



# Interim Separate Management Report

of "Sirma Group Holding" JSC  
for the period 01.01.2023 - 31.12.2023

## Content

1/ STATEMENT BY THE BOARD OF DIRECTORS OF "SIRMA GROUP HOLDING" JSC.....	3
2/ ORGANIZATION AND WAY OF PRESENTATION .....	4
4/ STRUCTURE OF SHAREHOLDERS CAPITAL AND MANAGEMENT AUTHORITIES .....	7
4.1. Distribution of share capital .....	7
4.2. Management authorities .....	9
5/ "SIRMA GROUP HOLDING" JSC IN Q4 2023 .....	13
MAIN LEGAL INFORMATION IN Q4 2023 .....	22
6/ INDIVIDUAL FINANCIAL RESULTS .....	26
6.1. REVENUES .....	26
6.2. EXPENSES .....	26
6.3. FINANCIAL INCOME / COSTS (NET).....	26
6.4. ASSETS .....	27
6.5. EQUITY .....	27
6.6. LIABILITIES .....	27
6.7. CASH FLOW .....	30
6.8. INDICATORS AND COEFFICIENTS .....	30
6.9 RELATED PARTY TRANSACTIONS .....	32
7/ PERSONNEL AND ECOLOGY .....	33
7.1 ECOLOGY .....	33
7.2 PERSONNEL .....	33
8/ RISK FACTORS .....	33
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. ....	39
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. ....	40
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. ....	40
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. ....	40
13/ INFORMATION ABOUT OCCURRING CHANGES IN THE REPORTING PERIOD IN THE MAIN PRINCIPLES FOR THE MANAGEMENT OF THE COMPANY AND ITS ECONOMIC GROUP. ....	41
14/ INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE FINANCIAL REPORTING PROCESSING INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM IN THE COMPANY. ....	41
15/ INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY AUTHORITIES DURING THE PERIOD.....	41



16/ INFORMATION ABOUT THE USE OF THE FUNDS FROM A NEW ISSUED SHARES AND SECURITIES IN THE REPORTING PERIOD. ....	42
17/ DETAILS OF THE DIRECTOR FOR CONNECTIONS WITH THE INVESTOR, INCLUDING A TELEPHONE AND ADDRESS FOR CORRESPONDENCE.....	42
18/ CHANGES IN THE PRICE OF THE SHARES OF THE COMPANY .....	43
19/ EVENTS AFTER THE END OF THE REPORTING PERIOD.....	44



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

The present interim separate report of the management of "Sirma Group Holding" JSC covers the period, ending on 31 December 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 31 December 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 31 December 2023. The report includes the activity of "Sirma Group Holding" JSC.



## 2/ ORGANIZATION AND WAY OF PRESENTATION

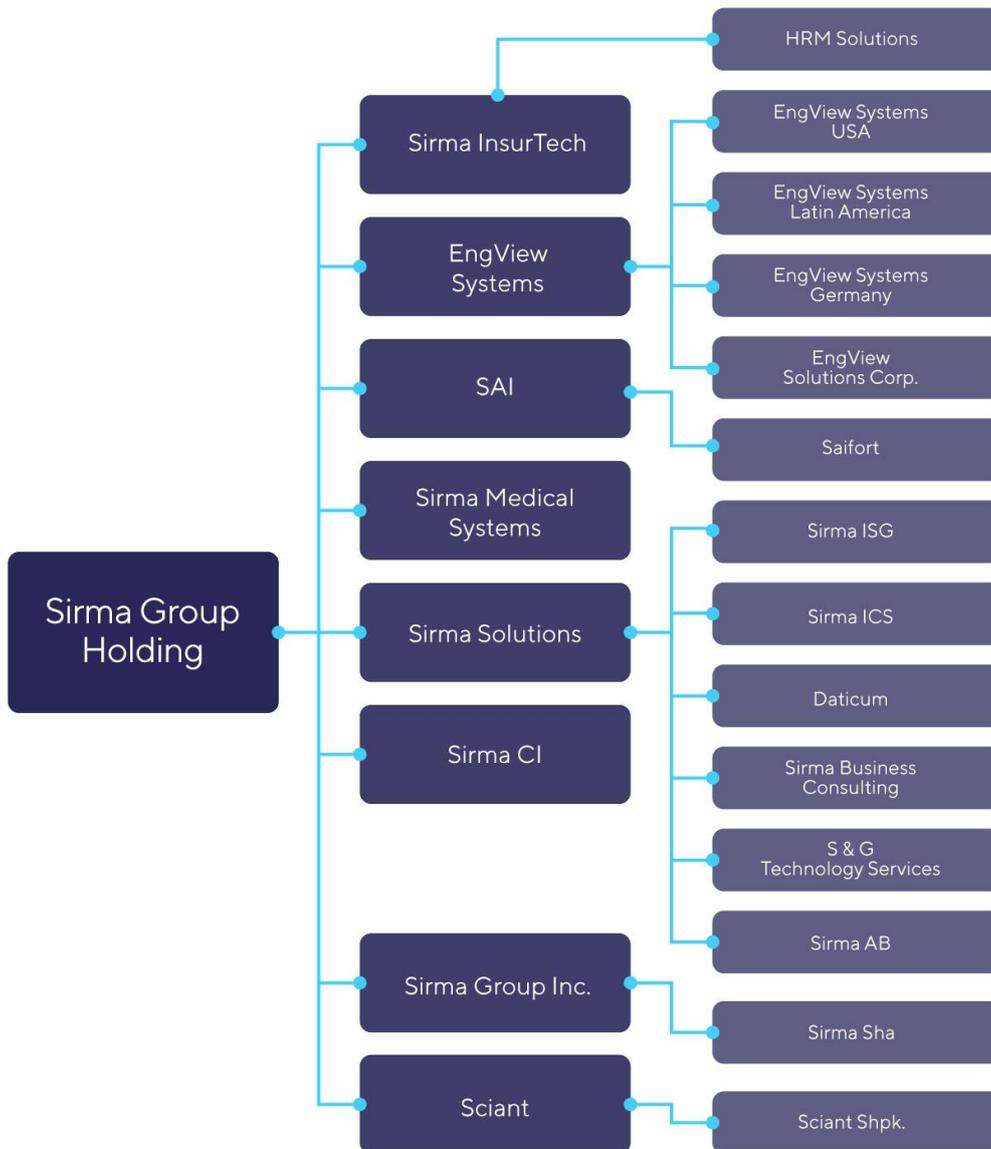
"Sirma Group Holding" JSC is a holding company which invests in technological businesses, manages them strategically and operationally, provides its subsidiaries with management, administrative, marketing and financial services.

