



**Sirma**



# Notes

to the Interim Financial Statements of  
"Sirma Group Holding" JSC  
for the period 01.01.2024 - 31.12.2024

# Content

<b>1. General information about “Sirma Group Holding” JSC</b>	<b>5</b>
1.1. Distribution of share capital	6
1.2. Management authorities	7
<b>2. Basis for the preparation of the interim separate financial statements</b>	<b>10</b>
2.1. Statement of compliance with IFRS adopted by the EU	10
2.2. Application of the going concern principle	10
<b>3. Changes in accounting policies</b>	<b>10</b>
3.1. New Standards adopted as at 1 January 2024	10
3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company	10
<b>4. Significant accounting policies</b>	<b>11</b>
4.1. Overall considerations	11
4.2. Presentation of separate financial statements	11
4.3. Investments in subsidiaries	11
4.4. Climate-related matters	11
4.5. Foreign currency translation	12
4.6. Segment reporting	12
4.7. Revenue	13
4.7.1. Revenue recognised over time	14
4.7.2. Revenue recognised at a point of time	14
4.7.3. Revenue from investment property rental	14
4.7.4. Interest and dividend income	14
4.7.5. Revenue from financing	14
4.8. Contract assets and liabilities	15
4.9. Operating expenses	15
4.10. Interest expenses and borrowing costs	15
4.11. Intangible assets	15
4.12. Property, plant and equipment	16
4.13. Leases	17
4.14. Impairment testing of intangible assets and property, plant and equipment	18
4.15. Investment property	19
4.16. Financial instruments	19
4.16.1. Recognition and derecognition	19
4.16.2. Classification and initial measurement of financial assets	19
4.16.3. Subsequent measurement of financial assets	20
4.16.4. Impairment of financial assets	21
4.16.5. Classification and measurement of financial liabilities	21
4.17. Income taxes	22

4.18.	Cash	22
4.19.	Equity, reserves and dividend payments	22
4.20.	Post-employment benefits and short-term employee benefits	23
4.21.	Provisions, contingent liabilities and contingent assets	23
4.22.	Significant management judgement in applying accounting policies	24
4.22.1.	Internally generated intangible assets and research costs	24
4.22.2.	Deferred tax assets	24
4.23.	Estimation uncertainty	24
4.23.1.	Impairment of non-financial assets	24
4.23.2.	Useful lives of depreciable assets	25
4.23.3.	Measurement of expected credit losses	25
4.23.4.	Defined benefit liability	25
4.23.5.	Uncertain tax position and tax-related contingency	25
<b>5.</b>	<b>Segment reporting</b>	<b>25</b>
<b>6.</b>	<b>Goodwill</b>	<b>26</b>
<b>7.</b>	<b>Property, plant and equipment</b>	<b>27</b>
<b>8.</b>	<b>Intangible assets</b>	<b>28</b>
<b>9.</b>	<b>Investments in subsidiaries</b>	<b>33</b>
<b>10.</b>	<b>Investment property</b>	<b>34</b>
<b>11.</b>	<b>Deferred tax assets and liabilities</b>	<b>34</b>
<b>12.</b>	<b>Inventory</b>	<b>35</b>
<b>13.</b>	<b>Trade receivables</b>	<b>35</b>
<b>14.</b>	<b>Prepayments and other assets</b>	<b>36</b>
<b>15.</b>	<b>Cash</b>	<b>36</b>
<b>16.</b>	<b>Equity</b>	<b>36</b>
16.1.	Share capital	36
16.2.	Repurchased own shares	36
16.3.	Share premium reserve	36
16.4.	Other reserves	37
<b>17.</b>	<b>Employee remuneration</b>	<b>37</b>
17.1.	Employee benefits expense	37
17.2.	Pension and other employee obligations	37
<b>18.</b>	<b>Borrowings</b>	<b>38</b>
18.1.	Borrowings at amortized cost	38
<b>19.</b>	<b>Lease liabilities</b>	<b>39</b>
<b>20.</b>	<b>Trade and other payables</b>	<b>39</b>
<b>21.</b>	<b>Contract liabilities</b>	<b>39</b>
<b>22.</b>	<b>Revenues from sales</b>	<b>40</b>
22.1.	Revenues recognized over time	40

