



Sirma

Interim Separate Management Report

of "Sirma Group Holding" JSC
according to Annex N10 of Ordinance 2
to Article 32, Paragraph 1, Item 2, Article
35, Paragraph 1, Item 2, Article 41,
Paragraph 1, Item 2
for the period 01.01.2022 - 31.03.2022

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

The present interim separate report of the management of "Sirma Group Holding" JSC covers the period, ending on 31 March 2022 and was prepared in accordance with the provisions of Article 39 of the Accountancy Law and Art. 100o, para. 2 and 5 of the Law on the Public Offering of Securities (POSA), including also the established events, occurring after the balance sheet date. The structure of this report is in accordance with Annex 9, 10 and Appendix 11 to Article 32a (2) of Ordinance No. 2.

The board of directors of the holding confirms that:

- there were no irregularities in which managers or employees were involved, which may be material to the consolidated financial statements;
- all material transactions are duly accounted for and reflected in the interim financial statements as at 31 March 2022;
- there is no actual or potential breach of laws and (or) other regulatory provisions that would have a material impact on the individual financial statements or could serve as a basis for reporting contingent loss;
- there are no legal or other restrictions on the flow of funds;
- there are no known trends, requests, commitments, events or occasional circumstances for which there is reason to expect that they may affect the company as a whole.

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

The words "purpose", "predict", "accept", "believe", "in the future", "we could", "rely", "we are confident", "appreciate", "expect", "we intend", "we can", "can", "prospect", "plan", "project", "predict", "would" and other similar expressions are intended to identify these forward-looking statements. Such estimates are, for example, those made in the Business Results section of our quantitative and qualitative disclosures about market risk in accordance with International Financial Reporting Standards (IFRS), namely IFRS 7 and related statements in our Notes to the financial statements, our prospects for development, and other forecast information that appears in other parts of

this report. Unless required by law, we do not commit and we have no obligation to update or revise predictive statements as a result of new information we have received about the conditions that existed at the time of this report, future events, or otherwise unless we are obliged to do so under the law.

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

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

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

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

The reporting period is the financial period ending on 31 March 2022. The report includes the activity of "Sirma Group Holding" JSC.



2/ ORGANIZATION AND WAY OF PRESENTATION

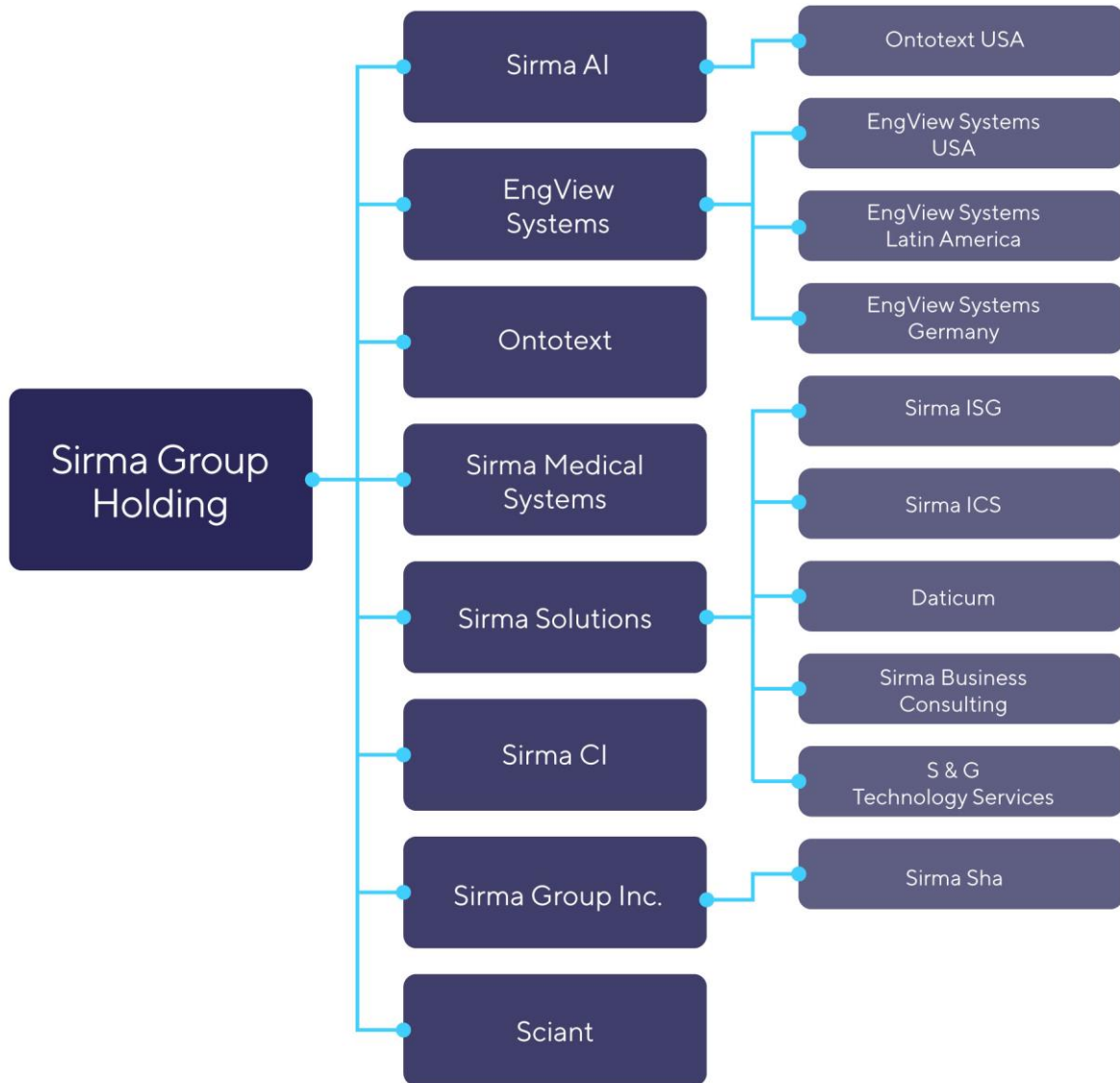
"Sirma Group Holding" JSC is a holding company which invests in technological businesses, manages them strategically and operationally, provides its subsidiaries with management, administrative, marketing and financial services.

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

capital. Our strategy is to create businesses, incubate them and develop them.

Generating robust growth, cost-effectiveness and consistent business results are among the company's top priorities.

2.1. Group structure



HISTORY AND DEVELOPMENT OF THE COMPANY

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

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

PARTICIPATION IN BULGARIAN AND FOREIGN COMPANIES, ACQUISITION, EVALUATION AND SALE OF PATENTS, CESSION OF LICENSES TO USE PATENTS IN COMPANIES 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 OTHER BUSINESS ACTIVITIES WHICH IS NOT PROHIBITED BY LAW.

Changes in the subject of activity:

On 23.03.2009 "Sirma Group Holding" JSC changed its scope of activity as follows: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, surrender of licenses for use of patents to companies in which the holding company participates, financing of the companies in which the holding company participates, organization of the accounting and preparation of financial statements as per the Law for Accounting. The company may also carry out its own

commercial activity, which is not prohibited by law. On 04.07.2012 the subject of activity is changed to the current one.

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

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

- does not have a transfer or pledge to the enterprise;
- does not have claims, which have been filed for the opening of insolvency proceedings of the company;
- does not have pending tenders from third parties to the Company or from the Company to other companies;

CAPITAL

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.

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

Non-monetary contributions - description:

1. Software representing 29 (twenty nine) software modules.

Value: BGN 61 555 838

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: BGN 11 734 980

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: BGN 3 911 660



"Sirma Group Holding" JSC

www.sirma.com

Total Value: BGN 77 202 478

Non-cash contributions are detailed in Article 7, paragraph 3 of the Articles of Association of the Company.

HISTORY OF SHAREHOLDER CAPITAL

- Through an initial public offering, according to a resolution of the GMS dated 04.12.2014, an increase of the capital of "Sirma Group Holding" JSC was registered on 30.10.2015, increasing the capital to BGN 59 360 518 BGN.

