



# Interim Separate Management Report

of "Sirma Group Holding" JSC  
for the period 01.01.2023-30.09.2023

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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 30 September 2023 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 Article 12 of Ordinance No. 2 of FSC.

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 30 September 2023;
- 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 30 September 2023. The report includes the activity of "Sirma Group Holding" JSC.



## 2/ ORGANIZATION AND WAY OF PRESENTATION

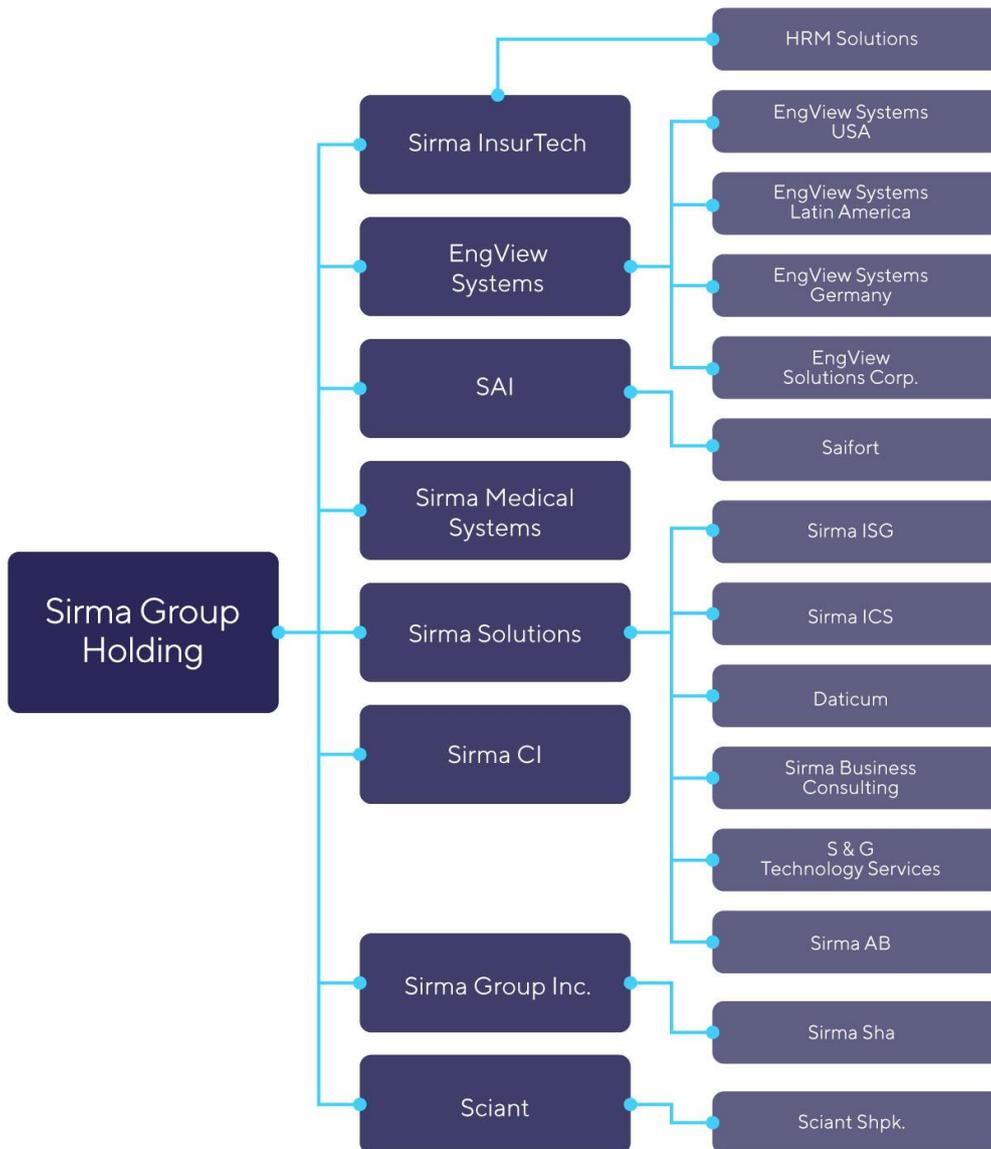
"Sirma Group Holding" JSC is a holding company which invests in technological businesses, manages them strategically and operationally, provides its subsidiaries with management, administrative, marketing and financial services.

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](http://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:

- 1) 29 software modules worth 61 555 838 BGN;
- 2) 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
- 3) 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 30.09.2023 (in BGN'000)	Percentage of capital at 30.09.2023	% of voting rights at 30.09.2023	Value of the investment at 31.12.2022 (in BGN'000)	Percentage of capital at 31.12.2022	% of voting rights* at 31.12.2022
Sirma Solutions AD	39 686	80,11%	100,00%	39 686	80,11%	100%
SAI AD	17 865	84,56%	100,00%	17 865	84,56%	100,00%
Sciand AD	14 076	100,00%	100,00%	10 237	80%	80%
Sirma Group Inc.	3 471	76,30%	76,30%	3 471	76,30%	76,30%
Sirma InsurTech	914	55,00%	55,00%	914	55%	55%
Sirma CI AD	106	80,00%	80,00%	106	80%	80%
Sirma Medical Systems AD	66	66,00%	66,00%	66	66%	66%
Engview Systems AD	50	72,90%	72,90%	50	72,90%	72,90%

\*Percentage of voting rights represents participation in the capital of the company net of the purchased own shares.

## INFORMATION ON PARTICIPATION

Apart from the above mentioned participations of the Company, 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 30.09.2023 the distribution of the share capital of "Sirma Group Holding" JSC is as follows:

	30.09.2023	30.06.2023
Share capital (thousand shares)	59 361	59 361
Number of shares (par value of BGN 1.00)	59 360 518	59 360 518
Total number of registered shareholders	1 043	1 057
Including legal entities	39	40
Individuals	1 004	1 017
Number of shares held by legal entities	6 942 645	6 266 266
% Of participation of entities	11,70%	10,56%
Number of shares held by individuals	52 417 873	53 094 252
% Participation of individuals	88,30%	89,44%

Shareholders	Number of shares at 30.09.2023	Number of shares at 30.06.2023	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights*
Georgi Parvanov Marinov	5 380 748	5 380 748	1	5 380 748	9,06%	9,31%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,59%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,22%
Veselin Antchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	8,13%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,47%
Ivo Petrov Petrov	3 531 992	4 013 920	1	3 531 992	5,95%	6,11%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,39%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,77%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,73%
Emiliana Ilieva Ilieva	1 990 209	1 985 209	1	1 990 209	3,35%	3,44%
Deyan Nikolov Nenov	1 790 748	1 790 748	1	1 790 748	3,02%	3,10%
Purchased own shares	(1 570 407)	(1 539 746)	1	(1 570 407)	2,65%	-
Atanas Kostadinov Kiryakov	1 487 524	1 487 524	1	1 487 524	2,51%	2,57%
Yavor Liudmilov Djonev	1 292 746	1 292 746	1	1 292 746	2,18%	2,24%
Rosen Ivanov Marinov	1 265 795	1 265 795	1	1 265 795	2,13%	2,19%
DF Advance Invest	971 345	411 895	1	971 345	1,64%	1,68%
Peter Nikolaev Konyarov	872 803	872 803	1	872 803	1,47%	1,51%
Mandjukov Ltd.	860 000	860 000	1	860 000	1,45%	1,49%
UPF Doverie JSC	802 126	802 126	1	802 126	1,35%	1,39%
UPF DSK Rodina	747 036	747 036	1	747 036	1,26%	1,29%
Asen Krumov Nelchinov	641 349	641 349	1	641 349	1,08%	1,11%
Others	11 128 314	11 241 497	1	11 128 314	18,75%	19,26%
<b>Total</b>	<b>59 360 518</b>	<b>59 360 518</b>		<b>59 360 518</b>	<b>100%</b>	<b>100%</b>

\*Percentage of voting rights represents participation in the capital of the company net of the purchased own shares.