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 31.12.2023 (in BGN'000)	Percentage of capital at 31.12.2023	% of voting rights at 31.12.2023	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 EAD	28 335	100%	100%	39 686	80,11%	100%
SAI AD	17 865	84,56%	100%	17 865	84,56%	100%
Sciant EAD	14 076	100%	100%	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 31.12.2023 the distribution of the share capital of "Sirma Group Holding" JSC is as follows:

	31.12.2023	30.09.2023
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	1 039	1 043
Including legal entities	39	39
Individuals	1 000	1 004
Number of shares held by legal entities	7 223 085	6 942 645
% Of participation of entities	12,17%	11,70%
Number of shares held by individuals	52 137 433	52 417 873
% Participation of individuals	87,83%	88,30%

Shareholders	Number of shares at 31.12.2023	Number of shares at 30.09.2023	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights*
Georgi Parvanov Marinov	5 455 748	5 380 748	1	5 455 748	9,19%	9,48%
Tsvetan Borisov Alexiev	5 035 153	4 965 753	1	5 035 153	8,48%	8,74%
Chavdar Velizarov Dimitrov	4 817 386	4 750 786	1	4 817 386	8,12%	8,37%
Veselin Antchev Kirov	4 767 386	4 700 786	1	4 767 386	8,03%	8,28%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,50%
Ivo Petrov Petrov	3 400 000	3 531 992	1	3 400 000	5,73%	5,90%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,40%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,78%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,75%
Emiliana Ilieva Ilieva	1 990 209	1 990 209	1	1 990 209	3,35%	3,46%
Deyan Nikolov Nenov	1 814 748	1 790 748	1	1 814 748	3,06%	3,15%
Purchased own shares	(1 780 407)	(1 570 407)	1	(1 780 407)	3,00%	3,09%
Atanas Kostadinov Kiryakov	1 542 787	1 487 524	1	1 542 787	2,60%	2,68%
Rosen Ivanov Marinov	1 282 900	1 265 795	1	1 282 900	2,16%	2,23%
DF Advance Invest	1 099 116	971 345	1	1 099 116	1,85%	1,91%
Yavor Liudmilov Djonev	1 092 746	1 292 746	1	1 092 746	1,84%	1,90%
Peter Nikolaev Konyarov	872 803	872 803	1	872 803	1,47%	1,52%
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%	1,30%
Asen Krumov Nelchinov	650 449	641 349	1	650 449	1,10%	1,13%
Others	10 739 467	11 128 314	1	10 739 467	18,09%	15,56%
<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.

On 02.10.2023 „Sirma Group Holding“ JSC bought back 210 000 of its shares at an average price of BGN 0,76 per share, for a total price of BGN 159 600. The shares represent 0,35% of the company's capital.

As of 31.12.2023 „Sirma Group Holding“ JSC holds 1 780 407 (31.12.2022 - 84 846) repurchased own shares at the total amount of BGN 1 780 407 (3% of share capital).

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

Shareholders	Number of shares at 31.12.2023	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 455 748	9,19%	9,48%
Tsvetan Borisov Alexiev	5 035 153	8,48%	8,74%
Chavdar Velizarov Dimitrov	4 817 386	8,12%	8,37%
Veselin Antchev Kirov	4 767 386	8,03%	8,28%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,50%
Ivo Petrov Petrov	3 400 000	5,73%	5,90%

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%

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

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

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

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



## 4.2. Management authorities

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

The Board of Directors as of 31.12.2023 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.

### Rights of the members of the Board of Directors to acquire shares and bonds of the company

The rights of the members of the Board of Directors of the company to acquire shares from the company are regulated in the applicable legal framework. The company has no bonds issued.

### Participation of the members of the BD of "Sirma Group Holding" JSC in other companies

The members of the BD of "Sirma Group Holding" JSC have the following other participations in companies, as per the provisions of Art. 247, Par.2, p.4 of the Commercial Code:

**Georgi Parvanov Marinov** – Chairman of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2023.
2. Does not own more than 25% of the capital of other companies in 2023.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - Executive director and Chairman of the BD of "Engview Systems" JSC;
  - Member of the BD of "Sirma Business Consulting" JSC;
  - Executive director and Member of the BD of "Pirina Technologies" JSC;

**Chavdar Velizarov Dimitrov** – Deputy Chairman of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2023.
2. Does not own more than 25% of the capital of other companies in 2023.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - Member of the BD of „Sirma Medical Systems“ JSC;



**Tsvetan Borisov Aleksiev** – Executive director and member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years..
2. Does not own more than 25% of the capital of other companies in 2023.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - Executive director and Chairman of the BD of "Sirma Solutions" JSC;
  - Chairman of the BD of „Sirma Business Consulting“ JSC;
  - Member of the BD of "SAI" AD;
  - Member of the BD of „Daticum“ JSC;
  - Member of the BD of "Engview Systems" JSC;
  - Member of the BD of „Sirma“ Sha., Albania.
  - Member of the BD of „Sciant“ EAD;

**Atanas Kostadinov Kirjakov** - Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies.
2. Does not own more than 25% of the capital of other companies in 2023.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - Executive director and Member of the BD of "SAI" AD ("Ontotext" JSC);
  - Member of the BD of "Sirma Solutions" JSC;
  - Member of the BD of "Engview Systems" JSC;

**Yordan Stoyanov Nedev** – Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2023.
2. Owns more than 25% of the capital of:
  - "Susana and Vesko – SV" OOD – 75 %.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - Member of the BD of MAC „Bushido“;
  - Trustee of the foundation „Alexander“.
  - Member of the BD of „Sirma InsurTech“;
  - Member of the BD of SC Hanshi Association;

**Veselin Anchev Kirov** – Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2023.
3. Does not participate in managing other legal entities in 2023.

**Yavor Ludmilov Djonev** – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of other company in 2023:
  - "Djonev Consulting" EOOD – 100%.
3. Representing "Educational Transformation Foundation"



**Martin Veselinov Paev** – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of the following companies:
  - "Sortis Invest" EOOD – 100%.
  - "Sortis Group" EOOD – 100%.
3. Procurator/manager/member of a managing/supervisory body in 2023:
  - SORTIS INVEST EOOD – Manager
  - SORTIS GROUP EOOD – Manager
  - SORTIS VENTURES EOOD – Manager
  - SORTIS REAL ESTATE EOOD – Manager
  - SORTIS.BG EOOD – Manager
  - SORTIS Hospitality OOD – Manager
  - BP Bulgaria 2 EOOD – Manager
  - BP Bulgaria 3 EOOD – Manager

**Peyo Vasilev Popov** – independent Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2023
3. Does not participate in managing other legal entities.

## 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 31.12.2023	Number of shares at 30.09.2023	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 455 748	5 380 748	1	5 455 748	9,19%	9,48%
Tsvetan Borisov Alexiev	5 035 153	4 965 753	1	5 035 153	8,48%	8,74%
Chavdar Velizarov Dimitrov	4 817 386	4 750 786	1	4 817 386	8,12%	8,37%
Veselin Anchev Kirov	4 767 386	4 700 786	1	4 767 386	8,03%	8,28%
Atanas Kostadinov Kiryakov	1 542 787	1 487 524	1	1 542 787	2,60%	2,68%
Yavor Ludmilov Djonev	1 092 746	1 292 746	1	1 092 746	1,84%	1,90%
Martin Veselinov Paev	126 920	126 720	1	126 920	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>22 841 659</b>	<b>22 708 596</b>		<b>22 841 659</b>	<b>38,48%</b>	<b>39,67%</b>

During the period 01.10.2023 – 31.12.2023 the member of the BD Georgi Parvanov Marinov acquired 75 000 shares, the member of the BD Tsvetan Borisov Alexiev acquired 69 400 shares, the member of the BD Chavdar Velizarov Dimitrov acquired 66 600 shares, the member of the BD Veselin Anchev Kirov acquired 66 600 shares, the member of the BD Atanas Kostadinov Kiryakov acquired 53 263 shares, the member of the BD Martin Veselinov Paev acquired 200 shares and the member of the BD Yavor Ludmilov Djonev sold 200 000 shares of 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 - 31.12.2023 (BGN)
Tsvetan Borisov Alexiev	"Sirma Group Holding" JSC	(182 040)
Yordan Stoyanov Nedev	"Sirma Group Holding" JSC	(20 880)
Georgi Parvanov Marinov	"Sirma Group Holding" JSC	(20 880)
Atanas Kostadinov Kiryakov	"Sirma Group Holding" JSC	(20 880)
Chavdar Velizarov Dimitrov	"Sirma Group Holding" JSC	(20 880)
Veselin Anchev Kirov	"Sirma Group Holding" JSC	(20 880)
Martin Veselinov Paev	"Sirma Group Holding" JSC	(20 880)
Peyo Vasilev Popov	"Sirma Group Holding" JSC	(20 880)
Yavor Ludmilov Djonev	"Sirma Group Holding" JSC	(20 880)
<b>Total</b>		<b>(349 080)</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 Q4 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 2023 and future forecast

After a better-than-expected 2022, at the end of the third quarter of 2023, Gartner also revised its forecasts for the development of the ICT market in 2023 ([Gartner, October, 2023](#)). 2023 is expected to bring growth of 3.5% (down from the 4.4% forecast mid-year) at current prices and 4.4% in constant currency. The ICT market is expected to reach USD 4.7 billion in 2023.