<b>23.</b>	<b>Other income</b>	<b>40</b>
<b>24.</b>	<b>Cost of materials</b>	<b>41</b>
<b>25.</b>	<b>Hired services expenses</b>	<b>41</b>
<b>26.</b>	<b>Other expenses</b>	<b>41</b>
<b>27.</b>	<b>Finance costs and finance income</b>	<b>42</b>
<b>28.</b>	<b>(Expenses) for income taxes</b>	<b>42</b>
<b>29.</b>	<b>Earnings per share</b>	<b>42</b>
<b>30.</b>	<b>Related party transactions</b>	<b>43</b>
30.1.	Transactions with subsidiaries	43
30.2.	Transactions with other related parties	43
30.3.	Transactions with key management personnel	44
<b>31.</b>	<b>Related party balances at the end of the period</b>	<b>44</b>
<b>32.</b>	<b>Contingent assets and contingent liabilities</b>	<b>45</b>
<b>33.</b>	<b>Categories of financial assets and liabilities</b>	<b>46</b>
<b>34.</b>	<b>Financial instrument risk</b>	<b>46</b>
34.1.	Market risk analysis	47
34.1.1.	Foreign currency risk	47
34.1.2.	Interest rate risk	47
34.2.	Credit risk	47
34.3.	Liquidity risk	48
<b>35.</b>	<b>Capital management policies and procedures</b>	<b>48</b>
<b>36.</b>	<b>Post-reporting date events</b>	<b>48</b>

## Notes to the interim separate financial statements

### 1. General information about “Sirma Group Holding” JSC

“Sirma Group Holding” JSC is a holding company registered on 25.04.2008 in the Commercial Register under UIC 200101236.

**Principal place of business and registered office:** Bulgaria, Sofia (capital), Sofia municipality, city. Sofia, 1784, Mladost area, bul. Tsarigradsko Shosse, No 135.

#### The company's principal activities include

Acquisition, management, evaluation and sale of interest in Bulgaria and foreign entities; acquisition, evaluation and sale of patents, granting of licenses to use patents of the entities in which the company holds interests, financing the entities in which the company holds shares, organizing their accounting and compiling financial statements under the Law of Accounting. The Company may perform independent business activity that is not prohibited by law.

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.

The capital of the Company has changed as follows:

Date	Amount of capital
30.10.2015	BGN 59 360 518
23.10.2014	BGN 49 837 156
22.10.2010	BGN 73 340 818
15.10.2008	BGN 77 252 478
25.4.2008	BGN 50 000

The company's capital is fully paid.

The non-monetary contributions in the company's capital are presented below:

- Software representing 29 (twenty nine) software modules  
**Amount: 61 555 838 BGN**
- 81 960 ordinary registered shares of "Sirma Group" JSC registered in the Commercial Register under UIC 040529004.  
**Amount: 11 734 980 BGN**
- Real Estate - Floor 3 of an office building "IT - Center Office Express" in Sofia, bul. "Tsarigradsko Shosse" N 135 with an area of 796,50 square meters, pursuant to Deed of buying and selling real estate N 126, Volume I, reg. N 4551, case N 116 from 23.04.2003 and 5 floor of an office building "IT - center office Express" in Sofiabul. "Tsarigradsko Shosse" N 135 with area of 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  
**Amount: 3 911 660 BGN**



## 1.1. Distribution of share capital

As of 31.12.2024 the distribution of the share capital of “Sirma Group Holding” JSC is as follows:

	31.12.2024	30.09.2024
Share capital	59 361	59 361
Number of shares (par value of BGN 1)	59 360 518	59 360 518
Total number of registered shareholders	1 160	1 151
Legal entities	43	43
Individuals	1 117	1 108
Number of shares held by legal entities	7 214 055	6 867 613
% Of participation of entities	12,15%	11,57%
Number of shares held by individuals	52 146 463	52 492 905
% Participation of individuals	87,85%	88,43%