On 25.01.2023 „Sirma Group Holding“ JSC bought back 1 398 900 of its shares at an average price of BGN 0,71 per share, for a total price of BGN 993 219. The shares represent 2,36% of the company's capital.

On 27.06.2023 „Sirma Group Holding“ JSC bought back 50 000 of its shares at an average price of BGN 0, 677638 per share, for a total price of BGN 33 881,92. The shares represent 0,0842% of the company's capital.



On 28.06.2023 „Sirma Group Holding“ JSC bought back 6 000 of its shares at an average price of BGN 0,65 per share, for a total price of BGN 3 900. The shares represent 0,01% of the company's capital.

On 03.08.2023 „Sirma Group Holding“ JSC bought back 30 661 of its shares at an average price of BGN 0,70 per share, for a total price of BGN 21 462,70. The shares represent 0,05% of the company's capital.

As of 30.09.2023 „Sirma Group Holding“ JSC holds 1 570 407 (31.12.2022 - 84 846) repurchased own shares at the total amount of BGN 1 570 407 (2,65 % of share capital).

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

Shareholders	Number of shares at 30.09.2023	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 380 748	9,06%	9,31%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,59%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,22%
Veselin Antchev Kirov	4 700 786	7,92%	8,13%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,47%
Ivo Petrov Petrov	3 531 992	5,95%	6,11%

Shareholders	Number of shares at 30.06.2023	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 380 748	9,06%	9,31%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,59%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,22%
Veselin Antchev Kirov	4 700 786	7,92%	8,13%
Ivo Petrov Petrov	4 013 920	6,76%	6,94%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,47%

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 30.09.2023 includes the following members:

Chavdar Velizarov Dimitrov  
Tsvetan Borisov Alexiev  
Atanas Kostadinov Kiryakov  
Georgi Parvanov Marinov  
Veselin Anchev Kirov  
Yavor Ludmilov Djonev - independent member  
Martin Veselinov Paev - independent member  
Peyo Vasilev Popov - 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: 07.07.2024

The company is represented by the Executive Director 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 (until 02.03.2023)  
Martin Paev – member (after 02.03.2023)  
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  
Veselin Anchev Kirov – 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 30.09.2023	Number of shares at 30.06.2023	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 380 748	5 380 748	1	5 380 748	9,06%	9,31%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,59%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,22%
Veselin Anchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	8,13%
Atanas Kostadinov Kiryakov	1 487 524	1 487 524	1	1 487 524	2,51%	2,57%
Yavor Ludmilov Djonev	1 292 746	1 292 746	1	1 292 746	2,18%	2,18%
Martin Veselinov Paev	126 720	126 720	1	126 720	0,21%	0,22%
Yordan Stoyanov Nedev	3 433	3 433	1	3 433	0,01%	0,01%
Peyo Vasilev Popov	100	100	1	100	0,0002%	0,0002%
<b>Total</b>	<b>22 708 596</b>	<b>22 708 596</b>		<b>22 708 596</b>	<b>38,26%</b>	<b>39,23%</b>

During the period 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: 01.01.2023 - 30.09.2023 (BGN)
Tsvetan Borisov Alexiev	"Sirma Group Holding" JSC	(136 530)
Yordan Stoyanov Nedev	"Sirma Group Holding" JSC	(15 660)
Georgi Parvanov Marinov	"Sirma Group Holding" JSC	(15 660)
Atanas Kostadinov Kiryakov	"Sirma Group Holding" JSC	(15 660)
Chavdar Velizarov Dimitrov	"Sirma Group Holding" JSC	(15 660)
Veselin Anchev Kirov	"Sirma Group Holding" JSC	(15 660)
Martin Veselinov Paev	"Sirma Group Holding" JSC	(15 660)
Peyo Vasilev Popov	"Sirma Group Holding" JSC	(15 660)
Yavor Ludmilov Djonev	"Sirma Group Holding" JSC	(15 660)
<b>Total</b>		<b>(261 810)</b>

## 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 Annual General Meeting of the Shareholders of the Company held on 24.06.2022 was decided to relieve the member of the Audit Committee Emiliyat Ivanov Petrov from his position and elected Veselin Anchev Kirov as a member of the Audit Committee. 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*  
*Veselin Anchev Kirov – 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 Q3 2023

### Summary

Slowing economic growth, mainly driven by Asia, declining but persistent inflation and remaining elevated risks to global development in 2023/2024, as well as worsening expectations for 2024.

### The economy of Bulgaria in 2023 and forecast for the future years

All forecasts suggest that the economic growth of the All forecasts suggest that the economic growth of the Bulgarian economy to be sustained in 2023 as well, albeit at a slower pace /GDP growth in 2022 was 3.4%/. Despite this "unanimity", the expected GDP growth in 2023 varies widely (from 1% to 1.9% GDP growth in 2023 and from 2% to 3.8% growth in 2024):

- BNB expects a slow growth of 1% due to the difficult growth of other European countries ("[Macroeconomic Forecast](#)", [BNB, June 2023](#)). BNB expects growth to accelerate to 3.2% in 2024 and 4% in 2025;
- The Vienna Institute for International Economic Studies ("[Bulgaria-Overview, September 2023](#)") expects growth of **1.3% in 2023**, 2% in 2024 and 2.5% in 2025,
- The European Commission expects a slow growth of **1.5%** as a result of
  - contraction of exports and ban on the export of petroleum products extracted from Russian oil by Lukoil, Burgas ("[Economic Forecast for Bulgaria](#)", [European Commission, May 2023](#));
  - reduced domestic consumption as a result of rising interest rates on loans;
- EBRD ("[Bulgaria Overview, EBRD, September 2023](#)") expects a narrow growth of **1.6% in 2023**, which will accelerate slightly to 2.6% in 2024;
- The OECD expects a growth of **1.9%** due to a slowdown in the growth of Bulgaria's main economic partners, the delayed absorption of funds from the Recovery Plan and reduced domestic consumption ("[Bulgaria, Economic Snapshot](#)", [June 2023](#));
- Unicredit ("[SeeNews, October 3, 2023](#)") updated its forecasts for the development of the Bulgarian economy and expects **1.9% growth in 2023** and 3.8% in 2024.

The wide differences in the expected economic development of the country in 2023 are an indicator of the increased risks facing the Bulgarian economy, as well as the high uncertainty regarding the economic development of Bulgaria's economic partners - mainly the EU countries.

The risks to the development of the Bulgarian economy in 2023, according to the above analysis of the Bulgarian economy (some of which are already materializing), are:

- Escalation of the war in Ukraine;
- Postponing the implementation of investment projects and maintaining the negligible investments in the economy from the last 3 years;
- Return to political instability;
- Inflation and rising interest rates on loans;
- Erosion of consumers' purchasing power and contraction of domestic consumption;
- Recession in some of the major trading partners (Germany) and a decrease in Bulgaria's exports to them;
- Increase in the prices of energy sources;
- Slow rate of absorption of funds under European programs;
- Delayed implementation of the National Recovery Plan;
- Higher-than-expected inflation, as a result of prolonged retention of high prices of energy sources.

The OECD expects that after the slowdown in growth in Bulgaria in 2023, GDP will accelerate its growth in 2024, reaching 3.2%. The driving forces behind this will be the increased demand in Europe, which will stimulate Bulgarian exports, as well as the strengthening of investments supported by European funding.

Inflation in Bulgaria ([National Statistical Institute](#)) slowed to 7.7% in August 2023 from 8.5% in July, reaching its lowest level since November 2021. Prices primarily eased for food & non-alcoholic beverages (12.4% vs 13.5% in July), housing & utilities (0.6% vs 6.2%), entertainment & culture (13.6% vs 14.6%), furnishings & household equipment (6.8% vs 8.5%) and miscellaneous goods & services (11.9% vs 14%). Meanwhile, transport costs decreased less (-4.2% vs -11.8%). Conversely, inflation rose for health (14% vs 13.3%) and education (10.5% vs 10.4%). On a monthly basis, the



CPI advanced 0.4%, following a 0.9% reading in the previous month.