Similar to 2022, 2023 is also expected to be highly divergent. In current prices while the "Software" segment is expected to record a double-digit growth of 12.9% (down from the forecast of 13.5% from the middle of the year), the "Devices" segment is shrinks by 10%. In 2023, the ICT sector is expected to return to "normalcy" as well as resume its



sustained strong growth outlook of 8.0% (down from mid-year forecast of 8.8%) in 2024 and commensurate growth on 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	227,021	19.7	237,703	4.7	260,221	9.5
Devices	766,279	-6.3	689,288	-10.0	722,472	4.8
Software	811,314	10.7	916,240	12.9	1,042,386	13.8
IT Services	1,305,699	7.5	1,401,038	7.3	1,547,349	10.4
Communications Services	1,423,128	-1.9	1,449,286	1.8	1,497,345	3.3
<b>Overall IT</b>	<b>4,533,441</b>	<b>2.94</b>	<b>4,693,556</b>	<b>3.55</b>	<b>5,069,773</b>	<b>8.0</b>

Source: Gartner (October 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 12.9% on an annual basis in current prices in USD. The "IT services" segment remains in second place with a growth of 7.3%. Both segments are expected to maintain their leading position in 2024 with growth of 13.8% and 10.4%, respectively. The big loser in 2023 is shaping up to be the "Devices" segment with a drop of as much as 10.0%. 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.

### 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.

Things are 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.

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. 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 Q4 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) vestment - covers the insured capital in different assets in order to realize the strategic objective of the company. This feature is related to the Balance asset.

### III. Completed tasks

1. Ensure sufficient financial resources in accordance with the strategy and tasks for the development of "Sirma Group Holding" JSC and the subsidiaries during the respective period.

## - ACCOUNTING SERVICES

In Q4 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 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.

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

- Risk identification - This is a lengthy process that detects potential threats. In order to identify the expected and predictable risks, different methods are used: questionnaires (interview questionnaires), interviews, brainstorming,

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

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

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

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

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

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

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.

document analysis, a list of expected and predictable risks (checklist analysis), based on a previous experience

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

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

- Planning actions to overcome the risk

The next step in risk management is planning. This is the process of documenting the measures that will be applied to



managing each of the identified key risks. 3 management strategies are used:

- a) risk avoidance - a strategy that reduces the likelihood of risk occurring;
- b) minimizing the risk-taking effect - a strategy that reduces the consequences of the risk;
- c) Emergency action plans - a strategy where the organization accepts the risk and is ready to deal with it if it comes to fruition;

As a result of the risk planning, a Risk Mitigation Monitoring and Management Plan is established. It may be a separate

document or a set of information cards for each individual risk to be stored and managed in a database.

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

## IMPACT OF EXCLUSIVE FACTORS

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

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

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

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

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

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

## SIGNIFICANT CHANGES IN NET SALES OR REVENUES DISCLOSED IN THE ACCOUNTS

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

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

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

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



## EVENTS AND BUSINESS NEWS IN Q4 2023

The following events and business news took place in Q4 2023:

**18-19.12.2023**

Atanas Kiryakov – member of the MB of SGH took part in the discussion organized by the Science and Technology Policy Committee of OECD on public support for business, R&D and innovation.

**15.12.2023**

Disclosure of sale of 200 000 shares from Sirma Group Holding by member of BD – Yavor Djonev.

**28.11.2023**

Disclosure of the interim consolidated financial results of Sirma Group Holding JSC for the period ending on 30.09.2023.

**14.11.2023**

The daughter company Sirma Solutions took part in the event JS Talks 2023.

**07.11.2023**

Sirma Group Holding JSC взе участие в Investor Finance Forum.

**27.10.2023**

Disclosure of the interim individual financial results of Sirma Group Holding JSC for the period ending on 30.09.2023.

**04.10.2023**

The daughter company Sirma Solutions JSC took part in the event Career Show 2023.

**02.10.2023**

Disclosure of purchase of 66 600 shares from Sirma Group Holding by member of BD – Veselin Kirov.

**02.10.2023**

Disclosure of purchase of 55 263 shares from Sirma Group Holding by member of BD – Atanas Kiryakov.

**02.10.2023**

Disclosure of purchase of 66 600 shares from Sirma Group Holding by member of BD – Chavdar Dimitrov.

**02.10.2023**

Disclosure of purchase of 69 600 shares from Sirma Group Holding by CEO – Tsvetan Alexiev.

**02.10.2023**

Disclosure of purchase of 75 000 shares from Sirma Group Holding by Chairman of BD – Georgi Marinov.

**02.10.2023**

Disclosure of a buy-back of 159 600 shares by Sirma Group Holding JSC.

**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 GSM 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 GSM of Sirma Group Holding JSC

## MAIN LEGAL INFORMATION IN Q4 2023

### Transactions with shares for the period 01.01.2023 - 31.12.2023:

- **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.

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.

- **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.

On 15.12.2023 Yavor Djonev - a member of the Board of Directors of "Sirma Group Holding" JSC, has sold 200 000 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.

On 02.10.2023 Georgi Marinov – Chairman of the Board of Directors of "Sirma Group Holding" JSC, has bought 75 400 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0,74202 BGN per share.

On 02.10.2023 Tsvetan Alexiev – a member of the Board of Directors of "Sirma Group Holding" JSC, has bought 69 400 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0,752807 BGN per share.

On 02.10.2023 Chavdar Dimitrov – a member of the Board of Directors of "Sirma Group Holding" JSC, has bought 66 600 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0,76 BGN per share.

On 02.10.2023 Veselin Kirov – a member of the Board of Directors of "Sirma Group Holding" JSC, has bought 66 600 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0,76 BGN per share.

On 02.10.2023 Atanas Kiryakov – a member of the Board of Directors of "Sirma Group Holding" JSC, has bought 55 263 shares from the capital of "Sirma Group Holding" JSC, through transactions made on the Bulgarian Stock Exchange - Sofia at an average price of 0,76 BGN per share.

- **Complete purchase of the company "Sciart 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 - "Sciart" AD was concluded as follows:

- Subsidiary whose shares are subject to redemption: "Sciart" 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.

