

To the shareholders of SIRMA GROUP HOLDING JSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of SIRMA GROUP HOLDING JSC and its subsidiaries ("the Group") containing the consolidated statement of financial position as of 31 December 2017 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements that also contain a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the Group's consolidated financial position at 31 December 2017 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Basis for expression

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in our section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements". We are independent of the Group in accordance with the Ethics Code of Professional Accountants of the International Ethics Standards Board for Accountants (ICEA Code), along with the Ethical Requirements of the Independent Financial Audit Act (FIFO) applicable to our audit of the Consolidated a financial statement in Bulgaria, and we have fulfilled our other ethical responsibilities in line with the requirements of the IFAC and the IAEA Code. We believe that the audit evidence we receive is sufficient and relevant to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 13 to the consolidated financial statements, which describes the effect of the restatement of comparative information for 2015 and 2016.

Our opinion is not modified in this respect.

Key Audit Matters

Key audit matters are those issues that, according to our professional judgment, were of the highest importance in the audit of the consolidated financial statements for the current period. These matters are considered as part of our audit of the consolidated financial statements as a whole and the formation of our opinion about it, and we do not provide a separate opinion on these matters.

<u>Key Audit Matter</u>	<u>How this key audit matter was addressed in our audit</u>
Expenses for acquisition of non-current assets, BGN 36 737 thousand Annex 7.1.3 to the Consolidated Financial Statement. The Group implements its investment program by	In this area, our audit procedures included: <ul style="list-style-type: none">• Review of the existence of non-current assets in progress, for which no expenses

<p>developing and subsequent development long-term intangible assets (software). As disclosed in Note 7.1.3 to the consolidated financial statements, the cost of acquisition of intangible assets at the end of the reporting period is BGN 36,737 thousand, representing 27.72% of the total assets of the Group, marking an increase of 99.34% compared to the cost of acquisition of intangible assets at 31 December 2016 (BGN 18 429 thousand).</p> <p>Due to the substantial subjectivity and complexity of the management's judgment regarding the existence of conditions for impairment, consequences and benefits from the construction, commissioning and further use of the aforementioned long-term assets in process of acquisition and the materiality of their amounts for the financial statements, we have identified the cost of acquisition of intangible assets as a key audit matter.</p>	<p>have been accumulated during the reporting period;</p> <ul style="list-style-type: none"> • Review of plans and financial forecasts of the management regarding expected timelines for the finalization of non-current assets under construction, as well as their subsequent use in the Group's operations; • Consideration of the managerial analysis regarding the existence of conditions for impairment of non-current assets in process of acquisition; • A review of the completeness and adequacy of the disclosures in the Group's consolidated financial statements on the cost of acquiring non-current assets has been made.
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Other matters

The consolidated financial statements of SIRMA GROUP HOLDING JSC for the year ended 31 December 2016 and 31 December 2015 have been audited by another auditor who has issued an unmodified auditor's report on these consolidated financial statements dated 24.04.2017 and 22.04.2016, respectively.

Other information other than the consolidated financial statements and the auditor's report

The management is responsible for the other information. The other information consists of a consolidated activity report, incl. Corporate Governance Statement prepared by the management under Chapter Seven of the Accountancy Act, but does not include the consolidated financial statements and our audit report that we received prior to the date of our audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance about it unless it is explicitly stated in our report and to the extent that it is stated.

In relation to our audit of the consolidated financial statements, our responsibility consists of reading this other information and in this way assessing whether the other information is in material incompliance with the consolidated financial statements or with our knowledge, acquired during the audit, or in any other way it seems to consist materially misstated reporting.

If, on the basis of the work we have done, we conclude that there is material misstatement in the other information, we are required to report this fact.

We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS applicable in the EU and for such an internal control system as the management deems necessary to ensure the preparation of consolidated financial statements that do not contain material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, where applicable, matters relating to the going concern assumption and when applicable, matters related to the going concern assumption if the management does not intend to liquidate the Group or to discontinue the Group's operations, or if the management has virtually no other alternative than to do this way.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the Auditor for the Audit of the Consolidated Financial Statements

Our objectives are to obtain a reasonable assurance that the whole consolidated financial statements do not contain material misstatement, whether due to fraud or error, and issue an audit report that includes our audit opinion. A reasonable degree of security is a high level of security, but it is not a guarantee that an audit performed in accordance with ISA will always reveal a material misstatement when it exists. Incorrect readings may arise as a result of fraud or error and are considered material if it could reasonably be expected that they alone or as a whole could influence the economic decisions taken by consumers on the basis of this consolidated financial report.

