



Report for the Activity of Sirma Group Holding JSC

27.06.2024

sirma.com

About Sirma

The largest Bulgarian software group

- More than 600 experienced IT experts
- Public Company since 2015 (BSE : SGH)
- Offices in Bulgaria (5), USA, Great Britain, Canada, Brazil, Albania
- Consolidated revenue 2023: BGN 81M / EUR41M
- Sales in over 50 countries worldwide

Sirma Group / Business

What we do

- Sirma Group provides products and services to the following sectors:

Financial
Institutions

Industry and
Packaging

Healthcare

Logistics

Hospitality

Retail

AI and knowledge management

System integration and consulting

Sirma Group / Business

Services

Business and IT consulting of
financial institutions

System Integration

Cyber security
for apps

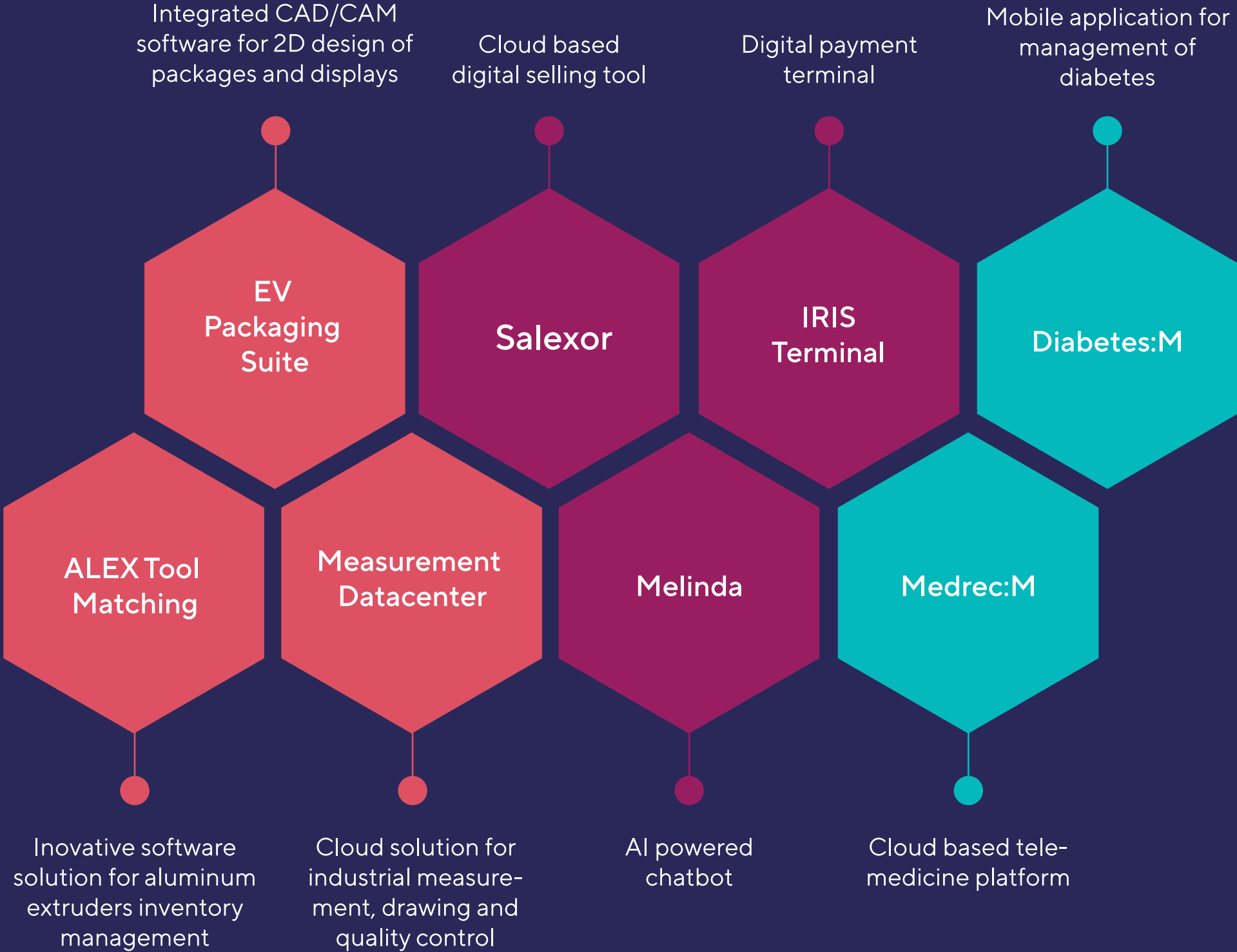
Cloud services
and infrastructure

Next gen
cloud services

DevOps

Sirma Group / Business

Products



Sirma Group / Clients



Consolidated Financial Results

2023

Business development in 2023

■ Sirma Solutions

On March 30, 2023, the sale of "Sirma AI" AD was finalized. Following the decision of the General Meeting of Shareholders from Feb 5.,2023, "Sirma Solutions" JSC sold its 1,603,759 ordinary shares and 308,508 class A shares from the capital of "Sirma AI"JSC for the total amount of EUR 9,460,000;

Sales of the largest company in the holding increased by 15% during the year. At the same time, the system for paying fees to "Sirma Group Holding" JSC was changed, and they are now related to the turnover of the company. Hence, "Sirma Solutions" JSC realizes a loss in 2023. We are convinced that in 2024, the company will acclimatize to the new internal regulations. In 2023, Sirma Solutions JSC greatly shortened the supply chain when providing hardware equipment for its customers. This approach paid off almost immediately, lowering the cost to the end user and thus greatly increasing sales volume. While sales of services in 2023 grew slightly compared to 2022, hardware sales saw growth of almost 21% over the same period last year.

■ Daticum

The company's service revenues in 2023 will exceed those in 2022 by nearly 15%. The profit for 2023 exceeds that of 2022 by nearly 10%. New significant clients are one of the largest freight forwarders in Romania, one of the largest grocery chains in North-Eastern Bulgaria – Bulmag, the startup Data Lab;

■ Sirma Business Consulting

SBC's sales increased by nearly 29% in 2023 compared to 2022. This resulted in the company returning to profitability during the year. SirmaBC has finalized several maintenance contracts and several new initiatives to renew electronic payment channels. A large part of the orders in 2023 were related to all the planned changes within the payment standards and the national plan for the transition to the euro.