The inflation rate in Bulgaria is expected to be 7.50% by the end of 2023. Although falling it will persist well above the BNB target levels in the next couple of years: in the near-term, the Bulgaria's inflation rate is projected to trend around 5.00% in 2024 and 3.70% in 2025.

The European Commission expects inflation in Bulgaria to be under control in 2023, albeit at relatively high levels of 9.4% on an annual basis for 2023 and 4.2% in 2024. The full normalization of inflation in Bulgaria is expected to occur in 2025, along with the country's accession to the Eurozone.

#### Development of global economy in 2023 and forecast for the future years

After stronger-than-expected global economic growth at the start of 2023 as seen by the OECD ([OECD Economic Outlook, September 2023](#)), economic development is stalling, and this slowdown is expected to continue through 2024. Expected global growth in **2023** has been adjusted to **3%** (0.3% more than the forecasts from July 2024) and **2.7% for 2024** (0.2% less than the forecasts from July 2023). Despite China's slower recovery in 2023, global economic growth for the year was still led by disproportionate (compared to other economies) growth in Asia. The tight monetary policy and the associated rising interest rates are giving increasingly visible results, which, in addition to falling inflation, bring with them a contraction in both business and consumer consumption. Accordingly, growth in the US is expected to slow from 2.2% in 2023 to 1.3% in 2024. In the Eurozone, where demand has already contracted (in 2023), economic growth is expected to be 0.6% in 2023 and recover slightly to 1.1% in 2024.

Inflation is expected to moderate in 2023 and 2024, but still remains above the target levels sought by central banks. The OECD forecasts a contraction of headline inflation (inflation that includes food and fuel in its basket) in the G20 countries to 6% in 2023 and 4.8% in 2024, while core inflation (excluding food and fuels) is expected to contract from 4.3% in 2023 to 2.8% in 2024.

The recovery to inflation levels ([Gartner, April 6, 2023](#)) that are close to the historical ones for different countries is expected to occur at an uneven pace. The forecast for this in the large European economies (France and Germany) is expected to be as far as 2025.

Although the OECD forecasts in September 2023 are more optimistic than those at the end of 2022, risks to the world's economic development still remain. Such risks are:

- escalation of Russia's war in Ukraine;
- increasing debt difficulties due to high interest rates and slow growth;
- potential sustainability of inflation and the related need to maintain high interest rates for a longer period;

- stronger-than-expected contraction of the Chinese economy, deepening deflation and contraction of domestic consumption, sales problems in the Chinese property market that generate liquidity and/or risk of debt defaults;
- deepening of the geopolitical fragmentation that began in 2022;
- a possible return of energy and/or food shortages and the resulting rise in prices;
- extreme climatic events.

The IMF ([World Economic Output, October 2023](#)) almost duplicates the OECD's forecasts by providing a detailed breakdown of expected economic development by groups of countries.

The slowdown in **growth of advanced economies** is expected to be sharper, falling from 2.6% in 2022 to 1.4% in 2024. Central banks in advanced economies have sharply increased key interest rates in 2023. This measure, designed to fight inflation, is also contributing to the slowdown of the economy.

GDP growth in **emerging economies** is also slowing, from 4.1% in 2022 to 4.0% in 2023 and 2024 - well below the average of 4.8% over the period 2011-2019.

The IMF's expectations for the development of the various regions of the world range widely, with the forecast for 2024 falling relative to the anticipated growth from the middle of the year.

The development of the world economy is moving in the exact opposite direction to inflation. GDP growth has contracted sharply since the start of 2022 and is expected to remain at relatively low levels (lower than the average of the last 10 years), in contrast to inflation, which has set records for its increase in 2022 and stubbornly held at high levels in 2023.

The realization that the slowdown in economic development will persist in 2023 and 2024, directs enterprises to change their development strategies. If in recent years the increase in turnover was the main goal, now they are redirecting their efforts to control and increase of the margins of their sales.

The European Commission (European Economic Forecast, September 2023) also revised down its forecasts for the development of the European economy (compared to expectations in the spring). The EU economy continues to grow, albeit with reduced momentum. The forecast revised EU GDP growth down to 0.8% in 2023 from 1% forecast in the spring forecast and 1.4% in 2024 from 1.7%. The EC also cut expectations for euro area growth to 0.8% in 2023 (from 1.1%) and 1.3% in 2024 (from 1.6%).

Inflation is expected to continue to decline over the forecast horizon. The Harmonized Index of Consumer Prices (HICP) is expected to reach 6.5% in 2023 (compared to expectations of 6.7% in the spring) and 3.2% in 2024 (compared to 3.1% ) in the EU. Eurozone inflation is expected to be 5.6% in 2023



(compared with 5.8%) and 2.9% in 2024 (compared with 2.8%).

As the main reason for the delayed economic development of the EU, the EC points to the contracted domestic consumption as a result of inflation and increased prices, as well as the reduced economic activity using significantly less credit resources, as a result of the rising interest rates in the summer of 2023.

### The Industry of Sirma

Sirma Group companies specialize in the information technology (IT) industry, predominantly focused on businesses (B2B). Industrial data is usually combined with data on the "communications segment" because this segment is completely dependent on information technology. Accordingly, the industry acquired the name "Information and Communication Technologies" or ICT for short. Out of all the variety of ICT segments, the companies in the group mainly work 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 and most sustainably growing in the past ([Gartner, July 19, 2023](#)). Both segments are seen as the solution to all problems arising from global economic uncertainty and accordingly as "immunized from crises". The mass digitization that is unfolding relies precisely on "Software", for the various technological solutions and "IT services" through which these solutions are implemented. This has led to the growth of both segments even in the turbulent year 2022. Expectations of continued growth of them are in place for 2023 and the following years.

Expectations for 2023 are that the two segments will not only maintain their growth - 13.5% for "Software" and 8.8% for "IT Services", but that this growth will be sustainable and will accelerate in the coming years - with growth in 2024 of 14.0% and 11.6% respectively.

Geographically, Sirma is focused on the world's leading markets (US, UK, and Europe), which are also the leading geographic centers for demand for ICT products and services.

Sirma is a B2B IT provider. Sirma's client portfolio - Digital Business (Consulting and Integration, Chatbots, IT Security and Software Development), Financial Institutions (Consulting, Integration, IT Security, Chatbots, and the products of Sirma Business Consulting AD), Insurance (The platform for insurance broker of Sirma), hospitality (Sciant), and healthcare (Sirma Medical Systems) show sustainable development and strong growth in 2023 and the following years.

### The global ICT market in 2022 and future forecast

After a better-than-expected 2022, at the end of the second quarter of 2023, Gartner revised its forecasts for the development of the ICT market in 2023 ([Gartner, July 19, 2023](#)). 2023 is expected to bring growth of 4.4% in USD or 6.4% at constant currency (excluding the impact of USD exchange rate dynamics). The ICT market is expected to reach USD 4.7 billion in 2023.

Similar to the year 2022, in 2023 the development is expected to be highly divergent - while the "Software" segment is expected to record a double-digit growth of 13.5%, the "Devices" segment will shrink by 8.6%. In 2023, the ICT sector is expected to restore its "normality", as well as to resume its sustainable strong growth in perspective - 8.8% in 2024 and commensurate growth in all segments.