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

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

- On 15.10.2008 after the adoption of three triple expert appraisals, the share capital is increased from 50 000 BGN to 77 252 478 BGN through non-cash contributions by issuing new 77 202 478 shares as follows:

- 29 software modules worth 61 555 838 BGN;

- Non-monetary contribution representing real estate amounting to 3 911 660 BGN:

- Office building - offices, floor 3th and floor 5th of an office building, located in Sofia, 135 Tsarigradsko shose Blvd., owned by "Sirma Group" JSC, a company registered in the Commercial Register at the Registry Agency UIC 040529004, with headquarters and address of management in Sofia, Mladost district, 135 Tsarigradsko shose Blvd., accepted as shareholder in "SGH" JSC by decision of the General Meeting of "SGH" JSC from 10.07.2008

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

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

Information on the terms of any vesting rights and / or liabilities for statutory but unissued capital

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

3/ PORTFOLIO OF "SIRMA GROUP HOLDING" JSC

Subsidiaries of "Sirma Group Holding" JSC

Company	Value of the investment at 31.03.2022 (in BGN'000)	Percentage of capital at 31.03.2022	Percentage of capital with adjusted repurchased own shares 31.03.2022	Value of the investment at 31.12.2021 (in BGN'000)	Percentage of capital at 31.12.2021	Percentage of capital with adjusted repurchased own shares 31.12.2021	Changes (in BGN'000)
Sirma Solutions AD	39 311	77,71%	82,43%	39 311	77,71%	82,43%	-
Ontotext AD	17 865	87,65%	90,44%	17 865	87,65%	90,44%	-
Sciand AD	10 237	80,00%	80,00%	10 237	80,00%	80,00%	-
Sirma AI EAD	7 035	100,00%	100,00%	7 035	100,00%	100,00%	-
Sirma Group Inc.	3 471	76,30%	76,30%	3 471	76,30%	76,30%	-
Sirma CI AD	106	80,00%	80,00%	106	80,00%	80,00%	-
Sirma Medical Systems AD	66	66,00%	66,00%	66	66,00%	66,00%	-
Engview Systems Sofia AD	50	72,90%	72,90%	50	72,90%	72,90%	-

INFORMATION ON PARTICIPATION

Apart from the above mentioned participations of the Company under PORTFOLIO above, there are no other participations which are likely to have a significant effect on the valuation of its own assets and liabilities, financial position or profits or losses.

The company has no branches.



4/ STRUCTURE OF SHAREHOLDERS CAPITAL AND MANAGEMENT AUTHORITIES

4.1. Distribution of share capital

As of 31.03.2022 the distribution of the share capital of "Sirma Group Holding" JSC is as follows:

	31.03.2022 (BGN '000,%)	31.12.2021 (BGN '000,%)
Share capital	59 361	59 361
Number of shares (par value of BGN 1.00)	59 360 518	59 360 518
Total number of registered shareholders	1 014	1 026
Including legal entities	41	45
Individuals	973	981
Number of shares held by legal entities	8 299 927	8 517 822
% Of participation of entities	13,98%	14,35%
Number of shares held by individuals	51 060 591	50 842 696
% Participation of individuals	86,02%	85,65%

Shareholders	Number of shares at 31.03.2022	Number of shares at 31.12.2021	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 200 000	4 500 000	1	4 200 000	7,08%	7,15%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,37%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,91%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,31%
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%	3,67%
Emiliana Ilieva Ilieva	1 925 820	1 925 820	1	1 925 820	3,24%	3,28%
"Sirma Solutions"	1 766 286	1 437 786	1	1 766 286	2,98%	3,01%
Yavor Liudmilov Djonev	1 392 746	1 392 746	1	1 392 746	2,35%	2,37%
Peter Nikolaev Konyarov	870 665	870 665	1	870 665	1,47%	1,48%
"Mandjukov" Ltd.	860 000	860 000	1	860 000	1,45%	1,46%
UPF "Doverie"	802 126	976 678	1	802 126	1,35%	1,36%
"First Financial Brokerage House"	792 935	677 368	1	792 935	1,34%	1,35%
UPF "DSK Rodina"	747 036	747 036	1	747 036	1,26%	1,27%
UPF "Pension Insurance Institute"	478 200	715 810	1	478 200	0,81%	0,81%
Others	12 340 056	12 071 961	1	12 340 056	20,79%	20,00%
Total	59 360 518	59 360 518		59 360 518	100%	100%

As of 31.03.2022 "Sirma Group Holding" JSC posses repurchased 584 474 own shares (0,98% from share capital).



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

Shareholders	Number of shares at 31.03.2022	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 200 000	7,08%	7,15%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%

Shareholders	Number of shares at 31.12.2021	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 500 000	7,58%	7,66%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%

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

"Sirma Group Holding" JSC is owned by its shareholders exercising full control over the company. Operational control is delegated to the Board of Directors and, respectively, the Executive Director. The company has implemented a number of internal documents aimed at regulating the work and preventing abuses. Such are the "Instruction on the Obligations and Responsibilities of Insiders with Insider Information", "Code of Conduct for Financial and Accounting Posts", "Rules of Procedure of the Board of Directors", "Good Corporate Governance Program".

Description of any arrangements known to the Company, the operation of which may at any subsequent date result in a change in the control of the Company

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

4.2. Management authorities

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

The Board of Directors as of 31.03.2022 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

Determination of the mandate of the Board of Directors: 2 years from the date of entry.

The current mandate of the Board of Directors: 02.07.2023

The company is represented by the CEO of "Sirma Group Holding" JSC Tsvetan Borisov Alexiev.



Competencies of the management

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

Stock options of the company

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

Committees in The Company

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

1. Investment and Risk Committee, composed of:

Yordan Nedev – chairman
Tsvetan Alexiev – member
Georgi Marinov – member

2. Remuneration Committee, composed of:

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

3. Information Disclosure Committee, composed of:

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

4. Audit Committee, composed of:

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

Adopted internal documents

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

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

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

<https://investors.sirma.com/investors/corporate-governance.html>

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

Shareholders	Number of shares at 31.03.2022	Number of shares at 31.12.2021	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 865 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,08%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	4,91%
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	17 887 344	17 887 344		17 787 344	30,14%	30,44%

During the period 01.01.2022 – 31.03.2022 there were no changes in the participation of the members of the BD in the capital of the company.



Remuneration of the members of the Board of Directors of "Sirma Group Holding" JSC

Pursuant to Article 25, paragraph 5 of the Articles of Association of the Company, each member of the Board of Directors has received a permanent gross remuneration under management contracts:

Name	Company	Period: 01.01.2022 - 31.03.2022 (BGN)
Tsvetan Borisov Alexiev	"SIRMA GROUP HOLDING" JSC	(39 249)
Yordan Stoyanov Nedev	"SIRMA GROUP HOLDING" JSC	(20 250)
Atanas Kostadinov Kiryakov	"SIRMA GROUP HOLDING" JSC	(4 500)
Georgi Parvanov Marinov	"SIRMA GROUP HOLDING" JSC	(4 500)
Chavdar Velizarov Dimitrov	"SIRMA GROUP HOLDING" JSC	(4 500)
Petar Borisov Statev	"SIRMA GROUP HOLDING" JSC	(4 500)
Total		(77 499)

INFORMATION ON THE CONTRACTS OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES WITH THE COMPANY PROVIDING BENEFITS FOR THE DISCONTINUATION OF EMPLOYMENT

In the contracts of the members of the board of directors, both with the Company itself and with subsidiaries of the Company, where such contracts are available to them, no

benefits have been provided upon termination of their contracts.

INFORMATION ON THE COMPANY'S AUDIT COMMITTEE, INCLUDING THE NAME OF THE MEMBERS OF THE COMMITTEE AND A MANDATE SUMMARY ON WHICH THE COMMITTEE FUNCTIONS

At the Extraordinary General Meeting of the Shareholders of the Company held on 26.08.2019, the mandate of the Audit Committee was continued with 3 (three) years at the current remuneration. The Audit Committee consisting of:

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

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

In view of the fact that "Sirma Group Holding" JSC is entered in the register under Art. 30, para. 1, item 3 of FSCA, kept by FSC, the Company has implemented a program prepared in accordance with internationally recognized standards for good corporate governance. In accordance with the provision of Art. 100n, para. 4, item 3 of POSA

"Sirma Group Holding" JSC is obliged to comply its financial statements with the requirements within the program for the application of internationally recognized standards for good corporate governance and maintains its accounting policy in accordance with International Accounting Standards.