- **Reduction of capital of subsidiary**

On 23.10.2023, in accordance with the decision of the General Meeting of Shareholders, the capital of "Sirma Solutions" was reduced on the basis of Art. 200, item 2, in connection with Art. 187d, of the Commercial Code by canceling 703 589 shares a total of shares with a nominal value of BGN 10 (ten) each, of which: 15 000 are class A, 62 172 are class B and 626 417 are ordinary, owned by "Sirma Solutions" AD. The shares were acquired by the company through a buy-back from shareholders. The capital of the company decreased from 35 370 800 to 28 334 910 BGN. The company became 100% owned by "Sirma Group Holding" JSC.

On 21.12.2023, the Board of Directors of "Sirma Solutions" EAD decided to reduce the capital of the company by reducing the nominal value of the shares from BGN 10 to BGN 5 for each share of the capital. After the reduction, the capital of the company will amount to BGN 14 167 455. The change has been requested to be announced in the Commercial Register, but has not yet been officially entered.

**Litigation for the period 01.01.2023 - 31.12.2023:**

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

**Other legal information for the period 01.01.2023 - 31.12.2023:**

- **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.

### Audit compensation in 2023

„Grant Thornton“ OOD, registered under number 032 in the public register of audit companies at the Institute of Certified Public Accountants in Bulgaria, was selected as the auditor of the separate and consolidated annual financial statements of „Sirma Group Holding“ JSC. The remuneration for the independent financial audit in 2023 of the separate annual financial statements amounts to BGN 34 011,88 without VAT and BGN 35 967,71 without VAT for consolidated annual financial statements for 2023. During the year, additional auditing services were provided in the amount of BGN 16 998,69 without VAT, related to the translation and audit of interim consolidated reports. This disclosure is made in compliance with the requirements of Article 30 of Bulgarian Accountancy Act.

### Information for contracted large transactions in 2023

In 2023, the company signed several large contracts with customer and subcontracts:

Purchases:

- Deal 1 for BGN 121 thousand
- Deal 2 for BGN 87 thousand
- Deal 3 for BGN 77 thousand

Sales:

- Deal 1 for BGN 1 928 thousand
- Deal 2 for BGN 613 thousand
- Deal 3 for BGN 255 thousand

These transactions do not contain the transactions disclosed in the section Transactions with shares for the period 01.01.2023 - 31.12.2023.

### Information of the used financial instruments in 2023

In 2023 the company has not used any financial instruments.

### Contracts under Art.240b of the Commercial Code in 2023

During 2023 the company has not been notified for contracted transactions with the members of the Board of Directors or parties related to them, which fall outside the line of activity of the company or the terms of which differ substantially from the current market ones.



## 6/ INDIVIDUAL FINANCIAL RESULTS

### 6.1. REVENUES

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change (%)
Revenues from sales	3 671	3 217	454	14,11%
Dividend income	1 509	9 879	(8 370)	(84,73%)
Interest income	13	35	(22)	(62,86%)
Income from sale of investments	-	410	(410)	(100%)
Gain on sale of non-current assets	2	1	1	100%
Other revenues	33	162	(129)	(79,63%)
<b>Total</b>	<b>5 228</b>	<b>13 704</b>	<b>(8 476)</b>	<b>(61,85%)</b>

In Q4 2023 the revenues of "Sirma Group Holding" JSC decreased by BGN 8 476 thousand or by 61,85% compared to 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:

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change (%)
Administrative and accounting services	2 877	1 130	1 747	154,60%
Rents of investment properties	688	703	(15)	(2,13%)
Technical Support	15	36	(21)	(58,33%)
Licenses	-	1 248	(1 248)	(100%)
Others	91	100	(9)	(9,00%)
<b>Total</b>	<b>3 671</b>	<b>3 217</b>	<b>454</b>	<b>14,11%</b>

### 6.2. EXPENSES

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000,%)
Cost of materials	(138)	(84)	(54)
Change in %			64,29%
Hired services expenses	(702)	(904)	202
Change in %			(22,35%)
Employee benefits expense	(1 871)	(1 689)	(182)
Change in %			10,78%
Depreciation and amortisation of non-financial assets	(617)	(3 388)	2 771
Change in %			(81,79%)
Other expenses	(221)	(184)	(37)
Change in %			20,11%
<b>Total expenses</b>	<b>(3 549)</b>	<b>(6 249)</b>	<b>2 700</b>
Change in %			<b>(43,21%)</b>

In Q4 2023 the expenses of "Sirma Group Holding" JSC decreased by BGN 2 700 thousand or by 43,21% as compared to 2022.

### 6.3. FINANCIAL INCOME / COSTS (NET)

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change (%)
Financial costs	(147)	(6 192)	6 045	(97,63%)
Financial income	6	8	(2)	(25,00%)
<b>Financial income / costs (net)</b>	<b>(141)</b>	<b>(6 184)</b>	<b>6 043</b>	<b>(97,72%)</b>

In Q4 2023, financial income / costs (net) of "Sirma Group Holding" JSC decreased by BGN 6 043 thousand as compared to 2022.



## 6.4. ASSETS

The total assets of „Sirma Group Holding“ JSC at the end of the Q4 of 2023 are with BGN 623 thousand (0,70%) more than their value at the end of 2022.

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Property, plant and equipment	1 057	633	424	66,98%
Intangible assets	4 225	6 556	(2 331)	(35,56%)
Investments in subsidiaries	70 874	67 035	3 839	5,73%
Investment property	9 638	9 707	(69)	(0,71%)
Long-term related party receivables	295	47	248	527,66%
Deferred tax assets	828	832	(4)	(0,48%)
<b>Total non-current assets</b>	<b>86 917</b>	<b>84 810</b>	<b>2 107</b>	<b>2,48%</b>

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change (%)
Trade receivables	161	73	88	120,55%
Prepayments and other assets	83	36	47	130,56%
Related party receivables	1 826	905	921	101,77%
Cash and cash equivalents	1 131	3 671	(2 540)	(69,19%)
<b>Total current assets</b>	<b>3 201</b>	<b>4 685</b>	<b>(1 484)</b>	<b>(31,68%)</b>

## 6.5. EQUITY

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Share Capital	59 361	59 361	-	-
Purchased own shares	(1 781)	(85)	(1 696)	1 995,29%
Share premium reserve	5 855	5 372	483	8,99%
Other reserves	1 458	1 244	214	17,20%
Retained earnings	6 627	7 559	(932)	(12,33%)
Current financial result	1 534	2 131	(597)	(28,02%)
<b>Total equity</b>	<b>73 054</b>	<b>75 582</b>	<b>(2 528)</b>	<b>(3,34%)</b>

In Q4 2023, Equity decreased by BGN 2 528 thousand compared to the end of 2022.

## 6.6. LIABILITIES

The amount of the liabilities of "Sirma Group Holding" JSC at the end of Q4 2023 is with BGN 3 151 thousand (22,65%) more than their value at the end of 2022.