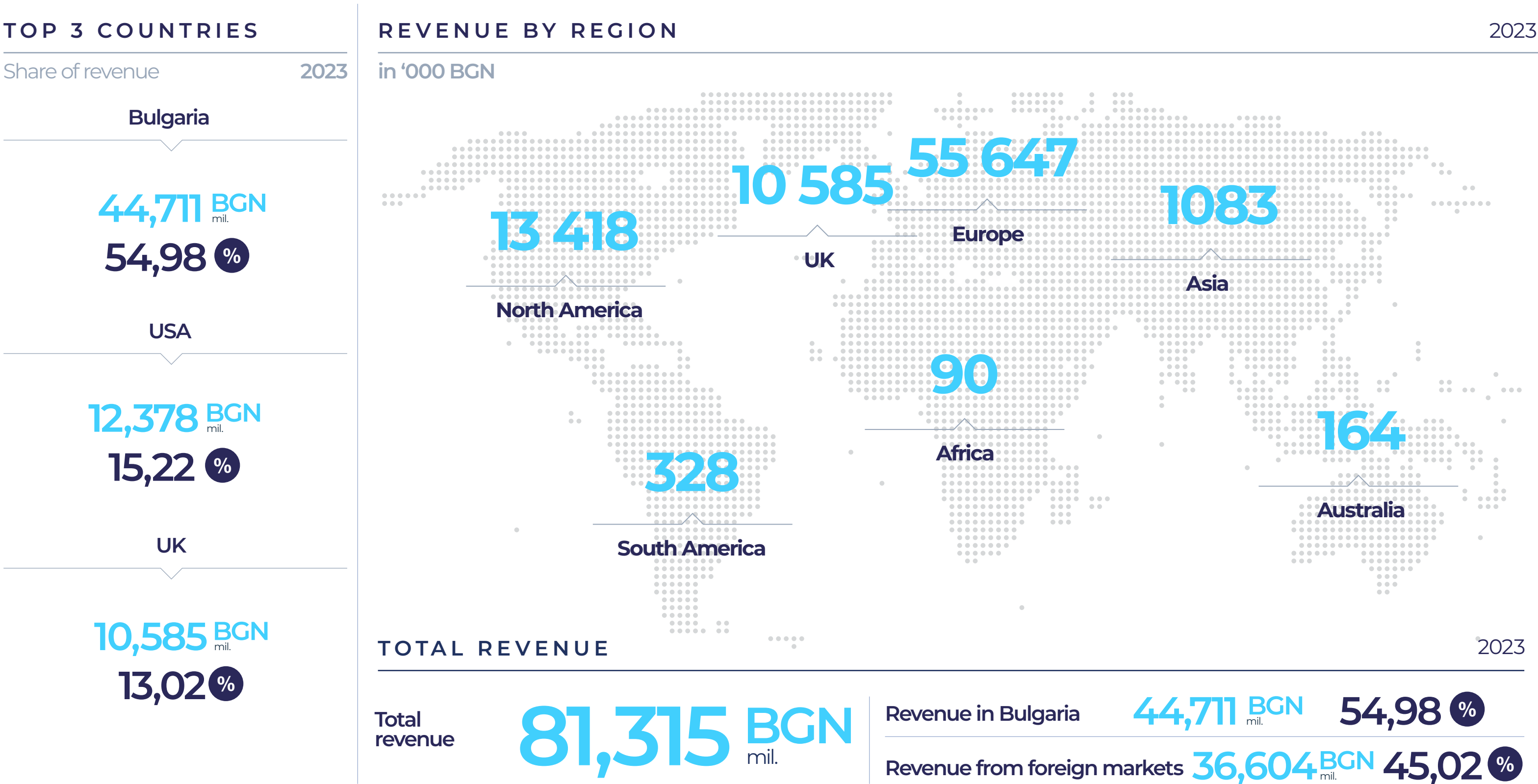
■ Sciant

Sciant JSC continued its sales growth, achieving 12% growth in 2023 compared to 2022. The profit achieved during the year is nearly BGN 800 thousand. New customers were attracted in Western Europe and North America from the existing verticals: Hospitality, Logistics and Transport, with a significant increase in business being noticed in Hospitality.

Consolidated financial results for the period ending on Dec 31, 2023

Revenue		EBITDA		Gross Profit	
compared with 2022					
81,315 BGN mil		2,517 BGN mil		1,497 BGN mil	
↑ 1,53 %					
Sales in Bulgaria		Debt		Dividend	
compared with 2022		compared with 2022			
44,711 BGN mil		2,450 BGN mil		3,597	
↑ 28,64 %		↓ 83,49 %		↑ 77,16 %	

Geographical revenue distribution in 2023



Highlights in 2023

February: Following the decision of the General Assembly from 09.01.2023, "Sirma Group Holding" JSC proceeded to pay a cash dividend in the amount of gross BGN 0.015 per share for the first six months of 2022, or BGN 889,135.08;

April: On April 04, 2023, the remaining 22.2% of the capital of the subsidiary "Scient" JSC was bought by "Sirma Group Holding", which became its sole owner;

On April 12, 2023, "Sirma Group Holding" AD made a full early repayment of three of its investment bank loans, repaying the principal amounts of EUR 4,356,154;