5/ "SIRMA GROUP HOLDING" JSC IN Q1 2022

Summary

2021 was a year of increased growth in all ICT segments. The products and services of the industry were seen as the remedy to all ailments from the pandemic restrictions. In 2022, this growth is expected to slow down some and markets to return to normal.

There are still a number of risks that could stop or slow down the growth of both the ICT industry and the global economy as a whole - geopolitical tensions, inflation, logistical difficulties, rising interest rates, the "the great resignation" are just some of the looming risks.

Forecast for development of the economy in Bulgaria in 2022

Despite a return to growth, Bulgaria has failed to recover its economy from before the pandemic crisis. This was expected to happen in 2022, but according to the BNB, the risks to the development of the Bulgarian economy in 2022 and 2023 are:

- Postponement of the implementation of investment projects;
- Slow pace of utilization of funds under European programs;
- Delayed implementation of the National Recovery Plan;
- Higher than expected inflation due to prolonged retention of high energy prices;
- War between Russia and Ukraine.

Development of the global economy in 2022

Following COVID-caused decline in global GDP of 3.1% in 2020 (less than expected), the economy recovered rapidly in 2021. The IMF forecast expects 5.9% global GDP growth for the year and another 4.4 % in 2022 - about half a percent lower than expected at the end of 2021 ([World Economic Outlook Update, IMF, January 2022](#)). The recovery was rapid, but in early 2022 its momentum slowed, some risks surfaced (new variants of COVID, logistical problems, energy prices, shortages of goods, inflation) and uncertainty increased.

The risks to the world economy are increasing also due to war between Russia and Ukraine, as well as expectations of further climate crises due to global warming. These two factors alone have the potential to radically change growth expectations.

Despite the rapid start of the recovery and optimistic expectations for continued growth, the World Bank ([World Bank Development Report](#), February 15, 2022) outlines some important risks. According to the bank, rising inflation and the associated rise in interest rates outline an increasing risk for the financial sector from a sharp increase in non-performing loans. This would reduce access to finance for small and medium-sized businesses. This, in turn, risks slowing or halting the economic recovery. These risks are particularly strong in developing countries and low to middle-income countries (including Bulgaria).

The Industry of Sirma

The companies from Sirma Group specialize in the information technology (IT) industry. Industrial data is usually combined with data for the "communication segment", as this segment depends entirely on information technology. Accordingly, the industry has acquired the name "Information and Communication Technologies" or ICT for short. Of all the variety of ICT segments, the companies in the Group work mainly in the segments "IT Services" (system integration, infrastructure as a service, software as a service, software support, consulting) and "Business Software" (various software products and services aimed at different business verticals and custom software development).

The two main segments (IT Services and Software) in which the Group operates were the fastest growing in the past ([Gartner, January 2022](#)). Both segments are seen as the solution to all the problems arising from the global pandemic. The mass digitalization that is unfolding relies on "Software" for the various technological solutions and "IT services" through which these solutions can be implemented. This led to a dramatic growth in both segments in 2021 by 14.4% and 10.7% respectively on an annual basis.

Expectations for 2022 are that the two segments will maintain their growth, albeit at a slightly slower pace - 11% for "Software" and 7.9% for "IT Services". The growth of these two segments is expected to be sustainable in the coming years with CAGR 2020 - 2025 of 12.18% and 9.07% respectively.

Geographically, Sirma is focused on the world's leading markets (USA, UK and Europe), which are also expected to recover their IT costs the fastest, to pre-COVID levels.

Sirma is a B2B IT provider. Sirma's client portfolio - Digital Business (AI of Sirma, Consulting and Integration, Chatbots, IT Security and Software Development), Financial Institutions (AI of Sirma, Consulting, Integration, IT Security, Chatbots and products of Sirma Business Consulting JSC), Insurance (Sirma's Insurance Broker Platform), communication (AI of Sirma, GraphDB), publishing (AI of Sirma, GraphDB), media (AI of Sirma, GraphDB) and healthcare (AI of Sirma and products of Sirma Medical Systems AD) show a moderate



reduction in IT spending levels in 2020, resilience during the COVID crisis, and a significant increase in their ICT investment is expected in the coming years (see Gartner below, ICT vertical spending). Sirma is not exposed to the verticals most affected by the COVID crisis - Transport, Entertainment and Tourism.

Forecast for the Global ICT Sector in 2022

According to Gartner ([Gartner, January 2022](#)), the ICT spending in the world in 2021 has grown 9% y/y to \$ 4.2 trillion in current prices.

The recovery of the ICT sector was indeed V-shaped. Growth has affected all segments of ICT in 2021, and in almost all it is measured in double digits. As a result, the ICT market far exceeded 2019 before-COVID levels. The world has greatly accelerated the levels of digitalization, offices have become "home", online payments have increased by nearly 50% in just one year. Logically the segment "Software" is ahead of the other segments and has an expected growth of 10.4% in 2021. Immediately after it is the "Devices" segment, where growth is expected to be 13% for the year – a result from the delayed purchases from the pandemic year 2020. This growth was closely followed by the IT services segment by 10.7%. Total ICT spending is expected to reach \$ 4.239 billion in 2021 and will continue to rise sharply in the coming years:

Global ICT Spending in Current Prices USD								
	2019	2020	2021	2022	2023	2024	2025	CAGR 2020-25
Data Center Systems								
Spending (B\$)	191	194	216	226	237	247	257	
Growth y/y		1.57%	11.34%	4.63%	4.87%	4.22%	4.09%	5.78%
Software								
Spending (B\$)	485	529	605	672	752	841	940	
Growth y/y		9.07%	14.37%	11.07%	11.90%	11.84%	11.77%	11.95%
Devices								
Spending (B\$)	706	697	787	814	804	824	843	
Growth y/y		-1.55%	12.91%	3.43%	-1.23%	2.49%	2.31%	3.88%
IT Services								
Spending (B\$)	1 053	1 071	1 186	1 280	1 392	1 516	1 653	
Growth y/y		1.71%	10.74%	7.93%	8.75%	8.91%	9.04%	9.07%
TELCO								
Spending (B\$)	1 418	1 396	1 444	1 463	1 494	1 524	1 554	
Growth y/y		-1.55%	3.44%	1.32%	2.12%	2.01%	1.97%	2.18%
All ICT								
Spending (B\$)	3 855	3 888	4 239	4 454	4 679	4 952	5 247	
Growth y/y		0.86%	9.03%	5.07%	5.05%	5.83%	5.96%	6.18%
IT w/o TELCO								
Spending (B\$)	2 437	2 492	2 795	2 991	3 185	3 428	3 693	
Growth y/y		2.26%	12.16%	7.01%	6.49%	7.63%	7.73%	7.21%

Recovery across countries, vertical industries and IT sub-segments still varies significantly, prompting a "K-shape recovery" when we view the uneven recovery for many sub-segments and geographies. The difference in 2021 ICT growth is linked, according to Gartner, to the different kind of support rendered by the governments. Countries which supported the individuals (USA, Canada, Australia) tend to have done better in 2021 compared to countries which have supported businesses and employment (Italy, Greece).

Looking at the various industries, "Manufacturing and Natural Resources", "Transport" and "Retail" have not yet reached the level of ICT spending of 2019. Peculiar with the "Retail" sector, which definitely has embraced digital sales during the pandemic, is that the infrastructure needed to do this was in place prior to the pandemic. Hence the sector is seeing less growth in 2021 in their ICT spending.

The other sectors of the economy are making extensive use of technology to deal with the effects of the pandemic – "Education" (9% growth), "Government" (7% growth), "Healthcare" (7% growth), "Insurance" (6.5% growth), "Banking and Investment Services" (6.7% growth) and "Media" (growth 6.7%).