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Pension employee obligations	60	55	5	9,09%
Long-term borrowings	-	7 457	(7 457)	(100%)
Long-term lease liabilities	192	130	62	47,69%
Long-term related party payables	16 148	3 768	12 380	328,56%
<b>Total Non-current liabilities</b>	<b>16 400</b>	<b>11 410</b>	<b>4 990</b>	<b>43,73%</b>

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Employee obligations	114	237	(123)	(51,90%)
Short-term borrowings	-	1 432	(1 432)	(100%)
Short-term lease liabilities	53	33	20	60,61%
Trade and other payables	201	159	42	26,42%
Short-term related party payables	296	642	(346)	(53,89%)
<b>Total Current liabilities</b>	<b>664</b>	<b>2 503</b>	<b>(1 839)</b>	<b>(73,47%)</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 31.12.2023 (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 EAD	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 EAD	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 EAD	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 EAD	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 EAD	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 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 – 31.12.2023

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

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 31.12.2023 (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
SAI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	1 300	18.07.2023	0.1	18.07.2025	No pledges
Sirma Group Holding	Sirma ICS	203940550	Company under common control	Loan	BGN	48	23.01.2017, 31.01.2021	1.3	31.12.2024	No pledges
Sirma Group Holding	Pirina Technolgies	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	600	03.10.2022	1.3	31.12.2023	No pledges
Sirma Group Holding	Sciant	203943638	Subsidiary	Loan	BGN	300	02.05.2023	3	02.05.2024	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	270	14.07.2021	3.2	31.12.2025	No pledges
EngView Systems GmbH	EngView Systems GmbH		Subsidiary	Loan	EUR	94	05.12.2022	3	31.12.2025	No pledges
Sciant	Sciant 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 31.12.2023 (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	31.12.2025	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Deposit	BGN	14 848	29.10.2020	0.1	31.12.2025	No pledges
Sciant	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	Non related company	Loan	USD	85	31.07.2017	0,01	31.12.2024	No pledges
Sirma InsurTech	*Individual Y.M.		Related party	Loan	BGN	77	30.08.2022	2.9	31.12.2024	No pledges
Sirma InsurTech	Sirma Group Holding	200101236	Parent company	Loan	BGN	600	03.10.2022	1.3	31.12.2024	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

	31.12.2023 BGN '000	31.12.2022 BGN '000	Change (BGN '000)	Change %
Net cash flow from operating activities	(1 350)	164	(1 514)	n/a
Net cash flow from investing activities	(1 431)	12 361	(13 792)	n/a
Net cash flow from financing activities	244	(10 626)	10 870	n/a
Net change in cash and cash equivalents	(2 537)	1 899	(4 436)	n/a
Cash and cash equivalents at the beginning of the year	(3)	(3)	-	-
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	1 131	3 671	(2 540)	(69,19%)

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

## 6.8. INDICATORS AND COEFFICIENTS

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

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

Indicators BGN '000	31.12.2023	31.12.2022	Change	
			(Abs.)	(%)
Revenue from operating activities	5 228	13 704	(8 476)	(61,85%)
Cost of sales	(3 328)	(6 065)	2 737	(45,13%)
Gross profit / loss	1 900	7 639	(5 739)	(75,13%)
Other operating costs	( 221)	( 184)	( 37)	20,11%
Operating profit / loss	1 679	7 455	(5 776)	(77,48%)
Financial income	6	8	( 2)	(25,00%)
Financial costs	( 147)	(6 192)	6 045	(97,63%)
Profit / loss before tax expense	1 538	1 271	267	21,01%
Tax expense	( 4)	860	( 863)	n/a
Net profit / loss	1 534	2 131	( 597)	(28,02%)
Dividend	(2 595)	(1 400)	(1 195)	85,36%
Cash and cash equivalents	1 131	3 671	(2 540)	(69,19%)
Short-term assets	3 201	4 685	(1 484)	(31,68%)
Total amount of assets	90 118	89 495	623	0,70%
Average arithmetic total asset value for 5 quarters	91 141	93 847	(2 706)	(2,88%)
Current liabilities	664	2 503	(1 839)	(73,47%)
Debt	245	9 052	(8 807)	(97,29%)
Liabilities (borrowed funds)	17 064	13 913	3 151	22,65%
Equity	73 054	75 582	(2 528)	(3,34%)
Equity averaged for 5 quarters	74 072	74 245	( 174)	(0,23%)
Turnover capital	2 537	2 182	355	16,27%
Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
Interest expenses	( 109)	( 369)	260	(70,46%)
Weighted average share price of last trading session	0,715	0,7375	(0,0225)	(3,05%)
Last share price of last trading session	0,725	0,75	(0,025)	(3,33%)



Indicators	31.12.2023	31.12.2022	Change	
			(Abs.)	(%)
EBITDA	2 264	2 242	22	0,98%
DEPRECIATION	( 617)	( 602)	( 15)	2,49%
EBIT	1 647	1 640	7	0,43%
FIN/INVEST NET	( 141)	(6 184)	6 043	(97,72%)
EBT	1 538	1 271	267	21,01%
ROA	0,0170	0,0238	(0,00679)	(28,51%)
ROA(BSE)	0,0168	0,0227	(0,00588)	(25,88%)
Debt/EBITDA Ratio	0,1082	4,0375	(3,92925)	(97,32%)
Quick Ratio	4,8208	1,8718	2,9490	157,55%
ROE (BSE)	0,0207	0,0287	(0,0080)	(27,85%)
ROE	0,0207	0,0287	(0,0080)	(27,85%)
EBITDA	0,2336	0,1841	0,0495	26,89%
<b>Profitability ratios</b>				
Gross profit margin	0,3634	0,5574	(0,1940)	(34,80%)
Operating profit margin	0,3212	0,5440	(0,2228)	(40,96%)
Net profit margin	0,2934	0,1555	0,1379	88,69%
<b>Coefficients for assets and liquidity</b>				
Assets turnover ratio	0,0574	0,1461	(0,0887)	(60,70%)
Assets turnover ratio (BSE)	0,0574	0,1460	(0,0887)	(60,72%)
Operating cycle	2,0607	6,2805	(4,2198)	(67,19%)
Current ratio	4,8208	1,8718	2,9490	157,55%
Quick ratio	4,8208	1,8718	2,9490	157,55%
Cash ratio	1,7033	1,4666	0,2367	16,14%
<b>Odds per share</b>				
P/S ratio	8,1184	3,1946	4,9238	154,13%
P/E ratio	27,6683	20,5438	7,1245	34,68%
P/B ratio	0,5810	0,5792	0,0018	0,30%
Revenue per share	0,0881	0,2309	(0,1428)	(61,85%)
Earnings per share	0,0258	0,0359	(0,0101)	(28,02%)
Book value of equity per share	1,2478	1,2507	(0,0029)	(0,23%)
<b>Development Ratios</b>				
Revenue growth	(0,6185)	1,9592	(2,5777)	n/a
Gross profit growth	(0,7513)	3,9062	(4,6575)	n/a
Assets growth	0,0070	(0,1602)	0,1671	n/a
<b>Leverage Ratios</b>				
Debt/total assets	0,0027	0,0965	(0,0938)	(97,21%)
Debt/capital	0,0033	0,1087	(0,1054)	(96,97%)
Debt/equity	0,0033	0,1219	(0,1186)	(97,29%)
Total assets/equity	1,2304	1,2640	(0,0336)	(2,66%)
Market value of the company	43 037	44 521	(1 484)	(3,33%)



## 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

	2023	2022
	BGN'000	BGN'000
Purchases of goods and services		
Purchases of services		
- Software services	(19)	-
- Internet	(26)	(43)
- Consulting services	(20)	-
- Seminars and training	(1)	-
- Subscriptions	(27)	-
- Advertising and marketing	-	(42)
- Software license rental		
Purchases of goods	(3)	-
- Office supplies	(4)	(1)
- Inventory	(1)	(1)
- Computer components	(3)	-
- Advertising materials	(37)	(5)
Purchases of LTFA	(19)	-
Sale of non-current asset	755	-
Sales of goods and services		
Sales of services		
- Administrative, accounting services	2 680	1 125
- Rent	542	576
- Consulting services	-	34
- Sale of licenses	-	1 238
- Technical Support	10	36
Sales of goods:		
- Consumables	88	64
Dividends received	1 509	9 945
- Received deposits	13 622	-
- Refund of received deposits	(514)	975
- Received loans	-	1 400
- Refunded received loans	-	(2 495)
- Given loans	(700)	(398)
- Refunded given loans	76	1 093
- Interest on received deposits	(12)	(100)
- Interest on received loans	-	(7)
- Interest on given loans	13	30