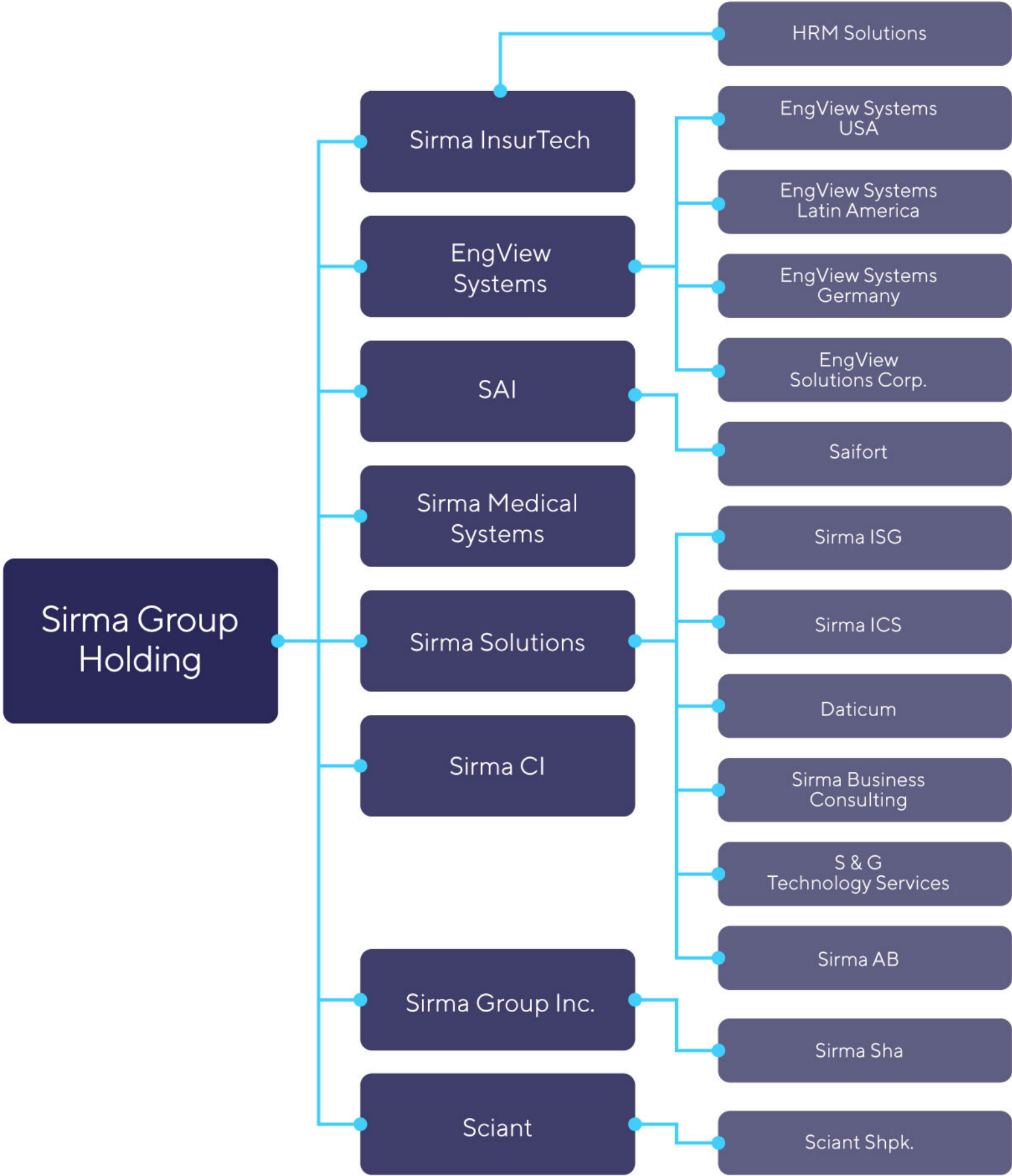
On April 26, 2023 "Sirma Group Holding" JSC received registration of its new subsidiary in

Stockholm, Sweden. The name of the new company is "Sirma AB". "Sirma AB" will be commercially focused on the markets in the Scandinavian countries, BENELUX and German-speaking Europe;

June: Following a decision of the General Assembly "Sirma Group Holding" JSC proceeded to pay a cash dividend in the amount of gross BGN 0.0339 per share for the year 2022, or BGN 1,960,317.90;

H2: "Sirma Group Holding" JSC started preparations for the consolidation of its companies operating in the field of IT services.