The development of the different sub-segments of ICT varies greatly. "Infrastructure as a Service" (offered by Daticum) is undoubtedly the winner for 2021 (growth reaching 40% y/y) and in the coming years (CAGR above 30%). The other sub-segments, where Sirma specializes are clustered together:

- Infrastructure Software (offered by Daticum)
- Enterprise Application Software (offered by Sirma AI, Sirma Solutions and Sirma Business Consulting)
- Consulting (offered by Sirma Solutions and Sirma Business Consulting)
- Application Implementation and Managed Services (offered by Sirma Solutions)
- Business Process Services (offered by Sirma ICS, Sirma Medical Systems and Sirma Business Consulting)

and also enjoy strong growth of 7-14% in 2021 and CAGR 2020-2025 of 5-13%.

Cloud market growth is expected to be even more spectacular. The sub-segment "Desktop as a Service" will have outstanding growth above 65% in 2021 and a strong CAGR 2020-2025 exceeding 25%. This is followed by the emerging "Business Intelligence Applications" and the "Database Management Systems" and "Business Intelligence Platforms" where Sirma AI is specialized. All of them are expected to have 2021 growth between 25% and 50% and CAGR 2020-2025 ranging between 20% and 33%.

2022 is also emerging as a strong year for the ICT sector, although segment growth is expected to be a bit more



moderate. The market volume is expected to reach USD 4.5 trillion, an increase of 6% on an annual basis in constant prices, or 5.1% growth in constant prices.

Leading the growth of the sector are again "Software" and "IT Services", which are expected to grow by 11% and 7.9% respectively during the year.

The analysis of the components of the different segments shows an extremely diverse picture. The picture of the growing gap between the desire for owning things to using things as a service becomes visible. The growth of the "Software" segment in 2022 and the near future is mainly due to cloud technologies. Accordingly, "Infrastructure as a Service" (IaaS) is expected to grow by as much as 31% in 2022, and to maintain this growth until 2025. Other sub-segments of the "Software" segment also have dramatic and sustainable growth. "Infrastructure Software" and "Enterprise Software" are expected to grow by 11-12% in 2022 and maintain this growth in the coming years with a CAGR of around 12% by 2025.

From the "IT Services" segment, there are also several well-performing sub-segments that are somewhat interconnected and often offered together. "IT consulting", "Implementation and managed services" and "Business process services" are expected to grow between 6 and 11% in 2022, and this growth will be sustainable over time with CAGR to 2025 also between 7 and 11%. At the other end of the spectrum of the IT Services segment are the "Infrastructure Implementation" and "Hardware Support" sub-segments, which are growing poorly or shrinking altogether - clearly showing the sustainable transition of all businesses and users to the cloud environment. This assertion is reinforced by the shrinking "Fixed Services" market for both businesses and consumers.

When we look at the IT spending of the different industries, we see that in 2022 there are still four industries that have failed to recover their IT investments from the pandemic crisis - "Air Transport", "Heavy Industry" and "Online and Offline Entertainment". All other verticals increase their IT spending by an average of about 7% in 2022.

Risks

Inflation

2% per year is considered a normal inflation rate. At the same time, in 2022 and probably in 2023, most countries in the world are expected to experience higher than normal inflation, with levels in the United States alone expected to reach 6.56% in 2022.

According to Gartner ([Gartner, January 2022](#)), inflation, which is expected to sweep the world in 2022 and 2023, does not pose a threat to the ICT industry. The reason for this is the

fact that the current inflation is driven by demand. This is an increased demand for goods that was diverted from the demand for services during the pandemic.

Lack of chips

A more serious risk for the ICT industry was the breakdown of logistic chains and the resulting - a shortage of chips. This shortage cost a number of problems in 2021. Gartner expects that by the end of the first half of 2022, the supply and inventory of microprocessors (MCUs), semiconductor disks (SSDs) and display drivers will be adjusted and returned to normal. The DRAM (dynamic RAM) and NAND markets are expected to remain tight within 2022, with supplies expected to return to normal by the end of the year.

The great resignation

Although the term "Great Resignation" is applicable to the United States and to some extent to the United Kingdom, it is beginning to appear in some other European countries. To some extent, the large resignation wave is also a result of the rising inflation. If the current employer cannot provide an increase in wages commensurate with inflation, employees change jobs for higher wages. This is not difficult to do because there is currently a shortage in the labor market. Accordingly, employees who have changed their employer actually find themselves in a better position than those who have not. Hence the risk for ICT companies of not being able to retain employees or the need to increase wages above the inflation rates.

The ability of ICT companies to provide and present the motivators they offer can mean filling the necessary numbers and joining the growth of the industry in 2022 or missing opportunities and stagnation.

The ability of companies to attract and retain talent in 2022 will be key to maintaining competitiveness. In addition to increasing salaries, employers will need to look at other motivations of their employees to keep their jobs.

COVID-19 pandemic

According to IDC, the development of the ICT market in 2020 and 2021 experienced the greatest volatility in its history. The main reason for this was the COVID pandemic and related restrictions. Despite encouraging news of the lifting of restrictions in late 2021 and early 2022, the risks associated with COVID for the growth of the ICT industry remain. Some of the client-industries of the ICT sector would be more resilient to recovering new COVID restrictions, while for others. The division among the different sub-segments in the ICT sector is similar. Sub-segments such as "Business Services", "IT Services" and "Periphery" are highly dependent on the development of the economy and enterprises. A corresponding return to COVID restrictions would severely limit their growth. At the other end of the spectrum is "Cloud Infrastructure" and "Cloud Software", which will not only be unaffected by the return of restrictions, but are likely to achieve additional growth.



Complicated international situation

The full-scale military invasion of Russia in Ukraine, which began on 24 February 2022 and continuing at the time of publication of these interim separate financial statements, caused a wide international response and affected the

countries of Europe in various aspects. The expectation is that the military conflict will have a negative impact and affect all businesses to one degree or another.

PARTICIPATION IN MANAGEMENT AND IMPLEMENTATION OF CONTROL ON THE SUBSIDIAR COMPANIES

In Q1 2022, as in previous periods, Sirma Group Holding's senior management was actively involved in the management of its subsidiaries. The high expertise and accumulated experience of Sirma Group Holding's managers helped companies to formulate their development goals and strategies as well as their business and financial plans. As a

result, the company achieved outstanding successes over the past period. At the same time, taking part in the management of the Group's companies, they monitored the Group's overall objectives, strategies for its development and financial discipline.

MARKETING

In operational terms, the annual marketing strategy and budget of the "Sirma Group Holding" JSC for 2022 ensured the planning, development and successful implementation of the following activities:

1. Creating, developing and maintaining a general knowledge of the Sirma brand through a range of activities that help for successful branding and corporate communications - public relations, investor relations, public institutions, company employees, general public. They included internet marketing, online meetings, helping managers and managers with marketing materials for their investment tours, press interviews, TV, radio, participation in specialized and high profile business events.

2. Building a strong employer brand and affirming the company as an attractive place to work, career development and realization of own innovative ideas for creating new software products and solutions, working with the most advanced technologies, entering new market niches. A favorable environment has been created and the innovation process in companies is regularly promoted. Social media is actively used for informal communication with employees, engaging in important causes, informing about upcoming events, company and product news. The team building

conducted at the end of the year was traditionally one of the most anticipated events that enabled people from different companies, cities and offices to communicate in an informal environment.

3. Increased presence of the brand in social media and communication management through digital channels. As part of marketing through social channels, a content marketing program has been developed. It aims at:

- enhanced performance across the global network through digital tools - a substantial increase in traffic to "Sirma Group Holding" JSC sites and subsidiaries; improved detection in the most popular search engines - SEO & SEM activities;
- raising awareness of external and internal audiences about corporate initiatives and key business events;
- informing the audience about new products and services created by our companies, the development of existing products and services, company achievements;

ACTIVITY AND MANAGEMENT OF FINANCIAL RESOURCES OF THE GROUP

ASPECTS OF THE FINANCIAL ACTIVITY OF HOLDING AND GROUP

Over the past period the management of the financial activities of "Sirma Group Holding" JSC was carried out in the following:

I. Goals

As a **strategic goal** of financial management, "Sirma Group Holding" JSC has accepted the increase in the wealth of the owners, which can only be achieved by maximizing the market value of the company based on the share price.

As a **tactical objective** of the financial management, "Sirma Group Holding" JSC opted the maximization of revenues and profit.

