

Consolidated statement of comprehensive income of "Sirma Group Holding" JSC

for the period ended December 31, 2016

| | Notes | 31.12.2016 '000 lv. | 31.12.2015 '000 lv. |
|--|-------|------------------------|------------------------|
| Sales revenue | 3 | 40 432 | 31 764 |
| Income from revaluation and sale of NCA | 3 | 717 | 1 838 |
| Income from financing | 3 | 179 | 184 |
| Other incomes | 3 | 255 | 191 |
| Total revenue | | 41 583 | 33 977 |
| Material costs | 4.1 | (4 998) | (3 167) |
| Costs for external services | 4.2 | (8 619) | (6 910) |
| Staff costs | 4.3 | (19 101) | (16 369) |
| Depreciation and impairment of non-financial assets | 4.5 | (8 231) | (6 816) |
| Cost of goods sold and other current assets | 3 | (9 613) | (7 475) |
| Changes in inventories of finished goods and work in progress | | 107 | 499 |
| Capitalized own expenses | 4.6 | 14 536 | 10 099 |
| Other expenses | 4.4 | (1 333) | (990) |
| Total expenditure | | (37 252) | (31 129) |
| Profit / (Loss) from operating activities | | 4 331 | 2 848 |
| Financial expenses | 5.2 | (482) | (693) |
| Financial income | 5.1 | 344 | 419 |
| Financial income / expenses net | | (138) | (274) |
| Profit / (Loss) before taxes | | 4 193 | 2 574 |
| Income tax expense | | (524) | (359) |
| Income / Revenue from income taxes | | (524) | (359) |
| Profit / (Loss) for the year from continuing operations | 10 | 3 669 | 2 215 |
| including profit of non-controlling interest | | 1 352 | 786 |
| including loss of non-controlling interest | | (53) | (197) |
| including profit per equity holders of the company - mother | | 2 370 | 1 626 |
| Total income per share | 10 | 0,0399 | 0,0274 |
| Other comprehensive income | 6 | 4 790 | 3 786 |
| Total comprehensive income | | 8 509 | 6 001 |
| Basic earnings per share | 10 | 0,1433 | 0,1011 |

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CEO:

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Date: 12.04.2017

Consolidated statement of comprehensive income of "Sirma Group Holding" JSC


for the period ended December 31, 2016

| Assets | Notes | 31.12.2016 '000 lv. | 31.12.2015 '000 lv. |
|---|---------|------------------------|------------------------|
| Non-current assets | | | |
| Intangible assets | 7.1.2 | 47 571 | 36 800 |
| Goodwill | 7.1.2.1 | 19 540 | 19 540 |
| Property, plant and equipment | 7.1.1 | 3 473 | 3 594 |
| Investments in subsidiaries | 7.1.4 | 7 | 40 |
| Investments in associates | 7.1.4 | 242 | 276 |
| Deferred tax assets | 7.1.5 | 201 | 200 |
| Expenditure on acquisition fixed assets | 7.1.3 | 18 429 | 14 988 |
| Total Non-current assets | | 89 463 | 75 438 |
| Current assets | | | |
| Inventories | 7.2.1 | 766 | 892 |
| Trade receivables | 7.2.3 | 8 601 | 7 144 |
| Receivables from related parties | 7.2.2 | 2 270 | 1 633 |
| Tax claims | 7.2.4 | 311 | 128 |
| Other receivables | 7.2.4 | 526 | 565 |
| Prepaid expenses | 7.2.4 | 134 | 104 |
| Cash and cash equivalents | 7.2.5 | 6 075 | 11 176 |
| Total Current assets | | 18 683 | 21 642 |
| Assets and disposal groups classified as held for sale | 7.1.6 | 11 843 | 15 188 |
| Total assets | | 119 989 | 112 268 |

