Expenses of depreciation on mobile phones	12	9	3	33,33%
Expenses for amortization of repairs of leased assets	16	14	2	14,29%
Fixtures and fittings	43	34	9	26,47%
Vehicles	37	51	(14)	-27,45%
Total	4 962	4 412	550	12,47%



4.2.5/ CONSOLIDATED CAPITALIZED OWN EXPENSES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Capitalized own expenses				
ONTOTEXT	50	935	(885)	-94,65%
SIRMA ICS	-	15	(15)	-100,00%
SIRMA SOLUTIONS	45	2 309	(2 264)	-98,05%
SIRMA BUSINESS CONSULTING	86	-	86	n/a
SIRMA AI	485	-	485	n/a
DATICUM	-	144	(144)	-100,00%
ENGVIEW SYSTEMS SOFIA	1 153	1 234	(81)	-6,56%
SIRMA GROUP HOLDING	133	3 761	(3 628)	-96,46%
SIRMA MEDICAL SYSTEMS	70	125	(55)	-44,00%
SIRMA GROUP INC.	386	-	386	n/a
Total	2 408	8 523	(6 115)	-71,75%

Capitalized expenses during the period decreased by 71,75 % or BGN 6 115 thousand.

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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Changes in inventories of finished goods and work in progress	1 241	962	279	29,00%

4.2.7/ COST OF GOODS SOLD AND OTHER CURRENT ASSETS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Cost of goods sold and other current assets	17 371	10 239	7 132	69,66%



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:

Segment INTELLIGENT EVOLUTION OF ENTERPRISES

	Q4 2019 BGN '000	Q4 2018 BGN '000
Revenue	27 963	24 485
<i>BG</i>	6 165	8 493
<i>EU</i>	6 995	6 158
<i>UK</i>	4 243	2 437
<i>USA</i>	9 935	7 006
<i>Other</i>	625	390
Expenses without depreciation and amortization, capitalization, etc.	-23 111	-19 823
EBITDA	4 852	4 662

Segment SOLUTIONS, PRODUCTS AND CONSULTING IN FINANCE

	Q4 2019 BGN '000	Q4 2018 BGN '000
Revenue	10 719	10 636
<i>BG</i>	4 468	3 583
<i>EU</i>	882	362
<i>UK</i>	2 022	2 710
<i>USA</i>	1 906	2 777
<i>Other</i>	1 441	1 202
Expenses without depreciation and amortization	-7 230	-6 701
EBITDA	3 489	3 935

Segment SYSTEM INTEGRATION

	Q4 2019 BGN '000	Q4 2018 BGN '000
Revenue	22 772	23 704
<i>BG</i>	12 454	16 620
<i>EU</i>	3 318	2 987
<i>UK</i>	5 361	3 475
<i>USA</i>	85	75
<i>Other</i>	1 555	547
Expenses without depreciation and amortization	-20 663	-19 475
EBITDA	2 109	4 229



5/ CONSOLIDATED FINANCIAL INCOME / COSTS NET

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Financial costs	(700)	(1 306)	606	-46,40%
Financial income	233	779	(546)	-70,09%
Financial income / expenses net	(467)	(527)	60	-11,39%

Consolidated financial costs decreased by BGN 606 thousand or by 46,40 % in Q4 2019, mainly due to the exchange rate differences on currency transactions. Financial income decreased by BGN 546 thousand or by 70,09%, mainly due to the increase in revenues from currency operations.

5.1/ CONSOLIDATED FINANCIAL INCOME

Consolidated financial income includes:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Interest income on deposits	2	3	(1)	-33,33%
Interest income on loans	47	66	(19)	-28,79%
Revenues from currency operations	184	710	(526)	-74,08%
Total	233	779	(546)	-70,09%

5.2/ CONSOLIDATED FINANCIAL COSTS

Consolidated financial costs include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Interest costs NRA	6	31	(25)	-80,65%
Interest costs	5	4	1	25,00%
Interest costs on loans	267	294	(27)	-9,18%
Interest costs on lease contracts	7	9	(2)	-22,22%
Costs on operations with financial assets and instruments	6	64	(58)	-90,63%
Costs on currency operations	207	770	(563)	-73,12%
Other financial costs	202	134	68	50,75%
Total	700	1 306	(606)	-46,40%