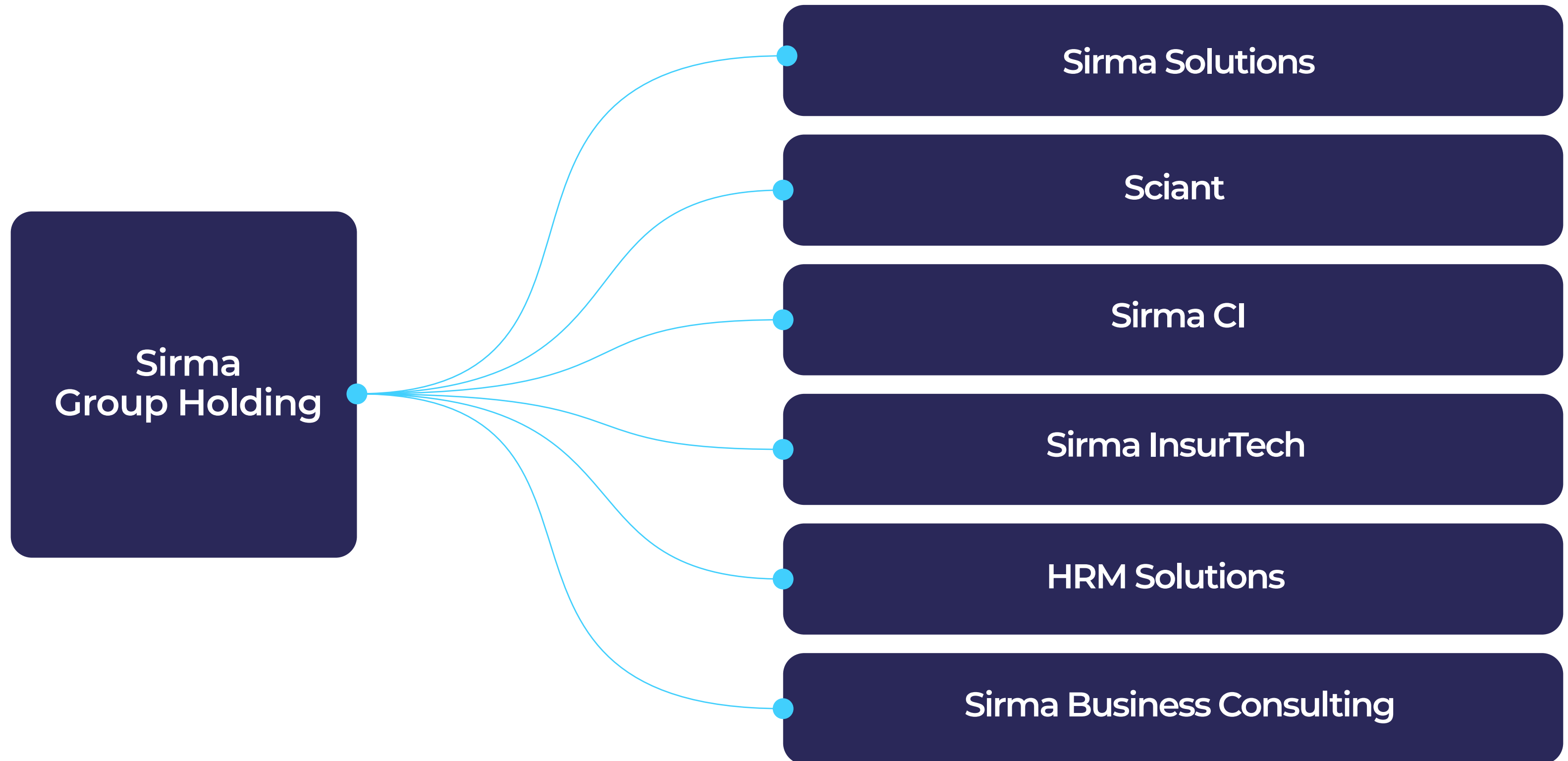
Consolidation of Sirma



Possible synergies and a unified development path

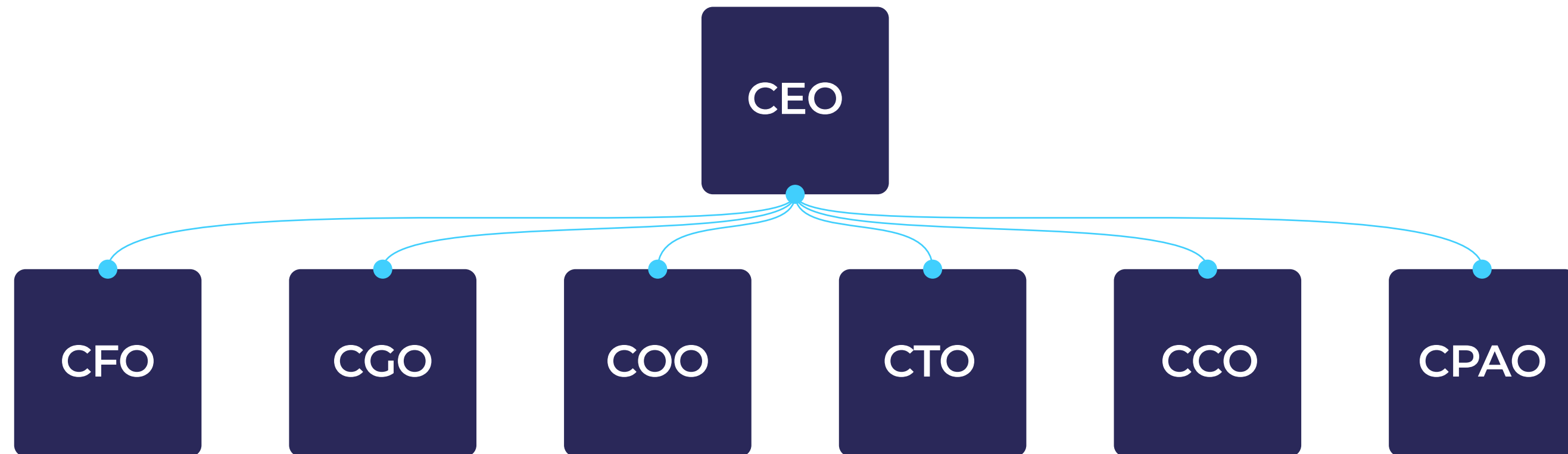
- Sirma Solutions, Scient, Sirma CI, Sirma InsurTech, HRM Solutions, Sirma Business Consulting specialize in the same activity - IT services only with different vertical specialization
- Each of these companies has its own Board of Directors
- Each of these companies has its own administration
- The shareholding structure of these companies was different from that of SGH
- Sometimes the interests of individual companies are different from the common ones
- Sometimes clients from one vertical need the services of 2 or more than these companies
- Sometimes the focus on serving a given vertical gets diluted

The Solution



The Set-up of a New Organizational Structure

Corporate Governance



Vertical Governance



The M&A Strategy for 2024

- Signed contract to acquire 51% of Romanian capital Roweb Development
- Final stage of negotiations for the acquisition of a small Bulgarian company
- Launch of acquisition negotiations and due diligence of a mid-sized

ESG Reporting

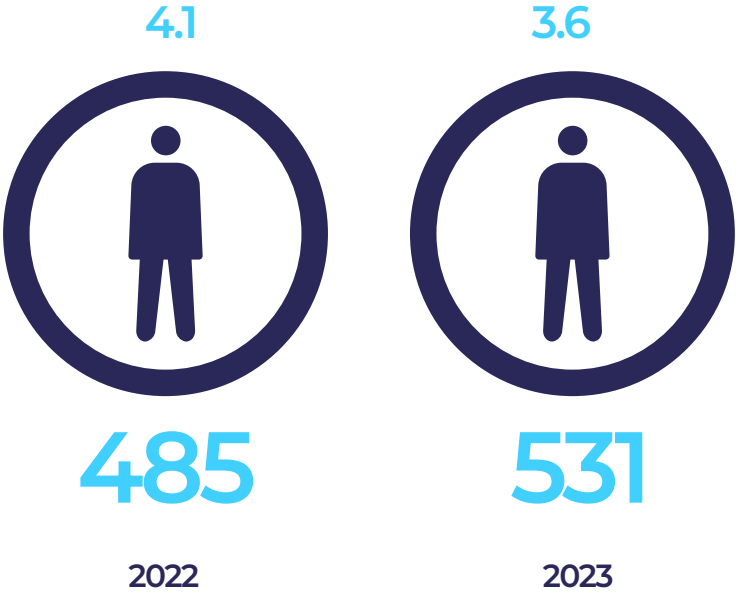
- The sustainable attitude towards nature and communities has been in Sirma's DNA since its inception
- Various ESG initiatives over the years include (but not limited to)
 - planting the forest of Sirma
 - supporting the home for disadvantaged children in the village of Lesichovo
 - cooperation with the Technical University and mequipping a computer training room
 - cooperation with Technological School "Electronic Systems" (TUES), where we are HackTues sponsors
 - investment in own photovoltaic plant to ensure 30% renewable energy for the needs of our central building
 - development of the Sirma Academy for training and requalification, with some 2000+ applicants for future programmers
 - full care and support of Sirma employees and striving to achieve their well-being
- We published our first "Non-financial declaration" voluntarily for 2022
- We have now published our second "Non-Financial declaration" because we are obliged - the number of employees in Sirma exceeded 600
- From the second half of 2023, Sirma is in preparation for the Corporate Sustainability Reporting Directive (CSRD) requirements by collecting and analyzing the required data