Share capital allocation, including deduction of repurchased own shares is as follows:

Shareholders	Number of shares at 31.12.2024	Number of shares at 30.09.2024	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights*
Georgi Parvanov Marinov	5 461 898	5 461 898	1	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	5 025 153	1	5 025 153	8,47%	8,71%
Chavdar Velizarov Dimitrov	4 817 386	4 817 386	1	4 817 386	8,12%	8,35%
Veselin Antchev Kirov	4 767 386	4 767 386	1	4 767 386	8,03%	8,27%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,49%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,39%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,78%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,74%
Emiliana Ilieva Ilieva	1 996 209	1 990 209	1	1 996 209	3,36%	3,46%
Rosen Ivanov Marinov	1 907 900	1 907 900	1	1 907 900	3,21%	3,31%
Deyan Nikolov Nenov	1 814 748	1 814 748	1	1 814 748	3,06%	3,15%
Purchased own shares	1 689 236	1 689 236	1	1 689 236	2,85%	-
Atanas Kostadinov Kiryakov	1 555 287	1 545 287	1	1 555 287	2,62%	2,70%
Yavor Liudmilov Djonev	1 068 046	1 092 746	1	1 068 046	1,80%	1,85%
Mandjukov Ltd.	860 000	860 000	1	860 000	1,45%	1,49%
Peter Nikolaev Konyarov	803 538	803 538	1	803 538	1,35%	1,39%
UPF Doverie JSC	747 036	747 036	1	747 036	1,26%	1,30%
DF Advance Invest	738 822	718 335	1	738 822	1,24%	1,28%
UPF DSK Rodina	702 126	802 126	1	702 126	1,18%	1,22%
Asen Krumov Nelchinov	650 449	650 449	1	650 449	1,10%	1,13%
Momchil Nikolov Zarev	618 153	618 153	1	618 153	1,04%	1,07%
Others	13 527 094	13 438 881	1	13 527 094	22,79%	23,46%
<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.

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

Shareholders	Number of shares at 31.12.2024	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	8,47%	8,71%
Chavdar Velizarov Dimitrov	4 817 386	8,12%	8,35%
Veselin Antchev Kirov	4 767 386	8,03%	8,27%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,49%



Shareholders	Number of shares at 30.09.2024	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	8,47%	8,71%
Chavdar Velizarov Dimitrov	4 817 386	8,12%	8,35%
Veselin Antchev Kirov	4 767 386	8,03%	8,27%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,49%

## 1.2. Management authorities

“Sirma Group Holding” JSC has a one-tier management system which comprises of a Board of Directors.

The Board of Directors as at 31.12.2024 includes the following members:

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

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

The current term of the Board of Directors is until 05.07.2026.

The company is represented by the executive director - Tsvetan Borisov Alexiev.

The following Committees are established within the Board of Directors:

- The Investment, Risk and Sustainability Committee;
- Remuneration Committee – an internal authority not selected by the GMS;
- Information Disclosure Committee;
- Audit Committee.