As an **operational objective** of financial management, "Sirma Group Holding" JSC has determined the maintenance

of the solvency of the company and the Group companies as an opportunity to service all emerging uncontested payments.

II. Execution of functions

1. Executed functions of Sirma Group Holding's management::

a) Financial planning - plans of "Sirma Group Holding" JSC and of all companies of the Group for a one-year and mid-term period were prepared.

b) Co-ordination of the financial activity - "Sirma Group Holding" JSC coordinated the activities of all the companies in the Group for the fulfillment of the general



objectives of the financial activity management and for the implementation of unified policies in this activity;

c) Control - The financial team of the "Sirma Group Holding" JSC throughout the year carried out regular and periodical control over the financial activity of the companies in the group.

2. As regards the financial activities of "Sirma Group Holding" JSC and the subsidiaries, the Holding had the following functions:

a) financing - related to the provision of financial resources and the structuring of capital needed for the proper functioning of the enterprise.

This function is related to the company Balance liability. There are the sources of capital available to the enterprise for the conduct of its business.

b) vestment - covers the insured capital in different assets in order to realize the strategic objective of the company. This feature is related to the Balance asset.

III. Completed tasks

1. Ensure sufficient financial resources in accordance with the strategy and tasks for the development

- ACCOUNTING SERVICES

In Q1 2022 "Sirma Group Holding" JSC performed the accounting services of 20 subsidiaries and associated companies and related companies. In addition to regular accounting services, management is presented with various BI reports built as know-how of the Group. The FAD of "Sirma Group Holding" JSC achieved monthly reporting of results at individual and group level. The department also managed to manage the companies' relationships with the

- LEGAL SERVICES

The legal department of "Sirma Group Holding" JSC carries out legal services to the companies of the Group, which includes the preparation of corporate documents; assistance

- MANAGEMENT OF RISKS

The management of the risks of "Sirma Group Holding" JSC is the responsibility of the Board of Directors. In his activities, he is assisted by the Investment and Risk Committee. The holding also supports its subsidiaries for risk management.

Risk management is, inherently, the ability to anticipate threats to the company's activities, individual projects and minimize their adverse effects. The process is iterative. It starts with identifying the possible risks, goes through risk analysis and planning their management, then begins a process of monitoring and a regular return to the analysis process.

In "Sirma Group Holding" JSC a sophisticated risk management system has been set up.

of "Sirma Group Holding" JSC and the subsidiaries during the respective period.

2. Ensuring the most efficient allocation and utilization of the volume of financial resources formed in the main directions of the Group's activity.

3. Optimization of the monetary turnover - synchronization by size and time of the receipts and payments for the normal service of the undisputed payments.

4. Ensure maximum profit at a given level of risk.

5. Ensure the financial equilibrium of "Sirma Group Holding" JSC and the subsidiaries in the process of their development.

In fulfilling the task of financial equilibrium, we have complied with the golden balance rule, which requires long-term assets to be funded by long-term capital sources, and short-term assets from short-term sources of capital.

6. Providing opportunities for quick capital reinvestment when changing the external and internal conditions for carrying out the business activity.

fiscal and social security systems. The timely introduction of taxes, timely information submission and the preparation of information under the Law for Public Offering of Securities to the Financial Supervision Commission and the BSE have been performed in the period.

with the preparation and implementation of the GMS; preparation of any commercial documents and contracts; settlement of commercial disputes; conducting court cases.

Risk management in the "Sirma Group Holding" JSC includes:

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

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



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

- Planning actions to overcome the risk

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

- a) risk avoidance - a strategy that reduces the likelihood of risk occurring;
- b) minimizing the risk-taking effect - a strategy that reduces the consequences of the risk;

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

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

- Risk monitoring and control - This is the latest activity in risk management. This process has several main tasks:
 - confirm the occurrence of a risk
 - ensure that activities to prevent or deal with risks are implemented
 - Identify what risk has caused the relevant problems
 - document information to be used in a subsequent risk analysis;

IMPACT OF EXCLUSIVE FACTORS

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

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

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

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

INFORMATION, CONCERNING SIGNIFICANT FACTORS, INCLUDING NON-ORDINARY OR RARE EVENTS OR NEW DEVELOPMENTS, THAT EXPRESSLY RENDER THE INCOME OF THE COMPANY'S ACTIVITY

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

SIGNIFICANT CHANGES IN NET SALES OR REVENUES DISCLOSED IN THE ACCOUNTS

Significant changes in net sales or earnings reported in the Company's accounts detailed in Section 6 of this Report are observed during the period considered.

INFORMATION ON GOVERNANCE, ECONOMIC, FISCAL, MONETARY POLICY OR POLITICAL COURSE OR FACTORS THAT SIGNIFICANTLY HAVE BEEN CONCERNED OR MAY CONTRIBUTE TO SIGNIFICANT, DIRECT, OR CONSEQUENTIAL ACTIVITY OF THE COMPANY

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

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



EVENTS AND BUSINESS NEWS IN Q1 2022

The following events and business news took place in Q1 2022:

31.03.2022

Disclosure of purchase of 105 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

30.03.2022

Disclosure of audited annual individual reports of Sirma Group Holding JSC for 2021.

29.03.2022

Angelica Kabaivanova - Director of Business Development and Marketing at Sirma Solutions represented Sirma Group at [AxisTlv22](#) in Tel Aviv, Israel.

07.03.2022

Disclosure of share purchase of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

04.03.2022

Georgi Tsekov is the new Executive director of the daughter company of Sirma Group Holding JSC Daticum JSC.

01.03.2022

Disclosure of share purchase of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

01.03.2022

Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

28.02.2022

Momchill Zarev, Chief Commercial Officer and Mark Belane, Director of Strategic Partnerships at Sirma Solutions took part in Connectivity Unleashed – the Mobile World Congress in Barcelona.

31.01.2022

Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

MAIN LEGAL INFORMATION IN Q1 2022

Transactions with shares for the period 01.01.2022 - 31.03.2022:

- **Purchase of shares**

In Q1 2022 the subsidiary "Sirma Solutions" has acquired additional 328 500 shares from the capital of "Sirma Group Holding" JSC through 14 transactions made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 167 038.

Litigation for the period 01.01.2022 - 31.03.2022:

There are no lawsuits filed against the company for the period.



6/ INDIVIDUAL FINANCIAL RESULTS

6.1. REVENUES

	31.03.2022 BGN '000	31.03.2021 BGN '000	Change (BGN '000)	Change (%)
Revenues from sales	772	829	(57)	(6,88%)
Dividend income	254	-	254	n/a
Interest income	9	2	7	350%
Gain on sale of non-current assets	1	5	(4)	(80%)
Income from sale of investments	-	7	(7)	(100%)
Other revenues	4	-	4	n/a
Total	1 040	843	197	23,37%

In Q1 2022 the revenues of "Sirma Group Holding" JSC increased by BGN 197 thousand or by 23,37% compared to Q1 2021.

Revenues in the period include interest and sale of investments, since the business of acquiring businesses and parts of them, as well as the provision of loans and the receipt of deposits is the main activity of the holding company.

Revenues by product line includes:

	31.03.2022 BGN '000	31.03.2021 BGN '000	Change (BGN '000)	Change (%)
Administrative and accounting services	266	212	54	25,47%
Licenses	257	34	223	655,88%
Rents of investment properties	188	131	57	43,51%
Technical Support	9	9	-	-
Cloud services	-	370	(370)	(100%)
Others	52	73	(21)	(28,77%)
Total	772	829	(57)	(6,88%)

6.2. EXPENSES

	31.03.2022 BGN '000	31.03.2021 BGN '000	Change (BGN '000,%)
Cost of materials	(27)	(14)	(13)
Change in %			92,86%
Hired services expenses	(226)	(260)	34
Change in %			(13,08%)
Employee benefits expense	(363)	(314)	(49)
Change in %			15,61%
Depreciation and amortisation of non-financial assets	(149)	(193)	44
Change in %			(22,80%)
Capitalized own expenses	-	27	(27)
Change in %			(100%)
Other expenses	(4)	(3)	(1)
Change in %			33,33%
Total expenses	(769)	(757)	(12)
Change in %			1,59%

In Q1 2022 the expenses of "Sirma Group Holding" JSC increased by BGN 12 thousand or by 1,59% as compared to Q1 2021.