Table 1. Worldwide IT Spending Forecast (Millions of U.S. Dollars)

	2022 Spending	2022 Growth (%)	2023 Spending	2023 Growth (%)	2024 Spending	2024 Growth (%)
Data Center Systems	221,223	16.6	217,880	-1.5	235,530	8.1
Devices	766,279	-6.3	700,023	-8.6	748,150	6.9
Software	803,335	10.3	911,663	13.5	1,039,175	14.0
IT Services	1,305,699	7.5	1,420,905	8.8	1,585,373	11.6
Communications Services	1,423,075	-1.9	1,461,662	2.7	1,517,877	3.8
<b>Overall IT</b>	<b>4,519,610</b>	<b>2.7</b>	<b>4,712,133</b>	<b>4.3</b>	<b>5,126,105</b>	<b>8.8</b>

Source: Gartner (July 2023)

The ICT markets of consumers and corporate customers will experience different dynamics during the two years under review. While inflation erodes the purchasing power of individual consumers, businesses continue to spend for their digitization, process optimization and pursuit of increased margins. Precisely because of some of the challenges in the world, the leading segment in 2023 is "Software" with a growth of 13.5% on an annual basis in current prices in USD. The "IT services" segment remains in second place with a growth of 8.8%. Both segments are expected to maintain their leading position in 2024 with growth of 14.0% and 11.6%, respectively. The big loser in 2023 is shaping up to be the "Devices" segment with a drop of as much as 8.6%. The negative impact of inflation on the purchasing power of clients for "Devices" around the world is one of the reasons for postponing much of the planned purchases and refraining from technological renewal, and consequently for the dramatic decline in the segment.

In 2023, the ICT sector is expected to restore its "normality", as well as to resume its upward trend - growth of 4.4% in 2023 in current prices. The biggest losing segment during the year is expected to be "Devices" - with a drop of 8%. "Data Centers" also anticipate a 1.7% decline. On the other hand, "IT services" and "Software" again occupy the leading place with a growth of 13.3% and 8.6% respectively in 2023. For the first time in many years, the Communication Technologies segment is expected to post significant growth of 3.2%. The entire ICT sector is expected to reach a record USD 4.7 trillion during the year - with growth only expected to accelerate in the coming years (8.8% in 2024).



## Sources of growth

The growth expected in 2023 and the following years is global and is anticipated in all regions. While leading by volume, ICT spending growth in North America, the UK and Europe will also outpace the average ICT spending growth of all other countries - for 2023 of 6.1%, 6.4% and 5.9 % growth is forecast respectively.

Even countries experiencing increased economic difficulties (Turkey, Greece, Argentina) are expected to increase their ICT spending in the coming years. Forecast growth varies significantly between countries, but no country is expected to shrink its ICT spending.

The situation is similar when considering verticals. Again, absolutely every industry is expected to increase its ICT spending. Banking, Financial Services, Telecommunications, Healthcare and various forms of government are expected to lead the growth of ICT spending in 2023 and beyond. These sectors are witnessing near-double-digit growth in 2023 at constant prices, and are expected to remain around and above 10% CAGR 2022-2027 levels.

The apparent resilience of the ICT sector to crises does not apply to all its segments. Despite the ubiquitous growth, it is uneven across different technology segments. The expected growth of ICT spending in current prices in 2023 is 4.4% and CAGR 2022-2027 of 6.4%. At the same time, these are only the average values, and there is almost no segment that has a similar growth. "Devices" have a negative growth, which in some cases (laptops and tablets) exceeds 15%. "IT Services" as a whole lead the segments in terms of growth. "Infrastructure as a Service" (IaaS) is outpacing all segments with an impressive growth of 22.5% in 2023 and a CAGR 2022 – 2027 of 23.2%. "Software" (Infrastructure Software, Application Software and Vertical-Specific Software) and "IT Services" (Consulting, System Integration, Management Services) are the segments expected to lead the growth in 2023 and the following years, with double-digit annual growth, which starts from 2023.

If individuals' ICT spending is excluded from these figures, the sector's growth is even more impressive. Business spending on ICT grew by 6.7% in 2023 and is expected to grow at a CAGR of 8.0% 2022-2027. This lends credence to the claim that business ICT spending is recession-proof.

Again, this growth is not evenly distributed across segments. The "Software" and "IT services" segments are leading

again, but their growth is even higher, compensating for the expected decline or weaker growth in the other segments - "Hardware", "Printers", "PCs and tablets" and others (bottom left)

This dynamic is expected to increase the sector to USD 6 trillion in 2027.

When looking at the components of growth in the leading segment "Software", huge differences can again be observed between the development of the various sub-segments - from -7% to +27%. In this segment, a growth of 10% is considered "a lager". Gartner believes the world is still in the "digital construction" stage, building the digital infrastructure needed to drive sales growth, increase efficiency and, since more recently, increase margins. The leading segments we can expect in the near future to be strengthened by the addition of artificial intelligence (which is currently not yet a major market factor).

It is also interesting to note the massive dominance of cloud software relative to non-cloud solutions. Although the latter have their place in the future as well, cloud-based software is experiencing a much greater growth, which reveals the full direction of the market towards cloud-based solutions. Almost all leading sub-segments are already predominantly in the cloud, and this share is only expected to increase in the coming years.

The different components of the second most dynamic segment - "IT services" also have very different growth, relative to each other. "Infrastructure as a service" is expected to grow, but its growth is difficult to mark on the graph. All IT services related to access to the cloud and edge software are expected to enjoy hefty growth. IT services in "Design" and "Building" in all their varieties are expected to have significant growth in 2023, as well as in the coming years. These are also the markets where the problem of the shortage of qualified labour is most acute. The lack of talent in enterprises is much more acute than in large IT companies. Accordingly, when enterprises move their operations to the cloud, or implement a new software platform that needs to be managed, the only way forward for them is to hire "Managed services". Hence the dramatic growth of "Managed services for the cloud and edge" - about 13% per year, "Corporate Strategy" - growth of about 12%, "Marketing and customer management" - growth of about 11%, "Risk Management", "Human Resource Management", "Financial Management", "Business Operations", etc. with a growth of about 10%.

## PARTICIPATION IN MANAGEMENT AND IMPLEMENTATION OF CONTROL ON THE SUBSIDIAR COMPANIES

In Q3 2023, 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 2023 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;

## FINANCIAL ACTIVITY -

### ASPECTS AND MANAGEMENT OF FINANCIAL RESOURCES 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) investment - 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 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.

#### - ACCOUNTING SERVICES

In Q3 2023 "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

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

#### - 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

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

managed to manage the companies' relationships with the 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.

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.

### 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 Q3 2023

The following events and business news took place in Q3 2023:

### **29.09.2023**

The daughter company Sirma Business Consulting joined the Bulgarian Business Leaders Forum

### **07.09.2023**

The second season of the Sirma Venture Lab to support startups in the field of robotics, artificial intelligence and drone technology begins.

### **30.08.2023**

Sirma Group Holding JSC was ranked eighth by size of revenue among the Bulgarian IT companies by the annual ranking of Capital K100.

### **29.08.2023**

Disclosure of the interim consolidated financial results of Sirma Group Holding JSC for the period ending on 30.06.2023.

### **04.08.2023**

Disclosure of a buy-back of 30 661 shares by Sirma Group Holding JSC.

### **26.07.2023**

Disclosure of the interim individual financial results of Sirma Group Holding JSC for the period ending on 30.06.2023.

### **30.06.2023**

Disclosure of purchase of 30 000 shares from Sirma Group Holding by Chairman of BD – Georgi Marinov.

### **28.06.2023**

Disclosure of a buy-back of 50 000 shares by Sirma Group Holding JSC.

### **28.06.2023**

Publication of Protocol for changes in the voting lists under item 4 of the Minutes from the GMS from 15.06.2023.

### **16.06.2023**

Publication of Terms and conditions for dividend payment for 2022.

### **15.06.2023**

Annual General meeting of shareholders of Sirma Group Holding JSC.

### **14.06.2023**

The champion product of Sirma Medical Systems JSC – Diabetes:M was selected by Google for inclusion in their campaign WeArePlay.



**13.06.2023**

The first Demo Day of Sirma Venture Lab in support of innovative start-up companies.

**06-08.06.2023**

A team from Sirma Solutions JSC took part in the fintech event Money 2020 in Amsterdam.

**07.06.2023**

Sirma Group Holding JSC was awarded by the Technical University, Sofia in connection with the finalization of the education hall in the Education center for digital technologies at the university.