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

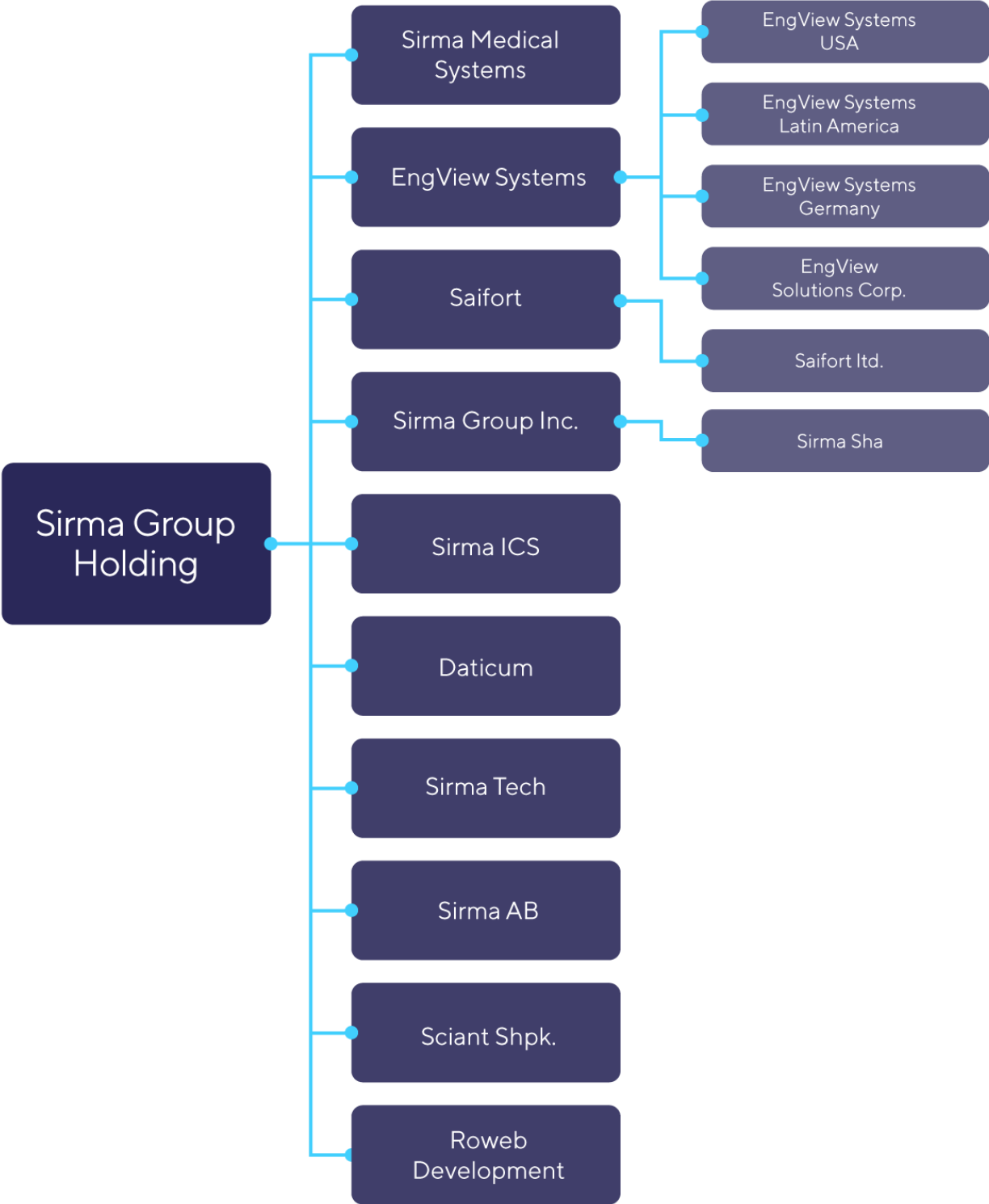
Shareholders	Number of shares at 31.12.2024	Number of shares at 30.09.2024	Nominal value (BGN)	Value (BGN)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 461 898	5 461 898	1	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	5 025 153	1	5 025 153	8,47%	8,71%
Chavdar Velizarov Dimitrov	4 817 386	4 817 386	1	4 817 386	8,12%	8,35%
Veselin Anchev Kirov	4 767 386	4 767 386	1	4 767 386	8,03%	8,27%
Atanas Kostadinov Kiryakov	1 555 287	1 545 287	1	1 555 287	2,62%	2,70%
Yavor Ludmilov Djonev	1 068 046	1 092 746	1	1 068 046	1,80%	1,85%
Martin Veselinov Paev	126 920	126 920	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>22 825 609</b>	<b>22 840 309</b>		<b>22 825 609</b>	<b>38,45%</b>	<b>39,58%</b>

During the period the member of the BD Atanas Kostadinov Kiryakov has acquired 10 000 shares and the member of the BD Yavor Ludmilov Djonev has sold 24 700 shares of the capital of the company.