6/ CONSOLIDATED OTHER COMPREHENSIVE INCOME

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Other comprehensive income	(4)	(165)	161	-97,58%
including other comprehensive income of non-controlling interest	-	(9)	9	-100,00%
including other comprehensive income of equity holders of the parent company	(4)	(156)	152	-97,44%
Total comprehensive income	4 255	6 697	(2 442)	-36,46%
including total comprehensive income of the non-controlling interest	363	1 200	(837)	-69,75%
including total comprehensive income of equity holders of the parent company	3 892	5 497	(1 605)	-29,20%



7/ CONSOLIDATED ASSETS

Consolidated assets posted a decrease of BGN 1 547 thousand or 1,06 % in Q4 2019. Traditionally, most of them are occupied by intangible assets, which is dictated by the activity of the Group and its ownership over a significant amount of software modules.

7.1. NON-CURRENT ASSETS

Assets	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Non-current assets				
Intangible assets	55 043	49 968	5 075	10,16%
Property, plant and equipment	5 580	5 041	539	10,69%
Investments in subsidiaries	7	7	-	0,00%
Investments in Associates	157	157	-	0,00%
Deferred tax assets	307	307	-	0,00%
Expenses for acquisition of fixed assets	33 846	40 020	(6 174)	-15,43%
Goodwill	22 482	22 482	-	0,00%
Total	117 422	117 982	(560)	-0,47%

Non-current assets decreased by BGN 560 thousand or by 0,47% during Q4 2019.

7.1.1. PROPERTY, PLANT AND EQUIPMENT

Name of group of tangible assets	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Expenses for the acquisition of FTA	554	-	554	n/a
Buildings and constructions	3 739	3 830	(91)	-2,38%
Machinery and equipment	183	76	107	140,79%
Vehicles	48	82	(34)	-41,46%
Office furniture	249	172	77	44,77%
Computer equipment and mobile phones	672	785	(113)	-14,39%
Renovations of rented premises	135	96	39	40,63%
Total	5 580	5 041	539	10,69%

Pledge on fixed assets and other assets

As December 31, 2019 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 thirty 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 eight 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 123 000 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	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Goodwill	22 482	22 482	-	0,00%
Development products	24 629	5 861	18 768	320,22%
Software products	83	38	45	118,42%
Rights on Software Modules and Industrial Property	6 571	22 743	(16 172)	-71,11%
Reclassified from held for sale to SENPAI embedded assets	12 413	12 413	-	0,00%
Other intangible fixed assets	11 347	8 913	2 434	27,31%
Total	77 525	72 450	5 075	7,00%

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 31.12.2019. 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.

	31.12.2019 BGN '000
Acquired company	
Sirma Solutions	11 754
EngView Systems Latin America	14
Panaton Soft. Ink. USA	1 863
Sirma AI	5 722
Ontotext	2 961
S&G Technology Services Ltd.	164
Sirma Business Consulting	4
Total Goodwill	22 482

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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Expenditure on acquisition fixed assets	33 846	40 020	-6 174	-15,43%

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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Deferred tax assets				
Unused leave	69	69	-	0,00%
Depreciation	9	9	-	0,00%
Loss	25	25	-	0,00%
Impaired receivables	74	74	-	0,00%
Impairment of inventories	5	5	-	0,00%
Impairment of investments	59	59	-	0,00%
Unpaid amounts to individuals	30	30	-	0,00%
Taxed temporary difference - others	17	17	-	0,00%
Taxed temporary difference on expense	19	19	-	0,00%
Total	307	307	-	0,00%



7.2. CURRENT ASSETS

Assets	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Current assets				
Inventories	1 256	3 151	(1 895)	-60,14%
Trade receivables	11 607	10 232	1 375	13,44%
Receivables from related parties	616	1 387	(771)	-55,59%
Tax receivables	473	392	81	20,66%
Other receivables	1 614	1 055	559	52,99%
Prepaid expenses	663	460	203	44,13%
Cash and cash equivalents	10 529	11 068	(539)	-4,87%
Total	26 758	27 745	(987)	-3,56%

Current assets decreased by BGN 987 thousand or by 3,56 % in Q4 2019.