**30.05.2023**

Disclosure of the interim consolidated financial results of Sirma Group Holding JSC for the period ending on 31.03.2023.

**05.05.2023**

Publication of the Invitation for convening of a General Meeting of Shareholders of Sirma Group Holding JSC on the 15.06.2023.

**02.05.2023**

Disclosure of the interim individual financial results of Sirma Group Holding JSC for the period ending on 31.03.2023.

**02.05.2023**

Disclosure of the audited consolidated financial results of Sirma Group Holding JSC for the period ending on 31.12.2022.

**26.04.2023**

Disclosure of the registration of a daughter company Sirma AB in Stockholm, Sweden.

**12.04.2023**

Disclosure of the full repayment of all investment loans by Sirma Group Holding JSC.

**04.04.2023**

Disclosure of the acquisition of the minority share of the daughter company Sciant JSC by Sirma Group Holding JSC.

**30.03.2023**

Disclosure of information about the finalization of the sale of the minority stake in Sirma AI.

**28.03.2023**

The Executive Director of Sirma Solutions JSC was a speaker at the „Fintech and Insurtech Summit“

**24.03.2023**

Sirma Medical Systems has joined the Bulgarian cluster for digital solutions and innovation in healthcare

**14.03.2023**

Sirma Solutions took part in the forum Finovate London

**07.03.2023**

Disclosure of information about the appointment of a financial controller.

**01.03.2023**

Disclosure of interim consolidated financial reports by Sirma Group Holding JSC for the period ending on 31.12.2022.

**24.02.2023**

The executive director of Sirma Solutions – Momchil Zarev and the director for strategic partnerships Mark Belane took part in the forum MWC Barcelona.

**21.02.2023**

EngView Systems Sofia joins The European Diemaker Association

**20.02.2023**

Sirma Group Holding started the disbursement of the interim six-month dividend for 2022.



**16.02.2023**

Publication of the Minutes of the GSM of Sirma Group Holding and notification for dividend payment.

**15.02.2023**

An extraordinary General Meeting of the Shareholders of Sirma Group Holding JSC was held

**03.02.2023**

The daughter company of Sirma Group Holding JSC – Sirma Solutions JSC disclosed that it plans to hire 100 new employees in 2023

**30.01.2023**

Disclosure of information about the purchase of 66 000 shares of Sirma Group Holding by the Chairman of the BD of Sirma Group Holding JSC Georgi Marinov.

**26.01.2023**

Disclosure of information about the sale of 1 400 000 shares of Sirma Group Holding JSC by the member of the BD of Sirma Group Holding JSC Atanas Kiryakov.

**26.01.2023**

Disclosure of information of a buy-back of 1 398 900 shares of Sirma Group Holding JSC.

**23.01.2023**

Disclosure of the interim individual financial reports of Sirma Group Holding for the period ending on 31.12.2023.

**13.01.2023**

Disclosure of the Invitation and corresponding documents for the GMS of Sirma Group Holding JSC

**09.01.2023**

Publication of the Minutes of the GSM of Sirma Group Holding and notification for dividend payment.

**06.01.2023**

Disclosure of the Invitation to a GMS of Sirma Group Holding JSC

## MAIN LEGAL INFORMATION IN Q3 2023

### Transactions with shares for the period 01.01.2023 - 30.09.2023:

- **Buyback of shares**

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, on 25.01.2023 "Sirma Group Holding" JSC bought back 1 398 900 of its shares at an average price of BGN 0.71 per share at a total price of BGN 993 219. The shares represent 2.37% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, on 27.06.2023 "Sirma Group Holding" JSC bought back 50 000 of its shares at an average price of BGN 0.677638 per share at a total price of BGN 33 881.92. The shares represent 0.0842% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, on 28.06.2023 "Sirma Group Holding" JSC bought back 6 000 of its shares at an average price of BGN 0.65 per share at a total price of BGN 3 900. The shares represent 0.01% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, on 03.08.2023 "Sirma Group Holding" JSC bought back 30 661 of its shares at an average price of BGN 0.70 per share, for a total price of BGN 21 462.70. The shares represent 0.05% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

- **Sale of shares by a member of the Board of Directors**

On 25.01.2023 Atanas Kiryakov - a member of the Board of Directors of "Sirma Group Holding" JSC, has sold 1 400 000 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of BGN 0.71 per share.



- **Purchase of shares by member of the Board**

On 27.01.2023 Georgi Marinov – Chairman of the Board of Directors of "Sirma Group Holding" JSC, has bought 66 000 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0.7779 BGN per share.

On 29.06.2023 Georgi Marinov – Chairman of the Board of Directors of "Sirma Group Holding" JSC, has bought 30 000 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0.679 BGN per share.

On 30.06.2023 Georgi Marinov – Chairman of the Board of Directors of "Sirma Group Holding" JSC, has bought 15 000 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0.67 BGN per share.

- **Complete purchase of the company "Sciant AD" by "Sirma Group Holding" JSC**

On 03.04.2023 a transaction for the purchase of the remaining shares in the subsidiary of "Sirma Group Holding" JSC - "Sciant" AD was concluded as follows:

- Subsidiary whose shares are subject to redemption: "Sciant" AD;
- Company that buys the shares: "Sirma Group Holding" JSC;
- Size of the minority package object of purchase: 22.20% of the capital of "Sciant" AD distributed in 57 000 shares;
- Sellers of shares: 26 individuals and 1 legal entity.

As a result of the above transaction, "Sirma Group Holding" JSC now owns 100% of the capital of the company "Sciant" AD.

**Litigation for the period 01.01.2023 - 30.09.2023:**

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

**Other legal information for the period 01.01.2023 - 30.09.2023:**

- **Dividend payment**

At the General Meeting of Shareholders of "Sirma Group Holding" JSC, held on 09.01.2023, a decision was made regarding the distribution of a six-month dividend in the amount of BGN 889 thousand from the profit for the period 01.01.2022 – 30.06.2022 in amount of BGN 998 thousand.

The dividend will begin to be paid within 60 days of the aforementioned GMS as per the requirements of the Central Depository.

- **Change of name and Board of Directors of subsidiaries of "Sirma Group Holding" JSC**

On 10.02.2023 "Ontotext" AD - a subsidiary of "Sirma Group Holding" JSC, changed its name to "SAI" AD and a new Board of Directors of the company was registered in the CR, composed of:

Tsvetan Georgiev Trenchev

Georgi Parvanov Marinov

Yordan Stoyanov Nedev

- **Full repayment of loans**

On 12.04.2023 "Sirma Group Holding" JSC made a full early repayment of three of its investment bank loans, including principal amounts of 4 356 154 (four million three hundred and fifty-six thousand one hundred and fifty-four) euros. As a result of the above, the company currently has no credit indebtedness under investment loans.

- **Dividend payment**

According to the decision of the General Shareholders' Meeting of Sirma Group Holding JSC dated 15 June 2023, the company proceeds with the distribution of a cash dividend in the gross amount of BGN 0.0339 for 2022.

ISIN: BG1100032140

Total amount of the dividend: BGN 1 960 317.90



Right to receive dividend: According to the decision of the General Meeting of Shareholders, all shareholders of "Sirma Group Holding" JSC as at 29 June 2023 have the right to receive a dividend (14 days after holding the meeting, according to Art. 115c, Para. 3 of the POSA), as they are entered in the Book of Shareholders at the Central Depository AD.

Shares with a right to dividend: 57 843 833 (deducted 1 516 685 bought back shares).

Dividend amount for one share: gross BGN 0.0339 and net for individual shareholders BGN 0.032.

The bank through which the dividend will be paid is Unicredit Bulbank AD:

Start date for dividend payment: 24 July 2023.

End date for dividend payment: 24 January 2024 (six months after the start date).