Consolidated statement of financial position of "Sirma Group Holding" JSC

for the period ended December 31, 2016 (continued)

| Equity and liabilities | Notes | 31.12.2016 '000 lv. | 31.12.2015 '000 lv. |
|---|-------|------------------------|------------------------|
| Equity | | | |
| Main / Share Capital | 8.1 | 59 361 | 59 361 |
| Treasury shares | 8.1 | (262) | - |
| Share premium | 8.2 | 1 932 | 1 985 |
| Reserves | 8.2 | 1 557 | 1 233 |
| Reserves restated reports | 8.2 | 4 790 | 3 865 |
| Retained earnings / (Accumulated loss) from previous years | 8.3 | 8 081 | 6 364 |
| Current financial result | 8.3 | 3 669 | 2 215 |
| including profit non- controlling interest | 8.3 | 1 352 | 786 |
| including non-controlling interest loss | 8.3 | (53) | (197) |
| including profit per equity holders of the company - mother | 8.3 | 2 370 | 1 626 |
| Non-controlling interest | 8.4 | 23 073 | 23 080 |
| Total equity | | 102 201 | 98 103 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Provisions | | 196 | 151 |
| Long-term loans | 9.1.1 | 437 | 510 |
| Finance lease liabilities | 9.1.1 | 240 | 278 |
| Obligations participations | | - | 8 |
| Trade and other payables | 9.1.3 | 35 | |
| Financing | | 159 | 89 |
| Deferred tax liabilities | 9.1.2 | 1 124 | 1 131 |
| Total Non-current liabilities | | 2 191 | 2 167 |
| Current liabilities | | | |
| Provisions | 9.2.8 | 711 | 698 |
| Pension obligations to the staff | 9.2.6 | 1 731 | 1 043 |
| Short-term loans | 9.2.1 | 2 966 | 1 588 |
| Finance lease liabilities | 9.2.1 | 42 | 66 |
| Trade and other payables | 9.2.2 | 6 792 | 5 247 |
| Short-term obligations affiliates | 9.2.4 | 1 | 16 |
| Tax obligations | 9.2.5 | 730 | 538 |
| Duties on advances | 9.2.3 | 1 676 | 1 892 |
| Deferred income and financing | | 452 | 635 |
| Other liabilities | 9.2.7 | 496 | 275 |
| Total Current liabilities | | 15 597 | 11 998 |
| Total liabilities | | 17 788 | 14 165 |
| Total equity and liabilities | | 119 989 | 112 268 |

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Consolidated Cash Flow Statement of "Sirma Group Holding" JSC

for the period ended December 31, 2016

| Notes | 31.12.2016 '000 lv. | 31.12.2015 '000 lv. (adj.) | 31.12.2015 '000 lv. |
|---|------------------------|----------------------------------|------------------------|
| Operation activity | | | |
| Cash receipts from customers | 43 674 | 34 369 | 34 369 |
| Payments to suppliers | (23 532) | (13 748) | (17 431) |
| Payments to employees and social security institutions | (14 029) | (11 994) | (15 710) |
| Cash flows related to interest, dividends and similar | (40) | - | - |
| Payments for income tax | - | (15) | (15) |
| Paid and refunded income tax | (475) | (284) | (284) |
| Payments in the distribution of profits | - | - | - |
| Other receipts / (payments), net | (1 272) | (1 134) | (1 134) |
| Net cash flow from operating activities | 12 | 4 326 | (205) |
| Investment activity | | | |
| Payments for acquisition of property, plant and equipment | (889) | (2 018) | (870) |
| Proceeds from sale of property, plant and equipment | 3 | 621 | 621 |
| Payments for acquisition of subsidiaries | 15 | - | - |
| Sale of intangible assets | (9 392) | (6 251) | - |
| Loans, deposits | 55 | - | - |
| Payments on loans | (151) | - | - |
| Loans payables | - | (120) | (120) |
| Cash flows related to deposits for investments | (5) | 2 | 2 |
| Interest payments on loans | (25) | (16) | (16) |
| Other | (158) | (109) | (109) |
| Net cash flow from investing activities | 12 | (10 547) | (492) |