As part of the ISA audit, we use professional judgment and retain professional skepticism throughout the audit. We also:

- we identify and we measure the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, develop and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and relevant to provide a basis for our opinion. The risk of material misstatement resulting from fraud is higher than the risk of material misstatement resulting from error, as fraud may involve covert agreement, counterfeiting, deliberate omissions, statements of introduction the auditor's misconduct, as well as neglecting or circumventing internal control.
- we gain an understanding of the internal control relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal controls.
- we assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- we conclude on whether it is appropriate for the management to use the accounting basis on the basis of the going concern assumption and on the basis of the audit evidence obtained whether there is significant uncertainty regarding events or conditions that could give rise to significant doubts about the Group's ability to continue to act as a going concern. If we conclude that there is significant uncertainty, we are required to draw attention in our audit report to the disclosures in the consolidated financial statements relating to that uncertainty or, in the event that these disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence we have received by the date of our audit report. However, future events or conditions may cause the Group to cease operating as a going concern.

- we evaluate the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that delivers credible performance.

- we obtain sufficient appropriate audit evidence about the financial information of the enterprises or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the Group's auditing, supervision and performance. We bear the exclusive responsibility for our audit opinion.

We communicate with those charged with governance, together with other matters, the planned scope and timing for implementation of the audit and material findings of the audit, including material deficiencies in internal controls identified during the audit.

We also provide to those charged with governance a statement that we have complied with applicable ethical requirements in relation to independence, and that we will communicate with them all relationships and other matters that could reasonably be considered to be relevant to our independence, and, where applicable, associated safeguards.

Among the issues communicated to those charged with governance, we determine the issues that were most relevant to the auditing of the consolidated financial statements for the current period and which are therefore key audit questions. We describe these issues in our audit report except in cases where a law or regulation prevents the public disclosure of information on this issue or when, in extremely rare cases, we decide that a question should not be communicated in our report, since it could reasonably be expected that the adverse consequences of this action would outweigh the public interest benefits of this communication.

Report on Other Statutory and Regulatory Requirements

Additional questions for reporting in accordance with the Accountancy Act and the Public Offering of Securities Act

In addition to our accountability and reporting under the ISAs described above in the "Other information other than the consolidated financial statements and the auditor's report" regarding the consolidated business report, the Group's corporate governance statement, we have also implemented the procedures, added to the requirements under the ISA, in accordance with the "Guidelines on New and Extensive Audit Reports and Communication by the Auditor" of the Professional Organization of Registered Auditors in Bulgaria, the Institute of Graduate (IASEC). "These procedures concern checks on the existence and verification of the form and content of such other information in order to assist us in formulating an opinion as to whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and the Public Offering of Securities Act (Article 100n, paragraph 10 of POSA in conjunction with Article 100n, paragraph 8, items 3 and 4 of POSA) applicable in Bulgaria.

Opinion in connection with Art. 37, para. 6 of the Accountancy Act

Based on our procedures, our opinion is that:

(a) The information included in the consolidated activity report for the financial year for which the consolidated financial statements are prepared shall be consistent with the consolidated financial statements.

b) The Consolidated Activity Report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and Art. 100 (n), para. 7 of the Public Offering of Securities Act.

c) The corporate governance statement of the Group for the financial year for which the consolidated financial statements have been prepared presents the required by Art. 100 (n), para. 8 of the Public Offering of Securities Act.

Opinion in connection with Art. 100 (n), para. 10 in relation to Art. 100 n, para. 8, item 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and the knowledge and understanding of the Group's operations and the environment in which it operates, in our opinion, the description of the main features of the Group's internal control and risk management systems in relation to the financial reporting process, which is part of the consolidated activity report (as an element of the contents of the corporate governance statement) and the information under Art. Article 10 (1) (d), (e), (h) and (i) of Directive 2004/25 / EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, do not contain cases of material misstatement.

Reporting under Art. 10 of Regulation (EC) No 537/2014 in relation to the requirements of Art. 59 of the Independent Financial Audit Act

Pursuant to the requirements of the Independent Financial Audit Act in conjunction with Art. 10 of Regulation (EC) No 537/2014, we further report the following information.

- Teodora Tsvetanova has been appointed as a statutory auditor of the consolidated financial statements for the year ended 31 December 2017 of SIRMA GROUP HOLDING JSC by the General Meeting of Shareholders by decision of 15 June 2017 for a period of one year.
- The audit of the consolidated financial statements for the year ending 31 December 2017 of SIRMA GROUP HOLDING JSC represents the first full continuous commitment to a statutory audit of this entity that we have performed.
- We confirm that our audit opinion is consistent with the additional report submitted to the audit committee of SIRMA GROUP HOLDING JSC, in accordance with the requirements of Art. 60 of the Independent Financial Audit Act.
- We confirm that we have not provided the specified in Art. 64 of the Independent Financial Audit Act banned services outside the audit.
- We confirm that we have maintained our independence in the conduct of the audit.

Registered auditor:

Teodora Tsvetanova

Auditor's address:

27 APRIL 2018, Sofia,

Sofia, 3 Buntovnik Street, office 1A