Taxes: taxes payable for dividends to individual persons will be withheld and remitted by Sirma Group Holding JSC in advance;

Bank commissions: Sirma Group Holding JSC will cover all bank fees for the payment of dividends;

Payment method:

- Shareholders who have open accounts with investment intermediaries will receive their dividend through them, complying with their requirements.
- Shareholders who are not served by an investment intermediary and whose shares are stored in personal accounts in "Register A" at the Central Depository AD, will receive their dividends through the branch network of the commercial bank Unicredit Bulbank AD.

- **Change of name of a subsidiary of "Sirma Group Holding" JSC**

On 21.07.2023, "EngView Systems Sofia" AD - a subsidiary of "Sirma Group Holding" AD, changed its name to " EngView Systems" AD.

## 6/ INDIVIDUAL FINANCIAL RESULTS

### 6.1. REVENUES

	30.09.2023 BGN '000	30.09.2022 BGN '000	Change (BGN '000)	Change (%)
Revenues from sales	2 786	2 408	378	15,70%
Dividend income	1 509	9 879	(8 370)	(84,73%)
Interest income	9	26	(17)	(65,38%)
Gain on sale of non-current assets	2	1	1	100%
Income from sale of investments	-	410	(410)	(100%)
Other revenues	22	153	(131)	(85,62%)
<b>Total</b>	<b>4 328</b>	<b>12 877</b>	<b>(8 549)</b>	<b>(66,39%)</b>

In Q3 2023 the revenues of "Sirma Group Holding" JSC decreased by BGN 8 549 thousand or by 66,39% compared to Q3 2022.

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:

	30.09.2023 BGN '000	30.09.2022 BGN '000	Change (BGN '000)	Change (%)
Administrative and accounting services	2 186	807	1 379	170,88%
Rents of investment properties	519	518	1	0,19%
Technical Support	14	27	(13)	(48,15%)
Licenses	-	977	(977)	(100%)
Others	67	79	(12)	(15,19%)
<b>Total</b>	<b>2 786</b>	<b>2 408</b>	<b>378</b>	<b>15,70%</b>



## 6.2. EXPENSES

	30.09.2023 BGN '000	30.09.2022 BGN '000	Change (BGN '000,%)
Cost of materials	(77)	(52)	(25)
Change in %			48,08%
Hired services expenses	(390)	(1 056)	666
Change in %			(63,07%)
Employee benefits expense	(1 413)	(1 204)	(209)
Change in %			17,36%
Depreciation and amortisation of non-financial assets	(453)	(3 801)	3 348
Change in %			(88,08%)
Other expenses	(106)	(5 445)	5 339
Change in %			(98,05%)
<b>Total expenses</b>	<b>(2 439)</b>	<b>(11 558)</b>	<b>9 119</b>
Change in %			(78,90%)

In Q3 2023 the expenses of "Sirma Group Holding" JSC decreased by BGN 9 119 thousand or by 78,90% as compared to Q3 2022.

## 6.3. FINANCIAL INCOME / COSTS (NET)

	30.09.2023 BGN '000	30.09.2022 BGN '000	Change (BGN '000)	Change (%)
Financial costs	(130)	(326)	196	(60,12%)
Financial income	4	7	(3)	(42,86%)
<b>Financial income / costs (net)</b>	<b>(126)</b>	<b>(319)</b>	<b>193</b>	<b>(60,50%)</b>

In Q3 2023, financial income / costs (net) of "Sirma Group Holding" JSC decreased by BGN 193 thousand as compared to Q3 2022.

## 6.4. ASSETS

The total assets of „Sirma Group Holding“ JSC at the end of the Q3 of 2023 are with BGN 1 093 thousand (3,06%) more than their value at the end of 2022.

	30.09.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Property, plant and equipment	1 044	633	411	64,93%
Intangible assets	4 310	6 556	(2 246)	(34,26%)
Investments in subsidiaries	70 874	67 035	3 839	5,73%
Investment property	9 666	9 707	(41)	(0,42%)
Long-term related party receivables	13	47	(34)	(72,34%)
Deferred tax assets	551	832	(281)	(33,77%)
<b>Total non-current assets</b>	<b>86 458</b>	<b>84 810</b>	<b>1 648</b>	<b>1,94%</b>

	30.09.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change (%)
Trade receivables	325	73	252	345,21%
Prepayments and other assets	255	36	219	608,33%
Related party receivables	2 245	905	1 340	148,07%
Cash and cash equivalents	1 305	3 671	(2 366)	(64,45%)
<b>Total current assets</b>	<b>4 130</b>	<b>4 685</b>	<b>(555)</b>	<b>(11,85%)</b>



## 6.5. EQUITY

	30.09.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Share Capital	59 361	59 361	-	-
Purchased own shares	(1 571)	(85)	(1 486)	1 748,24%
Share premium reserve	5 805	5 372	433	8,06%
Other reserves	1 458	1 244	214	17,20%
Retained earnings	6 627	7 559	(932)	(12,33%)
Current financial result	1 482	2 131	(649)	(30,46%)
<b>Total equity</b>	<b>73 162</b>	<b>75 582</b>	<b>(2 420)</b>	<b>(3,20%)</b>

In Q3 2023, Equity decreased by BGN 2 420 thousand compared to the end of 2022.

## 6.6. LIABILITIES

The amount of the liabilities of "Sirma Group Holding" JSC at the end of Q3 2023 is with BGN 3 513 thousand (25,25%) more than their value at the end of 2022.

	30.09.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Pension employee obligations	55	55	-	-
Long-term borrowings	-	7 457	(7 457)	(100%)
Long-term lease liabilities	205	130	75	57,69%
Long-term related party payables	16 148	3 768	12 380	328,56%
<b>Total Non-current liabilities</b>	<b>16 408</b>	<b>11 410</b>	<b>4 998</b>	<b>43,80%</b>
	30.09.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Employee obligations	234	237	(3)	(1,27%)
Short-term borrowings	-	1 432	(1 432)	(100%)
Short-term lease liabilities	53	33	20	60,61%
Trade and other payables	299	159	140	88,05%
Short-term related party payables	432	642	(210)	(32,71%)
<b>Total Current liabilities</b>	<b>1 018</b>	<b>2 503</b>	<b>(1 485)</b>	<b>(59,33%)</b>



## Long-term and short-term bank loans

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation to 30.09.2023 (BGN)	Date of contract	Interest rate	Maturity date	Pledges
<b>Loans for which the Issuer is a debtor</b>									
Sirma Group Holding JSC	Unicredit BulBank AD	Investment	BGN	2 800 000	-	15.12.2022	The applicable variable interest rate for the relevant interest period +1.5 points, but not less than 1.5%	15.12.2024	Pledge of receivables
<b>Loans for which the Issuer is a guarantor</b>									
Sirma Solutions AD	United Bulgarian Bank AD	Overdraft	BGN	4 025 000	-	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 AD	United Bulgarian Bank AD	Revolving credit line	BGN	4 000 000	-	28.10.2020	RIR + 1.4%, but no less than 1.5% per year	28.10.2025	Pledge of receivables
Sirma Solutions AD	United Bulgarian Bank AD	Overdraft	BGN	2 080 000	-	15.12.2022	RIR + 1.4%, but no less than 1.5% per year	15.12.2024	Pledge of receivables
Sciant AD	Unicredit BulBank AD	Overdraft	BGN	500 000	-	18.5.2020	The applicable variable interest rate for the relevant interest period +1.5 points, but not less than 1.5%	8.8.2024	Pledge of receivables
Sciant AD	Unicredit BulBank AD	Overdraft	BGN	500 000	-	7.4.2022	The applicable variable interest rate for the relevant interest period +1.3 points, but not less than 1.3%	7.4.2025	Pledge of receivables
EngView Systems Sofia JSC	Unicredit BulBank AD	Overdraft	BGN	1 000 000	-	15.12.2020	The applicable variable interest rate for the relevant interest period +1.3 points, but not less than 1.3%	15.12.2024	Pledge of receivables
Sirma Medical Systems AD	Unicredit BulBank AD	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

On 12.04.2023 "Sirma Group Holding" JSC made a full early repayment of three of its investment bank loans, including principal amounts of 4 356 154 (four million three hundred and fifty-six thousand one hundred and fifty-four) euros. As a result of the above, the company currently has no credit indebtedness under investment loans.