Consolidated Cash Flow Statement of "Sirma Group Holding" JSC

for the period ended December 31, 2016 (continued)

| | Notes | 31.12.2016 '000 lv. | 31.12.2015 '000 lv. (adj.) | 31.12.2015 '000 lv. |
|---|-----------|------------------------|----------------------------------|------------------------|
| Financing activity | | | | |
| Received or provided loans | | 1 667 | 528 | 528 |
| Loans payables | | (369) | (2 892) | (2 892) |
| Cash flows from issuance and reacquisition of securities | | 129 | 11 424 | 11 424 |
| Proceeds from interest, dividends and similar | | (84) | (125) | (125) |
| Payments under finance leases | | (105) | (64) | (64) |
| Interest payments | | - | - | - |
| Cash flows from positive and negative foreign exchange differences | | (91) | 7 | 7 |
| Cash flows from additional contributions and returning them to the owners | | - | - | - |
| Other | | (27) | (8) | (8) |
| Net cash flow from financing activities | 12 | 1 120 | 8 870 | 8 870 |
| Net change in cash and cash equivalents | 12 | (5 101) | 8 173 | 8 173 |
| Cash and cash equivalents at beginning of year | 12 | 11 176 | 3 003 | 3 003 |
| Cash and cash equivalents at end of year | 12 | 6 075 | 11 176 | 11 176 |

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Consolidated statement of changes in equity of "Sirma Group Holding" JSC

for the period ended December 31, 2016

| All amounts are in '000 lv. | Main / Share capital | Purchased own shares | Reserves | Retained earnings/ (Accumulated loss) | Current financial result | Non-controlling interests | Total equity |
|---|----------------------|----------------------|----------|--|--------------------------|---------------------------|--------------|
| Balance at January 1, 2016 | 59 361 | - | 7 083 | 6 364 | 2 215 | 23 080 | 98 103 |
| <i>Distribution of profit:</i> | | | | | | | |
| <i>dividends</i> | - | - | - | (483) | - | - | (483) |
| <i>reserves</i> | - | - | 343 | (423) | - | 80 | - |
| <i>others</i> | - | - | (72) | 408 | - | - | 336 |
| Retained earnings | - | - | - | 2 215 | (2 215) | (87) | (87) |
| Changes resulting from purchased own shares | - | (262) | - | - | - | - | (262) |
| Correction restated reports | - | - | 925 | - | - | - | 925 |
| Profit / (Loss) for the year | - | - | - | - | 3 669 | - | 3 669 |
| Balance at December 31, 2016 | 59 361 | (262) | 8 279 | 8 081 | 3 669 | 23 073 | 102 201 |

| All amounts are in '000 lv. | Main / Share capital | Unpaid capital | Reserves | Retained earnings/ (Accumulated loss) | Current financial result | Non-controlling interests | Total equity |
|---|----------------------|----------------|----------|--|--------------------------|---------------------------|--------------|
| Balance at January 1, 2015 - certified report 2014 | 49 837 | (25) | 2 222 | 2 197 | 9 778 | 18 320 | 82 329 |
| Correction IAS 8 | - | - | - | (35) | (136) | - | (171) |
| Balance at 1 January 2015 - IAS 8 | 49 837 | - | 2 222 | 2 162 | 9 642 | 18 320 | 82 158 |
| Adjusted balance at January 1, 2015 | - | 25 | - | 9 642 | - | 891 | 10 558 |
| Recalculated balance to January 1, 2015 | 49 837 | - | 2 222 | 11 804 | - | 19 211 | 83 074 |
| <i>Distribution of profit:</i> | | | | | | | |
| <i>dividends</i> | - | - | - | (526) | - | - | (526) |
| <i>reserves</i> | - | - | (794) | (736) | - | 381 | (1 149) |
| <i>other</i> | - | - | 1 985 | (4 178) | - | 1303 | (890) |
| Retained earnings | - | - | - | - | - | 2 185 | 2 185 |
| Correction restated reports | - | - | 3 865 | - | - | - | 3 865 |
| Acquisition of the company and changes in shareholding | 9 524 | - | - | - | - | - | 9 524 |
| Profit / (Loss) for the year | - | - | - | - | 2 215 | - | 2 215 |
| Changes at the expense of owners | - | - | (195) | - | - | - | (195) |
| Balance at December 31, 2015 | 59 361 | - | 7 083 | 6 364 | 2 215 | 23 080 | 98 103 |

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