6.3. FINANCIAL INCOME / COSTS (NET)

	31.03.2022 BGN '000	31.03.2021 BGN '000	Change (BGN '000)	Change (%)
Financial costs	(98)	(83)	(15)	18,07%
Financial income	13	14	(1)	(7,14%)
Financial income / costs (net)	(85)	(69)	(16)	23,19%

In Q1 2022, financial income / costs (net) of "Sirma Group Holding" JSC increased by BGN 16 thousand as compared to Q1 2021.

6.4. ASSETS

The total assets of „Sirma Group Holding“ JSC at the end of the Q1 of 2022 are with BGN 906 thousand (0,85%) more than their value at the end of 2021.

	31.03.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000)	Change %
Property, plant and equipment	641	607	34	5,60%
Intangible assets	9 584	9 664	(80)	(0,83%)
Investments in subsidiaries	78 141	78 141	-	-
Investment property	9 593	9 601	(8)	(0,08%)
Long-term related party receivables	5 464	3 807	1 657	43,53%
Long-term receivables	426	426	-	-
Total non-current assets	103 849	102 246	1 603	1,57%

	31.03.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000)	Change (%)
Trade receivables	100	60	40	66,67%
Prepayments and other assets	141	170	(29)	(17,06%)
Related party receivables	2 531	2 293	238	10,38%
Income tax receivables	17	17	-	-
Cash and cash equivalents	829	1 775	(946)	(53,30%)
Total current assets	3 618	4 315	(697)	(16,15%)

6.5. EQUITY

	31.03.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000)	Change %
Share Capital	59 361	59 361	-	-
Purchased own shares	(585)	(585)	-	-
Share premium reserve	5 497	5 497	-	-
Other reserves	1 141	1 141	-	-
Retained earnings	9 062	8 028	1 034	12,88%
Current financial result	186	1 034	(848)	(82,01%)
Total equity	74 662	74 476	186	0,25%

In Q1 2022, Equity increased by BGN 186 thousand compared to the end of 2021.

For the reporting period share capital remained unchanged from the previous period. In execution of the decisions of the regular General Meeting of Shareholders "Sirma Group Holding" JSC purchased 584 474 own shares. The board of directors believes in the development of "Sirma Group Holding" JSC and the increase of the market value of the shares in the future and therefore decided to purchase these shares at a relatively low price.



6.6. LIABILITIES

The amount of the liabilities of "Sirma Group Holding" JSC at the end of Q1 2022 is with BGN 720 thousand (2,24%) more than their value at the end of 2021.

	31.03.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000)	Change %
Pension employee obligations	22	22	-	-
Long-term borrowings	11 537	9 038	2 499	27,65%
Long-term lease liabilities	141	102	39	38,24%
Long-term related party payables	6 179	6 179	-	-
Deferred tax liabilities	28	28	-	-
Total Non-current liabilities	17 907	15 369	2 538	16,51%

	31.03.2022 BGN '000	31.12.2021 BGN '000	Change (BGN '000)	Change %
Employee obligations	383	356	27	7,58%
Short-term borrowings	7 124	6 832	292	4,27%
Short-term lease liabilities	32	20	12	60,00%
Trade and other payables	169	171	(2)	(1,17%)
Short-term related party payables	7 190	9 337	(2 147)	(22,99%)
Total Current liabilities	14 898	16 716	(1 818)	(10,88%)



LONG-TERM AND SHORT-TERM BANK LOANS

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation to 31.03.2022 (BGN)	Date of contract	Interest rate	Number of outstanding installments	The amount of monthly installment (BGN)	Maturity date	Pledges
Loans for which the Issuer is a debtor											
"Sirma Group Holding" JSC	Eurobank Bulgaria AD	overdraft	BGN	4 200 000	3 937 729	21.07.2016	Base + 0.7 points, but not less than 1.7% per year	-	-	31.12.2022	Pledge of the Receivables under the Business Incubator Contract №BG161PO003-2.2.0012-C0001 / 02.02.2012; Mortgage of a real estate located in Sofia, Mladost district, Tsarigradsko Shosse Blvd 135, namely the 5th floor of the building
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	BGN	10 475 000	5 761 340	12.12.2019	RIR + 1.2%, but no less than 1.3% per year	33	174 580	20.12.2024	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	EUR	2 933 745	2 835 593	11.12.2021	3 m. EURIBOR + 1.2%, but no less than 1.3% per year	113	24 448	11.12.2031	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	EUR	6 391 652	6 125 660	11.12.2021	3 m. EURIBOR + 1.2%, but no less than 1.3% per year	93	66 498	11.12.2029	Pledge of receivables, pledge of commercial enterprises, pledge of real estate



Interim separate management report of "Sirma Group Holding" JSC
for the period 01.01.2022 – 31.03.2022

Loans for which the Issuer is a guarantor

Sirma Solutions	United Bulgarian Bank AD	overdraft	BGN	4 025 000	973 692	12.12.2019	RIR + 1.2%, but no less than 1.3% per year	-	20.12.2025	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
Sirma Solutions		Revolving credit line	BGN	4 000 000	4 000 000	28.10.2020	RIR + 1.2%, but no less than 1.3% per year	-	28.10.2025	Pledge of receivables.
Sirma AI	United Bulgarian Bank AD	overdraft	EUR	1 449 270	-	15.08.2019	1 m. EURIBOR + 1,4% (but not less than 1,4%)	-	20.09.2022	Second in a row pledge on Sirma AI; Second pledge of his shares; A second pledge of current and future receivables totaling EUR 741 thousand; Pledge on receivables on all accounts of the borrower in UBB in the amount of EUR 741 thousand.
Sirma AI		overdraft	EUR	5 867 490	5 867 490	15.08.2019	1 m. EURIBOR + 1,4% (but not less than 1,4%)	-	20.09.2022	The first in a row pledge of Sirma AI; The first pledge of the shares he holds; First in a row pledge of current and future receivables totaling EUR 3 million; Pledge on receivables on all accounts of the borrower in UBB in the amount of EUR 3 million.
Sirma Medical Systems	Unicredit Bulbank	Revolving bank loan	BGN	250 000	250 000	15.12.2020	ADI + 1,3 percent, (but not less than 1,3 percent per year)	-	15.12.2023	Pledge on receivables



Other loans and deposits provided by "Sirma Group Holding" JSC and its subsidiaries:

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 31.03.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Group Holding	Sirma Medical Systems	204054855	Subsidiary	Loan	BGN	858	31.01.2017 31.01.2021	1.30	31.12.2022	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Loan	BGN	5 464	14.02.2011	1.3, 2.8, 3.5, 5	31.12.2023	No pledges
Sirma Group Holding	Sirma CI	205364846	Subsidiary	Loan	BGN	63	02.01.2019, 31.01.2021	1.3	31.12.2022	No pledges
Sirma Group Holding	Sirma ISG	201580558	Company under common control	Loan	BGN	188	26.04.2017	1.3, 2.8, 6.5	31.12.2022	No pledges
Sirma Group Holding	Sirma ICS	203940550	Company under common control	Loan	BGN	129	23.01.2017, 31.01.2021	1.3	31.12.2022	No pledges
Sirma Group Holding	Pirina Technologies	175149906	Company under common control	Loan	BGN	295	10.01.2022	2	31.12.2022	No pledges
Sirma Group Holding	*Individual SS		Non related party	Loan	BGN	546	19.09.2017 20.10.2017	3	31.12.2023	No pledges
Sirma Solutions	Sirma ISG	201580558	Subsidiary	Loan	BGN	107	12.12.2016	5	31.12.2022	No pledges
Sirma Solutions	Sirma Group Holding	200101236	Parent company	Deposit	BGN	3 501	29.10.2020	Bank charges incurred	31.12.2022	No pledges
Sirma Solutions	Sirma Group Holding	200101236	Parent company	Loan	BGN	650	30.03.2022	1.3	30.03.2023	No pledges
Sirma Solutions	*Individual T.A.		Related party	Loan	BGN	39	10.12.2021	2.5	12.04.2023	No pledges
Sirma Solutions	*Individual S.S.		Non related party	Loan	BGN	150	27.06.2017 20.09.2017	3	31.12.2023	No pledges
Sirma Solutions	*Individual B.I.		Related party	Loan	BGN	15	13.05.2021	2.5	31.12.2022	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	5 867	01.02.2020	Bank charges incurred	31.12.2023	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	312	01.02.2020	0.1	31.12.2023	No pledges
Sirma AI	Ontotext	200356710	Subsidiary	Loan	BGN	7	04.01.2019	1.75	31.12.2022	No pledges
EngView Systems Sofia	Sirma Group Holding	200101236	Parent company	Loan	BGN	750	30.03.2022	1.3	30.03.2023	No pledges
Sciانت	Re Solutions Sh.p.k.	Foreign company	Non related company	Loan	EUR	59	10.05.2021	3	15.12.2022	No pledges
Daticum	Sirma Group Holding	200101236	Company under common control	Deposit	BGN	514	04.01.2009	0.1	31.12.2022	No pledges
Worklogic Canada	Sirma Group Inc	Foreign company	Non related company	Loan	USD	82	31.07.2017	0.01	31.12.2022	No pledges