### Transactions with other related parties

	2023	2022
	BGN'000	BGN'000
Sale of services		
- Administrative, accounting services	5	4
- Rent	8	13
- Given loans	-	(295)
- Interest on given loans	6	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:

	2023	2022
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	(349)	(486)
Social security costs	(5)	(8)
Total remunerations	<u>(354)</u>	<u>(494)</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:

	31.12.2023	31.12.2022	Relative share in 2023 %
Number of Employees	29	29	100%
Higher education	27	27	93,10%
Secondary education	2	2	6,90%
Employees 31 - 40 years	7	7	24,14%
Employees 41 - 50 years	16	16	55,17%
Employees 51 - 60	5	5	17,24%
Employees over 60	1	1	3,45%
Women	14	13	48,28%
Men	15	16	51,72%

### 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

### 8.1 System Risks

The general risks stem from possible changes in the overall economic system and, in particular, a change in the conditions of the financial markets. They can not be diversified, as all economic entities in the country are exposed to them.

#### 8.1.1. Economic Growth

The interaction between economic growth and external indebtedness of the country has a direct impact on the formation and change of market conditions and the investment climate. Official statistics show real GDP and GDP growth per capita in recent years, which are in line with the government's development agenda.



According to published information from NSI, after the introduction of the currency board system in 1997, Bulgaria achieved macroeconomic stability and good indicators for economic development.

Delayed economic growth, not only in Bulgaria but also in other countries where the Company realizes its output, means reduced activity on the part of economic operators, where there is also a reduced level of investment in general and in particular in software solutions. In this respect, lower economic growth adversely affects the Company's activity and would prevent the future plans from being realized according to predefined parameters.

#### 8.1.2. Political Risk

The political risk is the likelihood of a change in government, or a sudden change in its policy, the emergence of internal political turmoil and unfavorable changes in European and / or national legislation, resulting in a negative change in the environment in which local businesses operate, and investors to suffer losses.

The political risks for Bulgaria at international level are related to the commitments made to implement serious structural reforms in the country as an equal member of the EU, increasing the social stability of the inefficient spending

on the one hand, as well as the severe destabilization of the countries The Middle East, the increasing threats of terrorist attacks in Europe, refugee waves, and the volatility of key countries in the immediate vicinity of Bulgaria.

Bulgaria, as well as the other EU member states in the region, continues to be seriously affected by the common European problem of the intensive Middle East refugee flow.

Other factors that also affect this risk are possible legislative changes, particularly those that concern the economic and investment climate in the country.

#### 8.1.3. 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, as summarized below:

	<b>2023</b>	<b>2022</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Financial assets</b>		
Trade and other receivables	161	73
Related parties receivables	1 826	952
Cash and cash equivalents	1 131	3 671
	<b>3 118</b>	<b>4 696</b>

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.

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.

#### 8.1.4. 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.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are translated into Bulgarian leva at the closing rate:



	Short-term exposure
	BGN'000
<b>31 December 2023</b>	
Financial assets	15
<b>Total exposure</b>	<b>15</b>
<b>31 December 2022</b>	
Financial assets	15
<b>Total exposure</b>	<b>15</b>

The tables below show the sensitivity of the annual net financial result after taxes and equity to possible changes in the exchange rates of the Bulgarian lev against the following foreign currencies:

- USD +/- 2.2% (for 2023: +/- 8.6%)

All other parameters are assumed to be constant.

These percentages are determined on the basis of the average exchange rates for the last 12 months. The sensitivity analysis is based on the Company's investments in foreign currency financial instruments held at the end of the reporting period.

31 December 2023	Increase in the exchange rate of the Bulgarian lev		Decrease in the exchange rate of the Bulgarian lev	
	Net financial result	Equity	Net financial result	Equity
	BGN'000	BGN'000	BGN'000	BGN'000
US Dollars (+/- 8.6 %)	(1)	(1)	1	1

31 December 2022	Increase in the exchange rate of the Bulgarian lev		Decrease in the exchange rate of the Bulgarian lev	
	Net financial result	Equity	Net financial result	Equity
	BGN'000	BGN'000	BGN'000	BGN'000
US Dollars (+/- 8.6 %)	(1)	(1)	1	1

#### 8.1.5. Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing.

In 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.

The tables presented below show the sensitivity of the annual net financial result after tax and equity to a likely change in interest rates on loans with a floating interest rate based on EURIBOR in the amount of +/- 53.04%. These changes are determined to be probable based on observations of current market conditions. The calculations are based on the change in the average market interest rate and on the financial instruments held by the Company at the end of the reporting period, which are sensitive to interest rate changes. All other parameters are assumed to be constant.

31 december 2023	Net financial result		Equity	
	increase in interest rate	decrease in interest rate	increase in interest rate	decrease in interest rate
	BGN'000	BGN'000	BGN'000	BGN'000
Loans (EURIBOR 53.04%)	(28)	(28)	28	28



31 december 2022	Net financial result		Equity	
	increase in interest rate	decrease in interest rate	increase in interest rate	decrease in interest rate
	BGN'000	BGN'000	BGN'000	BGN'000
Loans (EURIBOR 94.23%)	(75)	(75)	75	75

#### 8.1.6. 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.

As at 31 December 2023, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2023	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	BGN'000	BGN'000	BGN'000
Lease liabilities	30	30	231
Trade and other payables	165	-	-
Related party payables	296	-	16 148
<b>Total</b>	<b>491</b>	<b>30</b>	<b>16 379</b>

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting period as follows:

31 December 2022	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	BGN'000	BGN'000	BGN'000
Loan liabilities	716	716	7 457
Lease liabilities	18	18	134
Trade and other payables	83	-	-
Related party payables	642	-	3 768
<b>Total</b>	<b>1 459</b>	<b>734</b>	<b>11 359</b>

#### 8.1.7. Inflation Risk

Inflationary risk is a general price increase whereby money is depreciated and there is a likelihood of loss from households and firms. During the reporting year, our country went through a process of accelerated increase in price levels, but at the moment this process has been overcome and does not represent a serious risk for the Company in the short term.

#### 8.1.8. Risk from unfavorable changes in tax and other legislation

The taxes paid by Bulgarian legal persons include withholding tax, local taxes and fees, corporate income tax, value added tax, excise duties, export and import duties and property taxes. The tax system in Bulgaria is still developing. This may result in contradictory tax practices, both at state and local level.

Investors should also take into account that the value of the investment in shares may be adversely affected by changes in the current tax legislation, including its interpretation and application. In addition, tax legislation is not the only one that can undergo



changes, and these changes adversely affect the Company's business. Although the bulk of Bulgarian legislation is already harmonized with EU law, the application of the law is subject to criticism by the European partners in Bulgaria. Judicial and administrative practice remains problematic: the Bulgarian courts are not able to effectively resolve disputes over property rights, breaches of legal and contractual obligations, etc., resulting in a systemic regulatory risk being relatively high.

Unfavorable changes to tax and other laws would lead to a worsening of the general conditions in which the Company operates, from wherever its future results may deteriorate. In particular, the increase in the corporate income tax and other taxes would reduce the ultimate disposable profit for new investments and / or the distribution of dividends to its shareholders.