First CSRD data results for Sirma

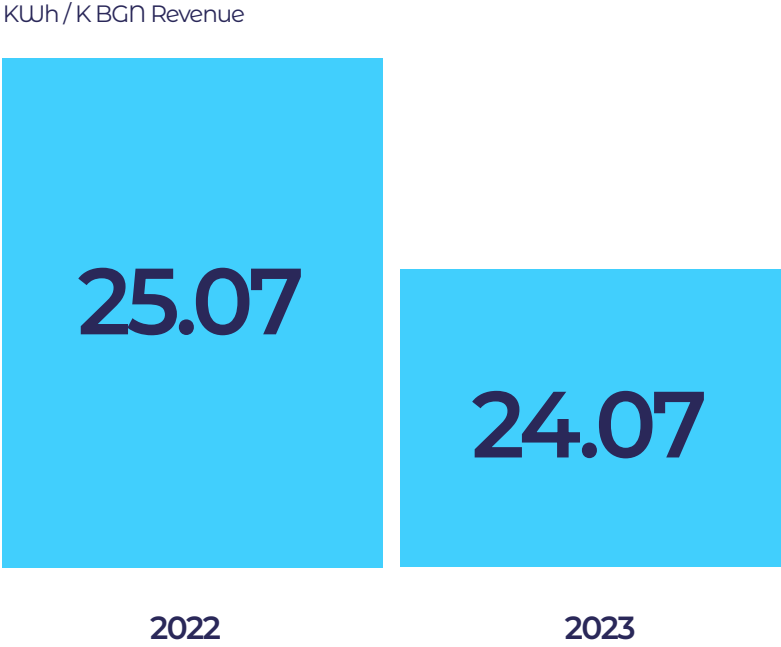
26 Mt CO² equivalent of used fuel by Sirma in 2023 - Scope 1