**Organizational structure of Sirma Group**

The structure of the Group includes “Sirma Group Holding” JSC as the parent company and the companies listed below, as follows:





**Subsidiaries of "Sirma Group Holding" JSC:**

Company	Value of the investment at 31.12.2024 (BGN'000)	Percentage of capital at 31.12.2024	Percentage of voting rights at 30.09.2024	Value of the investment at 31.12.2023 (BGN'000)	Percentage of capital at 31.12.2023	Percentage of voting rights at 31.12.2023
Saifort EAD (SAI EAD)	17 865	100%	100%	17 865	84,56%	100%
Impairment	(5 360)	-	-	(5 360)	-	-
Roweb Development	11 331	51,00%	51,00%	-	0,00%	0,00%
Sirma Group Inc.	6 537	100%	100%	3 471	76,30%	76,30%
Daticum AD	468	59%	59%	-	0,00%	0,00%
Sirma Tech (S&G Technology Services)	417	100%	100%	-	0,00%	0,00%
Impairment	(25)	-	-	-	-	-
"Sirma AB"	338	100%	100%	-	0,00%	0,00%
"Sirma ICS" AD	279	93,00%	93,00%	-	0,00%	0,00%
Sciant Shpk (ReSolutions Shpk)	256	100%	100%	-	0,00%	0,00%
"Sirma Medical Systems" AD	66	66,00%	66,00%	66	66,00%	66,00%
Impairment	(44)	-	-	(44)	-	-
"EngView Systems" AD	50	72,90%	72,90%	50	72,90%	72,90%
"Sirma ISG" OOD	4	71%	71%	-	0,00%	0,00%
Impairment	(4)	-	-	-	-	-
„Sirma Solutions" EAD- incorporated	-	0,00%	0,00%	39 686	100%	100%
"Sciant" EAD - incorporated	-	0,00%	0,00%	14 076	100%	100%
„Sirma InsurTech" EAD - incorporated	-	0,00%	0,00%	914	55,00%	55,00%
„Sirma CI" EAD - incorporated	-	0,00%	0,00%	106	80,00%	80,00%
<b>Total</b>	<b>32 178</b>			<b>70 830</b>		

“Sirma Group Holding JSC” is a public company under the Public Offering of Securities Act.

The number of employees as of 31.12.2024 was 441 people, including 432 employees under labour contracts and 9 under management contracts.



## **2. Basis for the preparation of the interim separate financial statements**

### **2.1. Statement of compliance with IFRS adopted by the EU**

These interim separate financial statements for the period of twelve months to 31 December 2024 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. It does not contain all the information required for the preparation of annual financial statements in accordance with IFRS and should be read in conjunction with the annual financial statements of the Company as of 31 December 2023, prepared in accordance with International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

The interim financial statements are presented in Bulgarian leva (BGN), which is also the functional currency of the Company. All amounts are presented in thousand Bulgarian leva (BGN'000) (including comparative information) unless otherwise stated.

Management is responsible for the preparation and fair presentation of the information in these financial statements.

These interim financial statements are separate financial statements. The Company also prepares interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) developed and published by the International Accounting Standards Board (IASB) and approved by EU. Investments in subsidiaries are accounted for and disclosed in accordance with IFRS 10 “Consolidated Financial Statements”.

### **2.2. Application of the going concern principle**

The interim financial statements have been prepared in accordance with the going concern principle and taking into account the possible effects of the military conflict between Russia and Ukraine, the unstable situation in the Middle East and others.

In these circumstances, the Company's management has analyzed and assessed the Company's ability to continue as a going concern based on available information about the foreseeable future and management expects that the Company has sufficient financial resources to continue its operations in the near future and continues to apply the going concern principle in preparing of the interim separate financial statements.