#### 8.1.9. Force Majeure Risks

Force majeure events such as natural disasters, sabotage, war and terrorist acts, and others may lead to unpredictable changes in investor and interest in the market for all shares, as well as, in particular, the shares of Sirma Group Holding. Some force majeure events do not provide for the possibility of insurance.

Force majeure events could seriously affect the Company's performance by reducing its ability to conduct normal business activities and cause an increase in some cost items.

## 8.2. Non-system Risks

Non-system risks are associated with the overall investment risk specific to the firm and the industry itself. Non-system risks can be divided into two types: sectoral risk related to the uncertainty in the development of the sector as a whole and general business risk - arising from the specifics of the particular company.

### 8.2.1. Industry Risks

The activity of the Company and of the companies within Sirma Group are exposed to various risks, including: 1) risks typical of the Information and Communication Technology (ICT) industry and 2) risks specific to the Company itself. Revenue and profit of the Company may be adversely affected by a number of factors: the financial market situation and the information and communication technology market; the ability of the Company to ensure effective management, assessment of the different risks and economic feasibility of individual transactions, the economic climate in the country and others.

### 8.2.2. Specific Company Risk

The company risk is related to the nature of the Company's business, as for every firm it is important that the return on the invested funds and resources is consistent with the risk associated with the investment.

The main company risk for "Sirma Group Holding" JSC is related to the possibility of reduction of the solvent demand for the products and services offered by the Group, as well as changes in the terms of sale of those products and services. The company risk may have an impact on the growth of service and software solutions development contracts. Uncertainty can be measured by the variability of revenue earned over time. This means that the more volatile the revenues of a company, the greater the uncertainty of the company to realize a positive financial result, ie. the risk for the investors, respectively the creditors, will be higher.

### 8.2.3. Operation Risk

Operational risks are related to the management of the company and can be expressed in the following:

- Making erroneous decisions for the ongoing management of the investment and liquidity of the company by the management staff;
- the inability of the management team to start the implementation of planned projects or lack of suitable personnel for this;
- key employees leaving and impossibility to recruit new ones;
- the risk of excessive spending on management and administration, leading to a reduction in the overall profitability of the company.

Various mechanisms will be used to optimize and manage this risk, including the following:

- sound investment policy;
- optimizing the structure, quality and return on assets of the Company;
- protection against unfavorable and undesirable external factors and attacks, etc.

### 8.2.4. Intellectual Property Protection

The protection of the intellectual property of the Group is crucial to its success. It uses a variety of tools to identify and control potential risks and to protect its intellectual property. These measures include application for patents, trademarks, and other brands and copyrights to prevent infringement of copyright and trademarks. Despite these efforts, the Group may not be able to prevent third parties from using or selling without permission what it regards as its own technology. All these measures provide only limited protection and its rights could be challenged or otherwise affected. Any intellectual property may be vulnerable to disclosure or misuse by employees, partners or third parties. Third countries can independently develop technologies that are substantially equivalent to or better than the technology of the Company. In addition, a third party may reengineer or otherwise obtain and use technology and information that the Group considers to be its own. In this regard, the Company may not be able to protect its proprietary rights against unauthorized copying or third party use, which could have an adverse effect on the



competitive and financial situation and lead to a decline in sales. In addition, the laws and courts of some countries may not offer effective protection of intellectual property rights.

#### 8.2.5. Risk of concluding insider deals at prices differing from the market ones

The company is part of an economic group. The risk of engaging in transactions with Group entities, whose conditions differ from market at the date of the transaction is eliminated to the extent that the Company seeks to maintain a transparent policy regarding its relations and the treatment of related companies. As far as there are transactions in the economic group, they are concluded under standard market conditions at the moment of transaction and do not favor any of the parties.

#### 8.2.6. Risk of asset depreciation

The impairment risk of assets is related to the possibility of reducing the carrying amount of the Company's assets. Possible impairment of tangible and / or intangible fixed assets would result in the need to account for an impairment loss. This, in turn, may worsen the Company's future financial performance as well as lead to a final negative financial result for an annual period. This in turn leads to the risk of not being able to distribute dividends to existing shareholders at this future moment, as well as a possible decrease in the market price of a shares of the Company due to the deteriorated financial indicators.

### 8.3. Risk factors, characteristic of share traded on the Stock Exchange

The risk of investing in securities is linked to the uncertainty and the inability to accurately predict future effects and the impact on the expected return on the investment made.

The main risk and uncertainty for the shareholders of "Sirma Group Holding" JSC is the probability that the investments in the company's shares will not retain its value, nor generate the expected return on them, due to a decrease in the price of the shares or a lack of other income (dividends) from them.

"Sirma Group Holding" JSC informs potential investors that investing in shares is associated with certain risks. Investors should carefully read and understand the risks associated with investing in shares of the current issue before making an investment decision.

"Sirma Group Holding" JSC seeks to maintain a low risk profile by maintaining low levels of financial and operational leverage, a high level of operational efficiency, the introduction of strict rules and procedures in the management of the activity and strict control over their compliance, diversification of the client base and suppliers.

The above makes the company resistant to external negative shocks, but nevertheless has significant risks for its business that could negatively affect the company's results.

#### 8.3.1. Price Risk

The changes in the price of the shares of "Sirma Group Holding" JSC can be created both from the fundamental state of the Company - current and expected results from the activity and financial results as well as from the economic and market conditions in Bulgaria and from the market and economic conditions in the world economy.

Shareholders should keep in mind that events that may cause sudden fluctuations in market prices of shares that have previously occurred on the Bulgarian capital market and in international financial markets may occur and that such fluctuations are likely to affect unfavorable price movements of the shares of "Sirma Group Holding" JSC.

The market value of the shares will be determined on the basis of supply and demand, and the share price may increase or decrease. These "price fluctuations" can cause a security to cost at a certain point much less than the value at which it is purchased. This price dynamic is particularly typical for the ordinary stock market, whose stock prices may be subject to sharp fluctuations as a result of publicly disclosed information about the Company's financial performance, changes in legislation and other material events.

A significant number of sales of the shares of "Sirma Group Holding" JSC for a certain period of time may have an adverse effect on the maintenance of their achieved price level. Such an event would result from a significant excess of the sellers of those shares over buyers in that period. At this point in time, the Issuer or a third party does not commit to maintaining a particular price level and a significant number of sales may lead to a decrease in that level.

The Company does not guarantee to investors that the price of its shares will remain stable and / or increase its value in the future. At the moment of preparation of this document, "Sirma Group Holding" JSC or, to the best of its knowledge, other persons, do not intend to purchase shares of the Company in order to preserve and / or increase the market price of the Company's shares after the increase of capital.

#### 8.3.2. Liquidity Risk

Liquidity risk is directly related to the liquidity of the securities market itself and expresses the potential for short-term purchase or sale of the securities on the secondary market. The liquidity of the issue depends on the number of investors who will be interested in investing in the issue. The liquidity risk of the shares will also depend on the development of the equity market in terms of the volume and variety of instruments offered, the issuer's financial position, the ability of the local capital market to attract new investors,

Investors should keep in mind that the BSE is significantly smaller and less liquid than the securities markets in most developed market economies. Thus, for the shareholders of "Sirma Group Holding" JSC there is no guarantee that the listing of the shares of the Company on the BSE will guarantee their active trading and sufficient liquidity.