Other loans and deposits received from Sirma Group Holding and its subsidiaries:

Recipient	Lender	United identification code	Relationships	Type	Currency	Liability as of 31.03.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	Sirma Group Holding	200101236	Parent company	Loan	BGN	858	31.01.2017 31.01.2021	1.30	31.12.2022	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Loan	BGN	5 464	14.02.2011	1.3, 2.8, 3.5, 5	31.12.2023	No pledges
Sirma CI	Sirma Group Holding	200101236	Parent company	Loan	BGN	63	02.01.2019 31.01.2021	1.3	31.12.2022	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Loan	BGN	650	30.03.2022	1.3	30.03.2023	No pledges
Sirma Group Holding	EngView Systems Sofia	201277917	Subsidiary	Loan	BGN	750	30.03.2022	1.3	30.03.2023	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Deposit	BGN	3 501	29.10.2020	Bank charges incurred	31.12.2022	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Deposit	BGN	5 867	01.02.2020	Bank charges incurred	31.12.2023	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Deposit	BGN	312	01.02.2020	0,001	31.12.2023	No pledges
Ontotext	Sirma AI	200421236	Company under common control	Loan	BGN	7	04.01.2019	0,0175	31.12.2022	No pledges
Sirma Group Holding	Daticum	200558943	Company under common control	Deposit	BGN	514	04.01.2009	0,001	31.12.2022	No pledges
Sirma Group Inc	Worklogic Canada	Foreign company	Non related company	Loan	USD	82	31.07.2017	0,0001	31.12.2022	No pledges

*The Issuer has disclosed only the initials of the individuals to whom it has granted loans, in compliance with the provisions of the Personal Data Protection Act and the General Regulation on Data Protection (Regulation (EU) 2016/679, GDPR).



6.7. CASH FLOW

	31.03.2022 BGN '000	31.03.2021 BGN '000	Change (BGN '000)	Change %
Net cash flow from operating activities	408	(259)	667	n/a
Net cash flow from investing activities	(5 483)	254	(5 737)	n/a
Net cash flow from financing activities	4 130	1 448	2 682	185,22%
Net change in cash and cash equivalents	(945)	1 443	(2 388)	n/a
Cash and cash equivalents at the beginning of the year	(1)	1	(2)	n/a
Exchange gains/(losses) on cash and cash equivalents	1 775	1 288	487	37,81%
Cash and cash equivalents at the end of the year	829	2 732	(1 903)	(69,66%)

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

6.8. INDICATORS AND COEFFICIENTS

Over the past financial period, the company has realized the following financial results:

(The indices and the coefficients have been calculated according to the instructions of BSE)

№	Indicators BGN '000	31.3.2022	31.03.2021/ 31.12.2021	Change	
				(Abs.)	(%)
1	Revenue from operating activities	1 040	843	197	23,37%
2	Cost of sales	(765)	(698)	(67)	9,60%
3	Gross profit / loss	275	145	130	89,66%
4	Other operating costs	(4)	(3)	(1)	33,33%
5	Operating profit / loss	271	142	129	90,85%
6	Financial income	13	14	(1)	(7,14%)
7	Financial costs	(98)	(83)	(15)	18,07%
8	Profit / loss before tax expense	186	73	113	154,79%
9	Tax costs	-	-	-	n/a
10	Net profit / loss	186	73	113	154,79%
11	Dividend	-	-	-	n/a
12	Cash and cash equivalents	829	1 775	(946)	(53,30%)
13	Inventories	-	-	-	n/a
14	Short-term assets	3 618	4 315	(697)	(16,15%)
15	Total amount of assets	107 467	106 561	906	0,85%
16	Average arithmetic total asset value for 5 quarters	99 318	99 137	181	0,18%
17	Current liabilities	14 898	16 716	(1 818)	(10,88%)
18	Debt	18 834	15 990	2 844	17,79%
19	Liabilities (borrowed funds)	32 805	32 085	720	2,24%
20	Equity	74 662	74 476	186	0,25%
21	Equity averaged 5 quarters	74 312	74 274	37	0,05%
22	Turnover capital	(11 280)	(12 401)	1 121	(9,04%)
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
24	Gain / loss minority interest	-	-	-	n/a
25	Interest expenses	(92)	(70)	(22)	31,43%
26	Weighted average share price of last trading session	0,5275	0,442	0,0855	19,34%
27	Last share price of last trading session	0,525	0,44	0,085	19,32%



Indicators	31.3.2022	31.03.2021/ 31.12.2021	Change	
			(Abs.)	(%)
EBITDA	427	280	147	52,50%
DEPRECIATION	(149)	(137)	(12)	8,76%
EBIT	278	143	135	94,41%
FIN/INVEST NET	(85)	(69)	(16)	23,19%
EBT	186	73	113	154,79%
ROA	0,0017	0,0007	0,00105	152,65%
ROA(BSE)	0,0019	0,0007	0,00114	154,33%
Debt/EBITDA Ratio	44,1077	57,1071	(12,99941)	(22,76%)
Quick Ratio	0,2429	0,2581	(0,0153)	(5,92%)
ROE (BSE)	0,0025	0,0010	0,0015	154,67%
ROE	0,0025	0,0010	0,0015	154,67%
EBITDA	0,4394	0,4308	0,0086	1,99%
Profitability ratios				
Gross profit margin	0,2644	0,1720	0,0924	53,73%
Operating profit margin	0,2606	0,1684	0,0921	54,69%
Net profit margin	0,1788	0,0866	0,0923	106,53%
Coefficients for assets and liquidity				
Assets turnover ratio	0,0106	0,0086	0,0020	22,65%
Assets turnover ratio (BSE)	0,0105	0,0085	0,0020	23,14%
Operating cycle	(0,0922)	(0,0680)	(0,0242)	35,63%
Current ratio	0,2429	0,2581	(0,0153)	(5,92%)
Quick ratio	0,2429	0,2581	(0,0153)	(5,92%)
Cash ratio	0,0556	0,1062	(0,0505)	(47,60%)
Odds per share				
P/S ratio	30,1086	31,1240	(1,0155)	(3,26%)
P/E ratio	168,3491	359,4187	(191,0696)	(53,16%)
P/B ratio	0,4194	0,3523	0,0671	19,05%
Revenue per share	0,0175	0,0142	0,0033	23,37%
Earnings per share	0,0031	0,0012	0,0019	154,79%
Book value of equity per share	1,2519	1,2512	0,0006	0,05%
Development Ratios				
Revenue growth	0,2337	0,5299	(0,2963)	(55,90%)
Gross profit growth	0,8966	(2,3303)	3,2268	n/a
Assets growth	0,0085	0,1362	(0,1277)	(93,76%)
Leverage Ratios				
Debt/total assets	0,1896	0,1613	0,0283	17,57%
Debt/capital	0,2022	0,1771	0,0251	14,14%
Debt/equity	0,2534	0,2153	0,0382	17,73%
Total assets/equity	1,3365	1,3347	0,0018	0,13%
Market value of the company	31 165	26 119	5 046	19,32%