## **3. Changes in accounting policies**

### **3.1. New Standards adopted as at 1 January 2024**

The Company has applied the following new standards, amendments and interpretations to IFRS, developed and published by the International Accounting Standards Board, which are mandatory for application from the annual period beginning on 1 January 2024, but do not have a significant effect on their application on the financial result and the financial condition of the Company:

- Amendments to IAS 1 “Presentation of financial statements: Classification of liabilities as current or non-current”, effective from 1 January 2024, adopted by the EU;
- Amendments to IAS 1 “Presentation of financial statements: Non-current liabilities with covenants”, effective from 1 January 2024, adopted by the EU;
- Amendments to IFRS 16 “Leases: Lease Liability in a Sale and Leaseback”, effective not earlier than 1 January 2024, adopted by the EU;
- Amendments to IAS 7 “Statement of cash flows” and IFRS 7 “Financial instruments: Disclosures: supplier finance arrangements”, effective from 1 January 2024, not yet adopted by the EU.

### **3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued, but are not effective or adopted by the EU for the financial year beginning on 1 January 2024 and have not been applied early by the Company. They are not expected to have a material impact on the Company's financial statements. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.



A list of the changes in the standards is provided below:

- Amendments to IAS 21 “The effects of changes in foreign exchange rates: Lack of exchangeability”, effective from 1 January 2025, not yet adopted by the EU
- Annual Improvements Volume 11, effective from 1 January 2026, not yet adopted by the EU
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, not yet adopted by the EU
- IFRS 18 Presentation and Disclosure in Financial Statements effective from 1 January 2027, not yet adopted by the EU
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU

#### **4. Significant accounting policies**

##### **4.1. Overall considerations**

The significant accounting policies that have been used in the preparation of these separate financial statements are summarized below.

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used for the preparation of the separate financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

##### **4.2. Presentation of separate financial statements**

The separate financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements”.

The Company has elected to present the statement of profit or loss and other comprehensive income as a single statement.

Two comparative periods are presented for the statement of financial position when the Company applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements, or reclassifies items in the financial statements and this has a material impact on the statement of financial position at the beginning of the preceding period. In 2023 two comparative periods are presented.

##### **4.3. Investments in subsidiaries**

Subsidiaries are firms under the control of the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the financial statements of the Company investment in subsidiaries is accounted at cost of the investment.

The Company recognises a dividend from a subsidiary in profit or loss in its separate financial statements when its right to receive the dividend is established.

##### **4.4. Climate-related matters**

Risks induced by climate changes may have future adverse effects on implications for certain economic sectors. These risks include physical risks (even if the risk of physical damage is low due to the company activities and geographical locations). As of the end of the previous period, as of 31 December 2024, the Company has not identified any significant risks caused by climate change that could have a negative and significant impact on the separate financial statements of the Company. Management continuously assesses the impact of climate-related issues and takes adequate measures to mitigate or neutralize the impact of identified risks.



The Company has successfully implemented and regulated a hybrid working environment (remote and in-person) for its offices. In addition to all the other benefits, telecommuting reduces the carbon footprint of transportation to/from each employee's workplace. The Company is committed to further reducing the carbon footprint of its employees' operations, by updating its business travel policies and minimizing the use of air travel. In addition, measures are taken to optimize fuel consumption for heating and transport, optimization of heating, ventilation, cooling, lighting systems, setting equipment (computers, air conditioners) to turn off automatically, stimulating the holding of meetings, discussions, and trainings remotely, providing teleconferencing equipment to avoid frequent business travel, and more. In relation with maintaining and improving the energy efficiency of the rented premises, the Company has taken measures to increase the awareness of employees regarding the use of energy, as well as the implementation of energy-saving technological solutions.

In the third quarter of 2023, Sirma Group Holding JSC successfully put into operation its own photovoltaic system without batteries, located in its central building. This measure aims to increase the share of renewable energy used. During the first 3 months (autumn-winter) of operation, it produced 17.34 MWh of electricity. This represents 23.51% of all electricity consumption during these first months of operation. Sirma's photovoltaic system is planned to produce up to 30% of the building's consumption. This is expected to be achieved in 2024 with one full year of PV system operation (and the elimination of seasonal fluctuations).

Some of the used computer equipment reaches the end of its productive capacity and is replaced accordingly. The hardware that is still possible to use is donated to one of the many charity campaigns organized by the Group. Equipment that can no longer be used is provided to specialized partner companies that recycle computer equipment.