7.2.1. INVENTORIES

Inventories are:

Assets	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Materials	61	68	(7)	-10,29%
Goods	1 195	534	661	123,78%
Other tangible assets	-	6	(6)	-100,00%
Work in progress- projects	-	2 543	(2 543)	-100,00%
Total	1 256	3 151	(1 895)	-60,14%

7.2.2. RECEIVABLES FROM RELATED PARTIES

Consolidated receivables from related parties:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Receivables on sale of goods and services	164	533	(369)	-69,23%
Commercial loans	452	854	(402)	-47,07%
Total	616	1 387	(771)	-55,59%

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 31.12.2019 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 %	31.12.2019 BGN '000	31.12.2018 BGN '000
Receivables from entities under indirect common control					
Sirma ISG	364	31.12.2020	5,00%	364	257
Sirma Media	83	31.12.2020	5,00%	-	18
Pirina Technologies	767	31.12.2020	5,00%	767	767
Sirma ICS	250	31.12.2020	1,90%	202	250
Subsidiaries					
Sirma AI	3 807	31.12.2020	5%, 3,5%	-	3 583
Sirma Medical Systems	553	31.12.2020	5,00%	553	516
EngView Systems Sofia	60	31.12.2020	2,50%	0	60
Sirma CI	107	31.12.2020	5,00%	107	0

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

7.2.3. TRADE RECEIVABLES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Receivables from customers	11 597	9 632	1 965	20,40%
Impairment of uncollectible receivables	(369)	(278)	(91)	32,73%
Provider advances made	379	878	(499)	-56,83%
Total	11 607	10 232	1 375	13,44%

Maturity analysis of trade receivables

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
up to 90 days	6 344	7 677	(1 333)	-17,36%
from 91 to 180 days	1 985	495	1 490	301,01%
from 180 to 360 days	3 278	868	2 410	277,65%
Regular receivables up to 1 year	11 607	9 040	2 567	28,40%
from 1 to 2 years	-	544	(544)	-100,00%
over 2 years	-	648	(648)	-100,00%
Regular receivables over 1 year	-	1 192	(1 192)	-100,00%
Total	11 607	10 232	1 375	13,44%



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:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Prepaid expenses	663	460	203	44,13%
Other receivables	1 614	1 055	559	52,99%
Total	2 277	1 515	762	50,30%

Tax receivables include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Profit tax receivables	388	11	377	3427,27%
VAT receivables	85	381	(296)	-77,69%
Total	473	392	81	20,66%

7.2.5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Current accounts	9 584	6 930	2 654	38,30%
Cash in case	72	79	(7)	-8,86%
Blocked cash	873	4 059	(3 186)	-78,49%
Total	10 529	11 068	(539)	-4,87%



8/ EQUITY

Equity during the period increased by BGN 1 141 thousand or by 1,10 %.

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000
Main / Share Capital	59 361	59 361	-
<i>Change</i>			0,00%
Reserves	6 557	5 622	935
<i>Change</i>			16,63%
Retained earnings / (Accumulated loss) from previous years	24 282	23 792	490
<i>Change</i>			2,06%
Non-controlling interest	15 463	15 747	(284)
<i>Change</i>			-1,80%
Changes resulting from purchased own shares	(475)	(475)	-
<i>Change</i>			0,00%
Total	105 188	104 047	1 141
<i>Change</i>			1,10%

8.1 MAIN SHARE CAPITAL

As at 31.12.2019 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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Emissions premiums	2 326	2 326	-	0,00%
Reserves	4 232	3 461	771	22,28%
Reserves from restated reports	(1)	(165)	164	-99,39%
Total	6 557	5 622	935	16,63%

8.3 RETAINED EARNINGS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000
Retained earnings / (Accumulated loss) from previous years		20 023	1 884
<i>Change</i>			10,39%
including profit per equity holders of the parent company		4 259	(1 394)
<i>Change</i>			-24,66%
Total		24 282	490
<i>Change</i>			2,06%

8.4 NON-CONTROLLING INTEREST

	31.12.2019 BGN '000	31.12.2018 BGN '000	Изменение BGN '000	Изменение %
Non-controlling interest	15 463	15 747	(284)	-1,80%



9/ CONSOLIDATED LIABILITIES

Consolidated liabilities decreased by 2 688 BGN thousand or 6,45 % in Q4 2019, which can be traced back to the following tables.