The carrying values of borrowings are considered to be a reasonable approximation of fair value.



Interim separate management report of "Sirma Group Holding" JSC  
for the period 01.01.2023 – 30.09.2023

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

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 30.09.2023 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
SAI	Sirma Medical Systems	204054855	Subsidiary	Loan	BGN	1 200	20.12.2022	2.80	31.12.2024	No pledges
Sirma Group Holding	Sirma ISG	201580558	Company under common control	Loan	BGN	7	26.04.2017	1.3, 2.8, 6.5	31.12.2023	No pledges
Sirma Group Holding	Sirma ICS	203940550	Company under common control	Loan	BGN	60	23.01.2017, 31.01.2021	1.3	31.12.2024	No pledges
Sirma Group Holding	Pirina Technologies	175149906	Company under common control	Loan	BGN	295	10.01.2022	2	31.12.2024	No pledges
Sirma Group Holding	Sirma InsurTech	205982173	Subsidiary	Loan	BGN	450	03.10.2022	1.3	31.12.2023	No pledges
Sirma Group Holding	Sciart	203943638	Subsidiary	Loan	BGN	300	02.05.2023	3	02.05.2024	No pledges
Sirma Solutions	Sirma ISG	201580558	Subsidiary	Loan	BGN	107	12.12.2016	5	31.12.2023	No pledges
Sirma Solutions	Sirma Group Holding	200101236	Parent company	Deposit	BGN	14 848	29.10.2020	0.1	31.12.2025	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 S.S.		Non related party	Loan	BGN	133	31.05.2022	2	31.12.2023	No pledges
Sirma InsurTech	HRM Solutions	206096810	Subsidiary	Loan	BGN	181	14.07.2021	3.2	31.08.2025	No pledges
EngView Systems Sofia	EngView Systems GmbH		Subsidiary	Loan	EUR	98	05.12.2022	3	31.12.2025	No pledges
SAI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	1 300	18.07.2023	0.1	18.07.2025	No pledges
Sciart	Sciart Shpk.		Company under common control	Loan	EUR	84	25.7.2023	3	01.09.2025	No pledges

**Other loans and deposits received from „Sirma Group Holding“ JSC and its subsidiaries:**

Recipient	Lender	United identification code	Relationships	Type	Currency	Liability as of 30.09.2023 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	SAI	200356710	Company under common control	Loan	BGN	1 200	20.12.2022	2.80	31.12.2024	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Deposit	BGN	14 848	29.10.2020	0.1	31.12.2023	No pledges
Sciart	Sirma Group Holding	200101236	Parent company	Loan	BGN	300	02.05.2023	3	02.05.2024	No pledges
Sirma Group Inc	Worklogic Canada		Foreign company	Loan	USD	85	31.07.2017	0,01	31.12.2023	No pledges
Sirma InsurTech	*Individual Y.M.		Related party	Loan	BGN	77	30.08.2022	2.9	31.08.2023	No pledges
Sirma InsurTech	Sirma Group Holding	200101236	Parent company	Loan	BGN	450	03.10.2022	1.3	31.12.2023	No pledges
Sirma Group Holding	SAI	200356710	Subsidiary	Deposit	BGN	1 300	18.07.2023	0.1	18.07.2025	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

	30.09.2023 BGN '000	30.09.2022 BGN '000	Change (BGN '000)	Change %
Net cash flow from operating activities	(1 043)	418	(1 461)	n/a
Net cash flow from investing activities	(1 691)	11 799	(13 490)	n/a
Net cash flow from financing activities	370	(8 663)	9 033	n/a
Net change in cash and cash equivalents	(2 364)	3 554	(5 918)	n/a
Cash and cash equivalents at the beginning of the year	(2)	-	(2)	n/a
Exchange gains/(losses) on cash and cash equivalents	3 671	1 775	1 896	106,82%
Cash and cash equivalents at the end of the year	1 305	5 329	(4 024)	(75,51%)

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	30.09.2023	30.09.2022/ 31.12.2022	Change	
			(Abs.)	(%)
Revenue from operating activities	4 328	12 877	(8 549)	(66,39%)
Cost of sales	(2 333)	(6 113)	3 780	(61,84%)
Gross profit / loss	1 995	6 764	(4 769)	(70,51%)
Other operating costs	( 106)	(5 445)	5 339	(98,05%)
Operating profit / loss	1 889	1 319	570	43,21%
Financial income	4	7	( 3)	(42,86%)
Financial costs	( 130)	( 326)	196	(60,12%)
Profit / loss before tax expense	1 763	1 000	763	76,30%
Tax expense	( 281)	-	( 281)	n/a
Net profit / loss	1 482	1 000	482	48,20%
Dividend	(2 429)	(1 093)	(1 336)	122,23%
Cash and cash equivalents	1 305	3 671	(2 366)	(64,45%)
Short-term assets	4 130	4 685	( 555)	(11,85%)
Total amount of assets	90 588	89 495	1 093	1,22%
Average arithmetic total asset value for 5 quarters	94 031	95 724	(1 693)	(1,77%)
Current liabilities	1 018	2 503	(1 485)	(59,33%)
Debt	289	9 052	(8 763)	(96,81%)
Liabilities (borrowed funds)	17 426	13 913	3 513	25,25%
Equity	73 162	75 582	(2 420)	(3,20%)
Equity averaged for 5 quarters	74 538	74 496	43	0,06%
Turnover capital	3 112	2 182	930	42,62%
Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
Interest expenses	( 103)	( 293)	190	(64,85%)
Weighted average share price of last trading session	0,745	0,7675	(0,0225)	(2,93%)
Last share price of last trading session	0,76	0,75	0,01	1,33%



Indicators	30.09.2023	30.09.2022/ 31.12.2022	Change	
			(Abs.)	(%)
EBITDA	2 319	5 094	(2 775)	(54,48%)
DEPRECIATION	( 453)	(3 801)	3 348	(88,08%)
EBIT	1 866	1 293	573	44,32%
FIN/INVEST NET	( 126)	( 319)	193	(60,50%)
EBT	1 763	1 000	763	76,30%
ROA	0,0164	0,0112	0,00519	46,41%
ROA(BSE)	0,0158	0,0104	0,00531	50,87%
Debt/EBITDA Ratio	0,1246	1,7770	(1,65237)	(92,99%)
Quick Ratio	4,0570	1,8718	2,1852	116,75%
ROE (BSE)	0,0199	0,0134	0,0065	48,12%
ROE	0,0199	0,0134	0,0065	48,12%
EBITDA	0,2382	0,1841	0,0541	29,39%
<b>Profitability ratios</b>				
Gross profit margin	0,4610	0,5253	(0,0643)	(12,25%)
Operating profit margin	0,4365	0,1024	0,3340	326,10%
Net profit margin	0,3424	0,0777	0,2648	340,94%
<b>Coefficients for assets and liquidity</b>				
Assets turnover ratio	0,0461	0,1346	(0,0885)	(65,77%)
Assets turnover ratio (BSE)	0,0460	0,1345	(0,0885)	(65,78%)
Operating cycle	1,3907	5,9015	(4,5107)	(76,43%)
Current ratio	4,0570	1,8718	2,1852	116,75%
Quick ratio	4,0570	1,8718	2,1852	116,75%
Cash ratio	1,2819	1,4666	(0,1847)	(12,59%)
<b>Odds per share</b>				
P/S ratio	10,2181	3,5381	6,6800	188,81%
P/E ratio	29,8407	45,5596	(15,7188)	(34,50%)
P/B ratio	0,6045	0,6028	0,0017	0,28%
Revenue per share	0,0729	0,2169	(0,1440)	(66,39%)
Earnings per share	0,0250	0,0168	0,0081	48,20%
Book value of equity per share	1,2557	1,2550	0,0007	0,06%
<b>Development Ratios</b>				
Revenue growth	(0,6639)	3,2838	(3,9477)	n/a
Gross profit growth	(0,7051)	6,7391	(7,4442)	n/a
Assets growth	0,0122	(0,1602)	0,1724	n/a
<b>Leverage Ratios</b>				
Debt/total assets	0,0031	0,0946	(0,0915)	(96,75%)
Debt/capital	0,0039	0,1083	(0,1045)	(96,44%)
Debt/equity	0,0039	0,1215	(0,1176)	(96,81%)
Total assets/equity	1,2615	1,2850	(0,0234)	(1,82%)
Market value of the company	45 114	44 521	594	1,33%