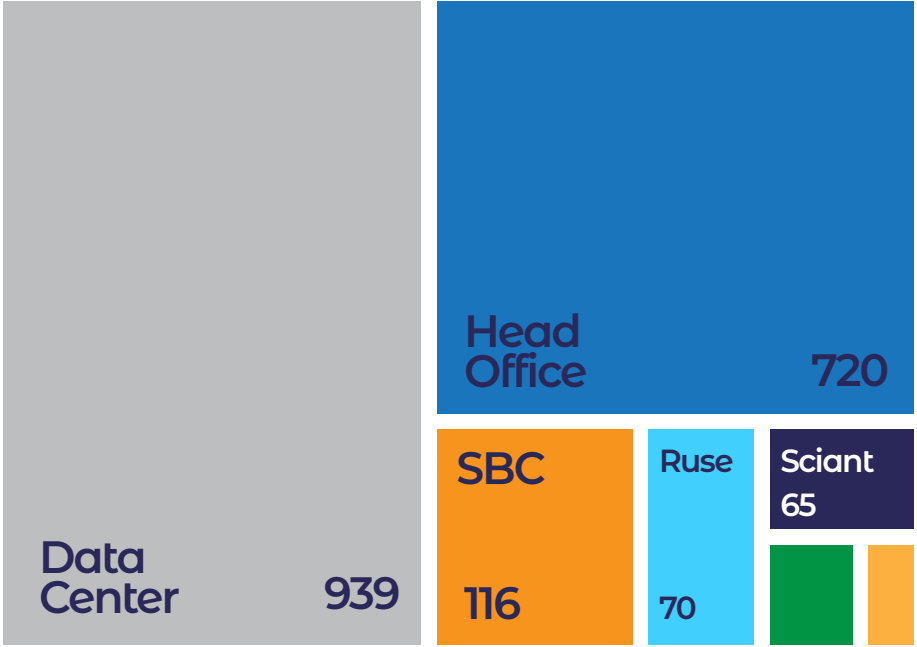
Consumption by Employee MWh



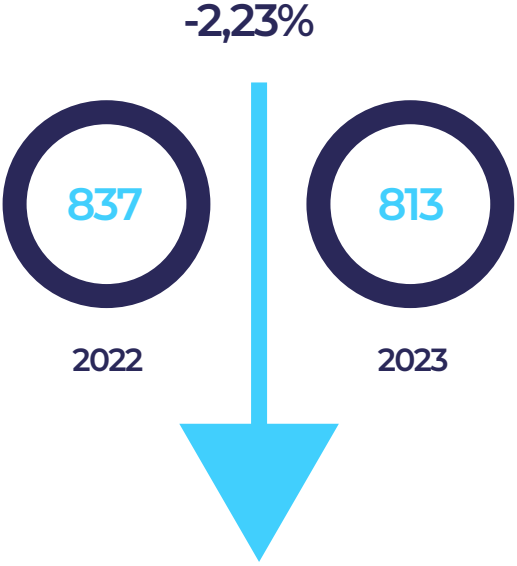
Energy Intensity



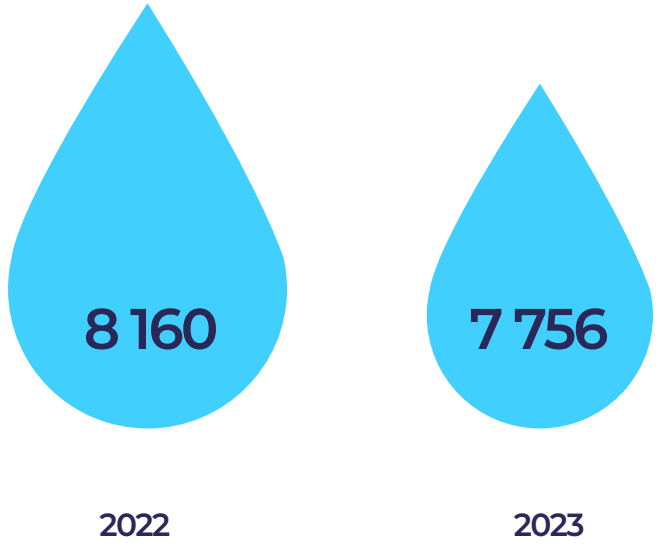
1950 MWh used in 2023



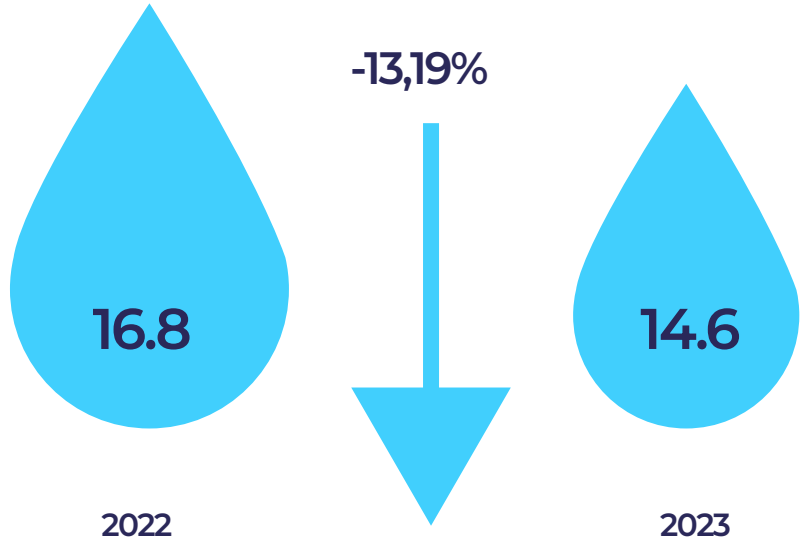
CO² mt of Sirma Scope 2



Water use m³



Water use per employee m³



Thank you!