9.1. NON-CURRENT LIABILITIES

Non-current liabilities	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Provisions	285	203	82	40,39%
Long-term loans	8 402	9 359	(957)	-10,23%
Finance lease liabilities	-	127	(127)	-100,00%
Financing (Grants)	-	8	(8)	100,00%
Liabilities to suppliers	-	58	(58)	-100,00%
Deferred tax liabilities	456	1 084	(628)	-57,93%
Total	9 143	10 839	(1 696)	-15,65%

Non-current liabilities decreased by BGN 1 696 thousand or by 15,65% in Q4 2019.

9.1.1. LONG-TERM LOANS

Long-term loans

Bank and currency	Agreed amount BGN '000	Maturity	Interest %	31.12.2019 BGN '000	31.12.2018 BGN '000	Change (BGN '000)	Change (%)
Unicredit Bulbank AD (euro)	587	8.12.2023	BIP 4.45%; LI 3M EURIBOR	-	196	(196)	-100%
Unicredit Bulbank AD (BGN)	1782	7.4.2027	3M SOFIBOR; premium 2.5%	-	1 268	(1 268)	-100%
Alianz Bank AD (euro)	241	25.11.2023	6M LIBOR premium 4.75%	-	95	(95)	-100%
Unicredit Bulbank AD (BGN)	9 780	26.7.2022	3M SOFIBOR; premium 1.35%	-	7 800	(7 800)	-100%
United Bulgarian Bank (BGN)	10 475	20.12.2024	RIR + 1.2%, but no less than 1.3% per year	8 402	-	10 475	n/a
Total				8 402	9 359	(957)	-10%



9.1.2. DEFERRED TAX LIABILITIES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Taxable temporary differences due - from Tax balance and Acc.balance value	456	1 084	(628)	-57,93%

9.1.3. LONG-TERM FINANCING

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Financing	0	58	(58)	100%

9.1.5. LONG-TERM PROVISIONS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Long-term provisions	285	203	82	40,4%

9.2. CURRENT LIABILITIES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Current liabilities				
Provisions	1 728	794	934	117,63%
Pension obligations to the staff	1 677	1 539	138	8,97%
Short-term loans	15 396	9 065	6 331	69,84%
Finance lease liabilities	-	42	(42)	-100,00%
Trade and other payables	5 809	8 781	(2 972)	-33,85%
Short-term obligations affiliates	362	292	70	23,97%
Tax obligations	645	1 272	(627)	-49,29%
Advances received	2 831	8 054	(5 223)	-64,85%
Deferred income and financing	878	71	807	1136,62%
Other liabilities	523	931	(408)	-43,82%
Total Current liabilities	29 849	30 841	(992)	-3,22%

Current liabilities decreased by 992 BGN or 3,22 % in Q4 2019.



9.2.1. SHORT-TERM LOANS

Short-term loans

Company	Bank	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
EngView Systems Sofia	Bulbank	4	2	2	100,00%
Sirma AI	EUR/ Bulbank	-	179	(179)	-100,00%
Sirma AI	Bulbank	-	541	(541)	-100,00%
Sirma AI	UBB	3 423	-	3 423	100,00%
Sirma AI	UBB	3 660	-	3 660	100,00%
Sirma Group Holding	Societe Generale Expressbank	6	1 994	(1 988)	-99,70%
Sirma Group Holding	Eurobank	2 132	2 110	22	1,04%
Sirma Group Holding	Allianz Bank Bulgaria	-	120	(120)	-100,00%
Sirma Group Holding	Bulbank	-	2 164	(2 164)	-100,00%
Sirma Group Holding	UBB	2 095	-	2 095	n/a
Sirma Group Inc.	Bank	52	21	31	147,62%
Sirma Solutions	EUR/Bulbank	-	931	(931)	-100,00%
Sirma Solutions	Bulbank	-	3	(3)	-100,00%
Sirma Solutions	EUR/Bulbank	-	1 000	(1 000)	-100,00%
Sirma Solutions	UBB	4 024	-	4 024	n/a
Total		15 396	9 065	6 331	69,84%

9.2.2. TRADE AND OTHER PAYABLES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Obligations to suppliers	5 356	8 331	(2 975)	-35,71%
Other estimates with suppliers	453	450	3	0,67%
Total	5 809	8 781	(2 972)	-33,85%