#### 8.3.3. Inflation Risk

The manifestation of the inflationary risk for the shareholders of "Sirma Group Holding" JSC would arise in cases when the income from the shares (increase in the price and / or received dividends) were lower than the inflation for the investment period. The inflation processes leads to a decrease in the real yield that investors receive.

Although in the long run equity yields usually outweigh the inflationary processes in Bulgaria and other countries with a developed market economy, there is no guarantee for the investors in the shares of "Sirma Group Holding" JSC that their investment in shares of the Company will represent a real protection against inflation.

#### 8.3.4. Dillution Risk

Pursuant to the Articles of Association of the Company no limitations on the maximum amount of future issues of shares are envisaged. For this reason, shareholder participation may be reduced as a result of a public offering if they do not exercise their rights and do not subscribe a proportionate share of the new shares. In the event that, as a result of a future public offering, the number of issued shares of the Company increases at a faster rate than the amount of the assets of the Company, it is possible to decrease the value of the assets per share of the Company.

#### 8.3.5. Currency Risk

This current issue is denominated in BGN. Currency risk of the investment exists for investors whose funds are denominated in US dollars or currencies other than Lev and Euro, due to the constant exchange rate movements. Investors who take a currency risk in the purchase of the current issue would increase or reduce the effective return on their investment as a consequence of strengthening or weakening the BGN and EUR exchange rate against the currency in which the investor's funds are denominated.

Stability and high confidence in the credibility of the Currency Board in the country, as well as the relatively stable positions of the euro on international currency markets, reduce the existence of the currency risk to minimum levels.

#### 8.3.6. Lack of an annual dividend payment guaranty

The financial results of the company depend on many factors, including the skills and professionalism of the management team, the development of the market in which the company operates, the economic development of the country and the region, etc. There is a risk for investors due to the lack of a guarantee for annual dividends payment.

#### 8.3.7. Risk of change in the tax treatment of investments in shares

The risk of changing in the taxation of investments in securities is linked to the change in the current taxation regime for such instruments. The latter may be considered favorable, as capital gains are tax-exempt. Changes in capital gains tax, as well as other potential changes in the taxation of securities' investments, may have a negative impact on the final realized net result by an investor.

#### 8.3.8. Risk factors included in the Registration document

The specific risks associated with the core activity of "Sirma Group Holding" JSC, as well as the general risks that may have an impact on its activities, are detailed on pages of the Registration document, Section "Risk Factors".

## 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.

---

No changes during the period considered.



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

---

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

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

---

Stanislav Tanushev

Bul. 135 Tsarigradsko shose, fl. 3

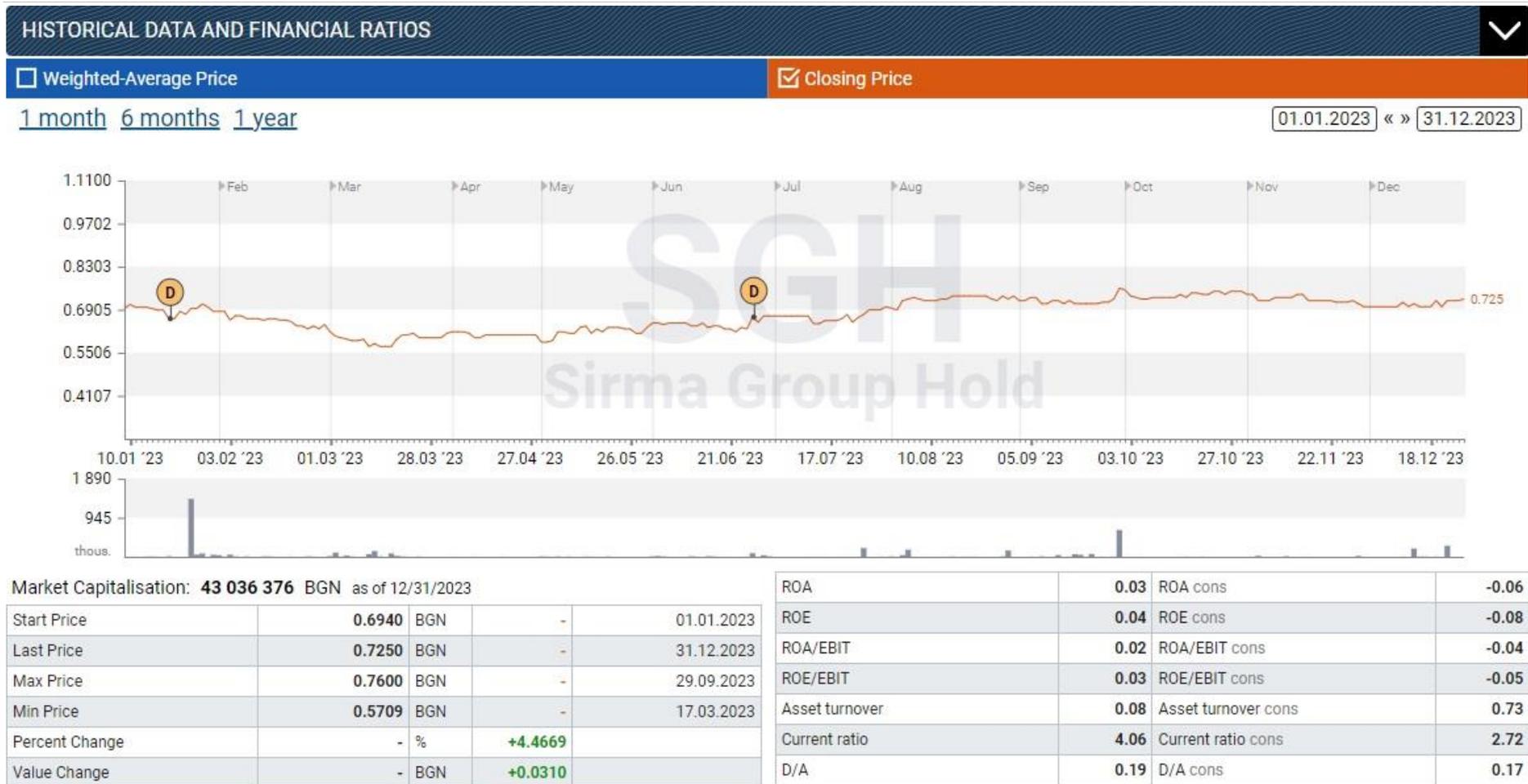
Sofia 1784

ir@sirma.com

Contact phone: +359 2 976 8310



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



# 19/ EVENTS AFTER THE END OF THE REPORTING PERIOD

---

## **Reduction of the capital of a subsidiary company**

On 21.12.2023, the Board of Directors of "SAI" AD takes a decision to buy the company's shares from the individual shareholders. As a result of this decision, the sole owner of the company became "Sirma Group Holding" JSC. The decision was entered and announced in the Commercial Register on 12.01.2024. As of that date, "SAI" is a sole proprietorship and its capital is BGN 13 588 241, divided into 13 588 241 ordinary (only) shares with a nominal value of 1 BGN.

## **Buyback of shares**

By decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC, dated 09.01.2023, on 24.01.2023. "Sirma Group Holding" JSC bought back 1 000 000 of its shares at an average price of BGN 0.74 per share at a total price of BGN 740 000. The shares represent 1.68 % of the company's capital. The purchase was made on the Bulgarian Stock Exchange - Sofia AD.

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

**Sofia**  
**30.01.2024**

**CEO:**



**Tsvetan Alexiev**