## 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

	30.09.2023	30.09.2022
	BGN'000	BGN'000
Purchases of goods and services		
Purchases of services		
- Training	(1)	-
- Advertising	-	(42)
- Software services	(19)	-
Purchases of goods		
- Office supplies	(3)	-
- Inventory	(3)	-
- Computer components	(1)	(1)
Purchases of LTFA	(34)	(5)
Sale of non-current asset	755	-
Sales of goods and services		
Sales of services		
- Administrative, accounting services	1 840	686
- Rent	359	383
- Consulting services	-	31
- Sale of licenses	-	967
- Technical Support	2	16
Sales of goods:		
- Consumables	61	39
Accrued dividends	1 509	9 879
- Received deposits	12 322	-
- Refund of received deposits	-	(566)
- Received loans	-	1 400
- Refunded received loans	-	-
- Given loans	(550)	(1 786)
- Refunded given loans	29	19
- Interest on received deposits	(8)	(99)
- Interest on received loans	-	(7)
- Interest on given loans	8	20
Dividends received	1 055	9 945

### Transactions with other related parties

	30.09.2023	30.09.2022
	BGN'000	BGN'000
Purchases of services:		
- Internet	(19)	(27)
Sale of services		
- Administrative, accounting services	159	121
- Rent	57	56
- Consulting services	-	3
- Technical Support	6	11
Purchases of goods		
- Consumables	5	5
- Refund of received deposits	(514)	-
- Given loans	-	(295)
- Refunded loans	35	34
- Interest on received loans	-	(1)
- Interest on given loans	5	6

### 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:

	30.09.2023	30.09.2022
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	(262)	(398)
Social security costs	(4)	(7)
Total remunerations	<u>(266)</u>	<u>(405)</u>

The company has paid dividends to key management personnel as of 30.09.2023 in the amount of BGN 1 024 thousand (30.09.2022 - BGN 324 thousand).



# 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	30.9.2023 Number of employees	30.09.2022 Number of employees
Employment contract	20	19
Contract for management and control	9	10
<b>Total</b>	<b>29</b>	<b>29</b>

## 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.



As the economic consequences of the war unfolded in Ukraine, strong inflationary pressures arose. Inflation is expected to remain high in the short term. In the medium term, as the energy market rebalances, uncertainty is expected to ease and inflation to fall towards the end of 2023. By the second half of 2025, easing pressures from energy prices and other costs, together with the ECB's monetary policy measures, should return inflation to the target level.

The expected retention of the level of inflation will continue to affect the maintenance of high levels of purchase prices of the goods and services used by the Company, which could lead to an unexpected contraction of consumer demand and, accordingly, future revenues.

#### **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.

At 30 September 2023, the Company is exposed to the risk of changes in market interest rates on its bank loans, which have a variable interest rate. All other financial assets and liabilities of the Company have 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 inflationary crisis and other risks accompanying the company's activity.

During the reporting period, there have been no changes in the basic principles of management of Sirma Group Holding JSC.

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

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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.

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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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Stanislav Tanushev

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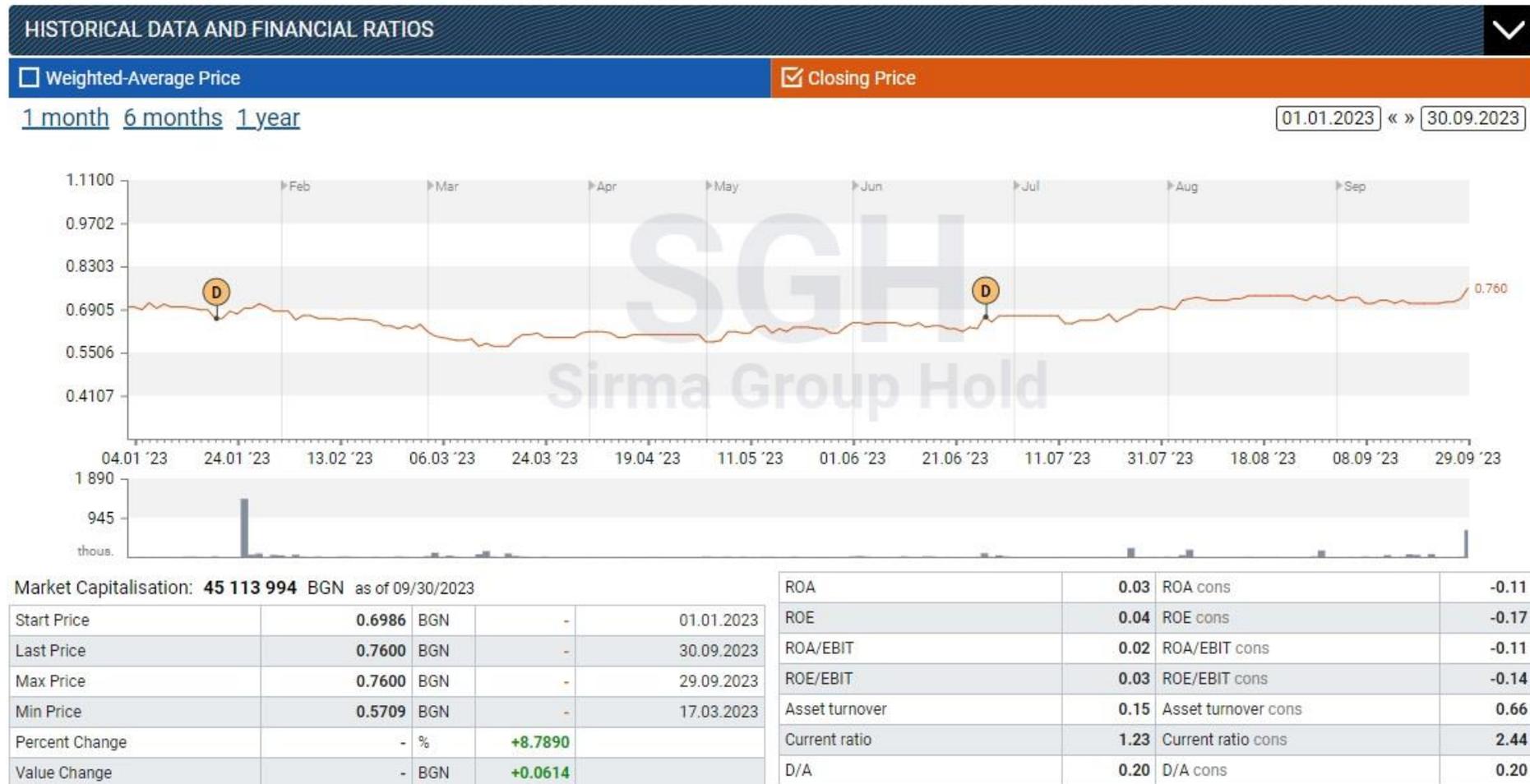
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# 18/ CHANGES IN THE PRICE OF THE SHARES OF THE COMPANY



# 19/ EVENTS AFTER THE END OF THE REPORTING PERIOD

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## Buyback of shares

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, "Sirma Group Holding" JSC bought back 210 000 of its shares at an average price of BGN 0.76 per share at a total price of BGN 159 600. The shares represent 0.35% of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD and entered in the company's Share register book on 02.10.2023.

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.

Sofia  
27.10.2023

CEO:



Tsvetan Alexiev