9.2.3. DUTIES ON ADVANCES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Clients on advances in BGN	790	3 419	(2 629)	-76,89%
Clients on advances in foreign currency	2 041	4 635	(2 594)	-55,97%
Total	2 831	8 054	(5 223)	-64,85%



9.2.4. SHORT-TERM PAYABLES TO RELATED PARTIES

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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Delivery of services	362	291	71	24,40%
Liabilities on borrowings received	-	1	(1)	-100,00%
Total	362	292	70	23,97%

9.2.5. TAX OBLIGATIONS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
VAT receipts	118	41	77	187,80%
Profit tax receipts	149	744	(595)	-79,97%
Other budget receipts	79	104	(25)	-24,04%
TTA receipts	299	383	(84)	-21,93%
Total	645	1 272	(627)	-49,29%

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

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Staff recruited under a civil contract	5	2	3	150,00%
Staff hired under contract for management and control	204	140	64	45,71%
Staff recruited under a labor contract	1 093	1 009	84	8,33%
Payables to insurance enterprises	360	374	(14)	-3,74%
Staff recruited under a labor contract abroad	15	14	1	7,14%
Total	1 677	1 539	138	8,97%

9.2.7. OTHER CURRENT LIABILITIES

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Other liabilities	523	931	(408)	-43,82%



9.2.8. CURRENT PROVISIONS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Accruals on unused leaves	550	646	(96)	-14,86%
Contributions for unused leaves	71	81	(10)	-12,35%
Bonus provisions	1 107	67	1 040	1552,24%
Total	1 728	794	934	117,63%

9.2.9. SHORT-TERM FINANCING

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Financing	878	71	807	1136,6%

10/ PROFIT / LOSS

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Current financial result	4 259	5 321	(1 062,00)	-19,96%
including profit non-controlling interest	1 662	2 113	(451,00)	-21,34%
including non-controlling interest loss	(1 299)	(68)	(1 231,00)	1810,29%
including profit per equity holders of the parent company	3 896	3 276	620,00	18,93%

	31.12.2019 BGN	31.12.2018 BGN	Change BGN '000	Change %
Basic earnings per share	0,0662	0,0960	-0,0298	-31,04%



11/ INDICATORS AND COEFFICIENTS

No	Indicators	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
1	Revenue from operating activities	61 454	58 825	2629	4,47%
2	Cost of sales	(54 913)	(48 020)	(6 893)	14,35%
3	Gross profit / loss	6 541	10 805	-4264	-39,46%
4	Other operating costs	(1 234)	(2 730)	1 496	-54,80%
5	Operating profit / loss	5 307	8 075	-2768	-34,28%
6	Financial income	233	779	-546	-70,09%
7	Financial costs	(700)	(1 307)	607	-46,44%
8	Profit / loss before tax expense	4 840	7 548	-2708	-35,88%
9	Tax costs	(581)	(686)	105	-15,31%
10	Net profit / loss	4 259	6 862	-2603	-37,93%
11	Dividend	-	-	-	n/a
12	Cash and cash equivalents	10 529	11 068	-539	-4,87%
13	Inventories	1 256	3 151	-1895	-60,14%
14	Short-term assets	26 758	27 745	-987	-3,56%
15	Total amount of assets	144 180	145 727	-1547	-1,06%
16	Average arithmetic total asset value for 5 quarters	143 234	139 421	3813	2,74%
17	Current liabilities	29 849	30 841	-992	-3,22%
18	Debt	23 798	18 593	5 205	27,99%
19	Liabilities (borrowed funds)	38 992	41 680	-2688	-6,45%
20	Equity	105 188	104 047	1141	1,10%
21	Equity averaged 5 quarters	106 380	107 882	(1 502)	-1,39%
22	Turnover capital	(3 091)	(3 096)	5	-0,16%
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	0,00%
24	Gain / loss minority interest	363	1209	(846)	-69,98%
25	Interest expenses	(285)	(338)	53	-15,68%
26	Weighted average price of last trading session	0,635	0,898	-0,263	-29,29%
27	Last price per share of last trading session	0,625	0,910	-0,285	-31,32%