6.9 RELATED PARTY TRANSACTIONS

The Company's related parties include its owners, subsidiaries and associates, key management personnel and others described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Transactions with subsidiaries

	31.3.2022 BGN'000	31.3.2021 BGN'000
Purchases of goods and services:		
Purchases of services:		
- Software services	-	(5)
Purchases of goods:		
- Office supplies	-	(1)
- Inventory	-	(1)
- Computer components	-	(1)
Purchases of LTFA	(5)	(3)
Sales of goods and services		
Sales of services		
- Cloud services	-	370
- Administrative, accounting services	226	175
- Rent	163	119
- Consulting services	31	44
- Sale of licenses	257	34
- Technical Support	5	6
- Marketing and Advertising	-	370
Sales of goods:		
- Consumables	16	19
- Received deposits	-	2 000
- Refund of received deposits	1 400	-
- Given loans	(1 700)	(12)
- Refunded loans	-	158
- Interest on received deposits	(36)	(33)
- Interest on loans granted	6	2



Transactions with other related parties

	31.3.2022 BGN'000	31.3.2021 BGN'000
Purchases of services:		
- Internet	(7)	(5)
Sale of services		
- Administrative, accounting services	40	37
- Rent	14	12
- Consulting services	3	-
- Technical Support	4	4
Purchases of goods		
- Consumables	1	1
- Given loans	(295)	-
- Refunded loans	11	7
- Interest on loans granted	3	2

Transactions with key management personnel

Key management of the Company includes members of the board of directors. Key management personnel remuneration includes the following expenses:

	31.3.2022 BGN'000	31.3.2021 BGN'000
Short-term employee benefits:		
Salaries including bonuses	(77)	(74)
Social security costs	(2)	(2)
Total remunerations	(79)	(76)



7/ PERSONNEL AND ECOLOGY

7.1 ECOLOGY

Sirma Group Holding maintains and observes its commitments in compliance with the national legislation in the field of environmental protection. The company applies measures for separate collection of waste, minimization, recovery and recycling of municipal waste. In 2017, the use of plastic cups stopped, and they were replaced with porcelain and glass cups.

7.2 PERSONNEL

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

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

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

The structure of the personnel of Sirma Group Holding has the following dynamics:

"Sirma Group Holding" JSC	31.03.2022 Number of employees	31.03.2021 Number of employees
Employment contract	20	19
Contract for management and control	6	6
Total	26	25

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

There are no arrangements for the participation of employees in the capital of the Company.

8/ RISK FACTORS

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated at its headquarters, in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Company is exposed are described below.



8.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

8.1.1.1 Foreign currency risk

Most of the Company's transactions are carried out in Bulgarian leva (BGN). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in US-Dollars.

To mitigate the Company's exposure to foreign currency risk, non-BGN cash flows are monitored. Generally, Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

8.1.1.2 Interest rate risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. As of 31 December 2022, the Company was not exposed to changes in market interest rates. The Company's investments in bonds all pay fixed interest rates.

8.2 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The Company has not provided its financial assets as collateral for transactions other than collateral for received bank loans.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a small number of customers in single industry and geographical area. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The carrying amounts disclosed above are the Company's maximum possible credit risk exposure in relation to these instruments.

8.3 Liquidity risk

Liquidity risk is the risk arising from the Company not being able to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash to meet its liquidity requirements for 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Financial assets used for managing liquidity risk

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables do not significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.



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

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

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

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

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

The management of financial resources is subject to the requirement of maximizing efficiency while respecting payment deadlines agreed with both suppliers and customers. This means a predominant use of own funds, resulting in lower financial costs and interest costs. On the other hand, there is a significant reserve of undrawn loans that can serve both current and investment costs, which maintain high liquidity of payments.

The entity's ability to service obligations is expressed in terms of liquidity ratios in the description of the liquidity risk in this report. As evidenced by the values of the liquidity indicators, Sirma Group Holding JSC has no problems in meeting its obligations, both in the medium and long term. The company has regular proceeds from sale, while also using bank overdrafts, which allows it to service its obligations by successfully managing its financial resources and to properly and timely service its obligations.



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

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

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

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

14/ INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE FINANCIAL REPORTING PROCESSING INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM IN THE COMPANY.

Under Bulgarian law, the management should prepare an interim report on the operations and a financial statement for each quarter to give a true and fair view of the Company's financial position as of the end of the year, financial performance and cash flows in accordance with the applicable accounting framework. Management's responsibility also includes the implementation of an internal control system to prevent, detect and correct mistakes and false statements as a result of the accounting system's actions. In this respect, the management observes the following basic principles in its activities:

- adherence to a particular management and accounting policy disclosed in the financial statements;
- carrying out all operations in compliance with the laws and regulations; coverage of all events and operations in a timely manner, with the exact amount of the amounts in the appropriate accounting articles.

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

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

- detection and termination of frauds and errors;

- completeness and regularity of accounting information;

- preparation of reliable financial information;

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

The interim separate financial statements have been prepared in accordance with the going concern principle, taking into account the possible effects of the continuing impact of the Covid-19 pandemic and the launch of a full-scale military invasion in Ukraine..

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



15/ INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY AUTHORITIES DURING THE PERIOD.

No changes during the period considered.

16/ INFORMATION ABOUT THE USE OF THE FUNDS FROM A NEW ISSUED SHARES AND SECURITIES IN THE REPORTING PERIOD.

No funds from a new issued shares and securities were used during the reporting period.

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

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18/ CHANGES IN THE PRICE OF THE SHARES OF THE COMPANY

HISTORICAL DATA AND FINANCIAL RATIOS

Weighted-Average Price Closing Price

[1 month](#) [6 months](#) [1 year](#) 01.01.2022 « » 31.03.2022



Market Capitalisation: **31 164 272** BGN as of 03/31/2022

Start Price	0.4520	BGN	-	01.01.2022
Last Price	0.5250	BGN	-	31.03.2022
Max Price	0.5400	BGN	-	21.03.2022
Min Price	0.4120	BGN	-	25.01.2022
Percent Change	-	%	+16.1504	
Value Change	-	BGN	+0.0730	

ROA	0.01	ROA cons	0.03
ROE	0.01	ROE cons	0.05
ROA/EBIT	0.01	ROA/EBIT cons	0.05
ROE/EBIT	0.02	ROE/EBIT cons	0.06
Asset turnover	0.05	Asset turnover cons	0.42
Current ratio	0.26	Current ratio cons	1.01
D/A	0.30	D/A cons	0.30



19/ EVENTS AFTER THE END OF THE REPORTING PERIOD

Purchase of shares from a subsidiary

On 01.04.2022 the subsidiary "Sirma Solutions" has acquired 105 000 more shares from the capital of "Sirma Group Holding" JSC through 3 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 53 550.

On 06.04.2022 the subsidiary "Sirma Solutions" has acquired 250 000 more shares from the capital of "Sirma Group Holding" JSC through 9 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 112 912.

Complicated international situation

The full-scale military invasion of Russia in Ukraine, which began on 24 February 2022 and continuing at the time of publication of interim separate management report, caused a wide international response and affected the countries of Europe in various aspects. The expectation is that the military conflict will have a negative impact and affect all businesses to one degree or another.

The escalation of hostilities between Russia and Ukraine, the imposition of sanctions and restrictions by the European Union, USA, Canada, Britain and other countries on Russia, the Russian Central Bank, credit institutions, companies, individuals and the closure of Russian stock exchanges, cause significant shocks, ubiquitous on financial markets. The company has no direct exposure to Ukraine or Russia. However, the impact on the general economic situation may necessitate a revision of some assumptions and judgments. At the same time, inflationary pressures continue to increase, with military action and rising quotations on all commodities expected to increase further.

Systematic risks operate outside the Company, but have a key impact on its activities. These risks are specific to the whole market and cannot be avoided by diversifying the risk, as they are related to the macroeconomic situation, the political situation, regional development and others.

The economic sanctions imposed on Russia by USA and the European Union in connection with the military conflict are likely to have a direct impact on the Company's activities, in relation with the indirect effects of the effect on business and consumer confidence and commodity markets.

Sofia
03.05.2022

CEO:



Tsvetan Alexiev