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED ON 31.12.2019

Indicators	31.12.2019	31.12.2018	Change	Change %
EBITDA	10 450	12 825	(2 375)	-18,52%
DEPRTIATION	(4 962)	(4 412)	(550)	12,47%
EBIT	5 488	8 413	(2925)	-34,77%
FIN/INVEST NET	(467)	(528)	61	-11,55%
EBT	4 840	7 548	(2708)	-35,88%
ROA	0,0270	0,0388	-0,0118	-30,34%
ROA(BSE)	0,0272	0,0405	-0,0133	-32,92%
Debt/EBITDA Ratio	2,2773	1,4497	0,8276	57,08%
Quick Ratio	0,8544	0,7974	0,0569	7,14%
ROE (BSE)	0,0472	0,0684	-0,0212	-30,96%
ROE	0,0400	0,0636	-0,0236	-37,06%
Debt/Equity Ratio (BSE)	0,3707	0,4006	-0,0299	-7,46%
Profitability ratios				
Gross profit margin	0,1064	0,1837	-0,0772	-42,05%
Operating profit margin	0,0864	0,1373	-0,0509	-37,09%
Net profit margin	0,0693	0,1167	-0,0473	-40,59%
Return on Assets	0,0297	0,0492	-0,0195	-39,59%
Return on Equity	0,0400	0,0636	-0,0236	-37,06%
Coefficients for assets and liquidity				
Assets turnover ratio	0,4307	0,4275	0,0032	0,74%
Assets turnover ratio (BSE)	0,4290	0,4219	0,0071	1,69%
Operating cycle	-19,8816	-19,0003	-0,8813	4,64%
Current ratio	0,8964	0,8996	-0,0032	-0,35%
Quick ratio	0,8544	0,7974	0,0569	7,14%
Cash ratio	0,3527	0,3589	-0,0061	-1,71%
Odds per share				
P/S ratio	0,6134	0,9062	-0,2928	-32,31%
P/E ratio	8,8505	7,7683	1,0822	13,93%
P/B ratio	0,4767	0,6606	-0,1839	-27,84%
Revenue per share	1,0353	0,9910	0,0443	4,47%
Earnings per share	0,0717	0,1156	-0,0439	-37,93%
Book value of equity per share	1,7921	1,8174	-0,0253	-1,39%
Dividends ratio				
Divident payout ratio	0,0000	0,0000	0,0000	n/a
Earnings retention ratio	1,0000	1,0000	0,0000	0,00%
Divident per share	0,0000	0,0000	0,0000	n/a
Development Ratios				
Revenue growth	0,0447	0,1305	-0,0858	-65,74%
Gross profit growth	-0,3946	0,1528	-0,5474	n/a
Assets growth	-0,0106	0,0995	-0,1102	n/a
Leverage Ratios				
Debt/taotal assets	0,1661	0,1334	0,0328	24,59%
Debt/capital	0,1828	0,1470	0,0358	24,35%
Debt/equity	0,2237	0,1723	0,0514	29,80%
Total assets/equity	1,3464	1,2924	0,0541	4,19%
Market value of the company	37 101	54 019	-16918	-31,32%



12/ CASH FLOW

The Group has no liquidity problems and operates with the available resources. 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.

	31.12.2019 BGN '000	31.12.2018 BGN '000	Change BGN '000	Change %
Operation activity				
Cash receipts from customers	60 906	68 765	(7 859)	-11,43%
Payments to suppliers	(33 057)	(40 223)	7 166	-17,82%
Payments to employees and social security institutions	(19 325)	(17 559)	(1 766)	10,06%
Cash flows related to interest, dividends and similar	(81)	(125)	44	-35,20%
Paid and refunded income tax	(1 226)	(657)	(569)	86,61%
Positive / negative differences from foreign exchange operations	38	59	(21)	-35,59%
Other receipts / (payments), net	(615)	(1 171)	556	-47,48%
Net cash flow from operating activities	6 640	9 089	(2 449)	-26,94%
Investment activity				
Payments for acquisition of property, plant and equipment	(801)	(870)	69	-7,93%
Acquisition of subsidiaries	(1 956)	(3 960)	2 004	-50,61%
Acquisition / Sale of intangible assets	(3 347)	(6 109)	2 762	-45,21%
Loans, deposits	26	391	(365)	-93,35%
Payments on loans	(2 346)	(134)	(2 212)	1650,75%
Interests, commissions, dividends ect.	(160)	(12)	(148)	1233,33%
Net cash flow from investing activities	(8 584)	(10 694)	2 110	-19,73%
Financing activity				
Received loans	22 020	9 780	12 240	125,15%
Loans payables	(16 951)	(1 802)	(15 149)	840,68%
Cash flows from issuance and reacquisition of securities	(206)	(772)	566	-73,32%
Proceeds from interest, dividends and similar	(162)	(411)	249	-60,58%
Payments under finance leases	(159)	(92)	(67)	72,83%
Cash flows from positive and negative foreign exchange differences	(68)	(101)	33	-32,67%
Other	(3 069)	(48)	(3 021)	6293,75%
Net cash flow from financing activities	1 405	6 554	(5 149)	-78,56%



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	31.12.2019 (BGN '000)
EngView Systems Sofia	Service expenses	Other related parties	(3)
Total			(3)

Company	Type	Type of Connectivity	31.12.2019 (BGN '000)
EngView Systems Sofia	Service expenses	Other related parties	(3)
Sirma Solutions	Service expenses	Companies under common indirect control	(593)
Total			(596)

Sales:

Company	Type	Type of Connectivity	31.12.2019 (BGN '000)
EngView Systems Sofia	Sale of service	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	7
Sirma Solutions	Sale of service	Companies under common indirect control	5
Sirma Group Holding	Interest income	Other related parties	1
Sirma Group Holding	Interest income	Other related parties	38
Sirma Business Consulting	Interest income	Other related parties	3
Total			55

Company	Type	Type of Connectivity	31.12.2018 (BGN '000)
EngView Systems Sofia	Sale of goods	Other related parties	1
Sirma Group Holding	Sale of service	Other related parties	11
Sirma Group Holding	Sale of service	Companies under common indirect control	10
Sirma Solutions	Sale of service	Other related parties	11
Sirma Group Holding	Interest income	Other related parties	31
Sirma Solutions	Interest income	Other related parties	24
Sirma Solutions	Interest income	Companies under common indirect control	9
Total			97

Loans (balances):

31.12.2019

Company	Type	Type of Connectivity	(BGN '000)
Sirma Group Holding	loan	Other related parties	785
Sirma Solutions	loan	Other related parties	5

31.12.2018

Company	Type	Type of Connectivity	(BGN '000)
Sirma Group Holding	loan	Other related parties	785
Sirma AI	loan	Other related parties	18
Sirma Business Consulting	loan	Other related parties	46
Sirma Solutions	loan	Other related parties	5



15/ REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Board Member	Company	Sums for the period 01.01.2019 - 31.12.2019 (BGN)
Atanas Kostadinov Kiryakov	EngView Systems Sofia	(600)
	Ontotext	(5 673)
	Sirma AI	(161 429)
	Sirma Group Holding	(18 000)
	Sirma Solutions	(6 000)
Georgi Parvanov Marinov	EngView Systems Sofia	(102 888)
	Sirma Business Consulting	(10 624)
	Sirma Group Holding	(18 000)
Yordan Stoyanov Nedev	Sirma Group Holding	(71 095)
	Sirma Medical Systems	(661)
Petar Borisov Statev	Sirma Group Holding	(18 000)
Sasha Konstantinova Bezuhanova*	Sirma Group Holding	(9 196)
Tsvetan Borisov Alexiev	Daticum	(240)
	EngView Systems Sofia	(600)
	Ontotext	(273)
	Sirma AI	(5 727)
	Sirma Business Consulting	(21 249)
	Sirma Group Holding	(139 000)
	Sirma Solutions	(126 027)
	Sirma Business Consulting	(167 253)
	Sirma Group Holding	(9 196)
Chavdar Velizarov Dimitrov	Daticum	(240)
	EngView Systems Sofia	(79 352)
	Sirma Group Holding	(27 488)
	Sirma Medical Systems	(1 200)
Total		(1 000 009)

*As of the date of this document, they are not members of the Board of Directors.



16/ EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no events after the end of the reporting period that would require disclosure.

Sofia
28.02.2020

CEO: 
Tsvetan Alexiev