#### **4.5. Foreign currency translation**

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate as published by the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Bulgarian leva is pegged to the euro at an exchange rate of EUR 1 = BGN 1,95583.

#### **4.6. Segment reporting**

Management determines the operating segments based on the main products and services provided by “Sirma Group Holding” JSC.

The operating segments in the company are the following: System Integration, Hospitality, IT services, Financial industry and Others.

Segment “System Integration” offers its clients system integration, cloud services and cybersecurity services. The target market is mainly Bulgarian financial institutions, insurance companies, healthcare organizations, multinational companies with operations in Bulgaria and state and municipal administrations.

Segment “Hospitality” segment offers IT solutions, consulting, system integration and data analysis to its clients from the hospitality industry. The target customers of the segment are hotel groups, tour operators, travel agencies and technology providers for the hospitality industry.

Segment “IT Services” is focused on cross-industry services, cross-selling and services for the public sector.

Segment “Financial Industry” offers support to financial institutions on their path to digitalization and implementation of artificial intelligence in their operations. The target customers of the segment are small and medium-sized banks and fintech companies. The activity of the Financial Industry segment



is divided into 5 sub-segments – Financial Services, Financial Consulting, Oracle, Temenos and IT Solutions.

Segment “Others” offers IT solutions, consulting and IT services to its clients in the fields of transport and logistics, insurance and healthcare.

Each of these operating segments is managed separately, as different technologies, resources and marketing approaches are used for each product line. All transactions between the segments are carried out at the prices of corresponding transactions between independent parties.

The measurement policies the company uses for segment reporting under IFRS 8 “Operating Segments” are the same as those used in its consolidated financial statements, except that:

- post-employment benefit expenses;
  - R&D costs relating to new business activities; and
- which are not included in arriving at the operating profit of the operating segments.

In addition, “Sirma Group Holding” JSC assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Information about the results of the separate segments that is regularly reviewed by the chief operating decision maker does not include isolated unrepeatable events. Financial income and costs are also not included in the results of operating segments which are regularly reviewed by persons, which are responsible for operating decision making.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss. No asymmetrical allocations have been applied between segments.

#### **4.7. Revenue**

The basic revenue generated by the Company is related revenue from sales of services, interest income, revenue from participations, revenue from financing and other revenue.

To determine whether to recognise revenue, the Company follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

#### **Evaluation**

Revenue is measured based on the transaction price determined for each contract.

When determining the price of the transaction, the Company takes into account the terms of the contract and its usual commercial practices.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the customer's transfer of the promised goods or services, excluding amounts collected on behalf of third parties (e.g. value added tax). The remuneration promised in the contract with the client may include fixed amounts. When (or as) a performance obligation is satisfied, the Company recognises as revenue the value of the transaction price that is attributed to this performance obligation.

The company examines whether there are other promises in the contract that are separate performance obligations for which a part of the transaction price should be allocated.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of



financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### **4.7.1. Revenue recognised over time**

- **Rendering of services**

The services provided by the Company include the following services: subscriptions, administrative, accounting, consulting and other services. Service revenue is recognized when control over the benefits of the services provided is transferred to the service user.

Pursuant to concluded long-term contracts, the Company provides financial and accounting, administrative and other services to related parties. The work performed is reported on an ongoing basis every month. The Company transfers control of the services over time and therefore satisfies the performance obligation and recognizes revenue over time. The price of the services can be determined as a remuneration calculated on the basis of the costs incurred by the Company for the performance of the relevant service plus a percentage fixed allowance. The Company measures its progress toward full settlement of the performance obligation, satisfied over time, by confirmation of performance for the service rendered.

#### **IT support revenue**

Pursuant to concluded contracts, the Company provides customer support services. The work performed is reported on an ongoing basis every month. The Company transfers control of the services over time and therefore satisfies the performance obligation and recognizes revenue over time. The price of the services can be defined as a variable remuneration, calculated on the basis of the costs incurred by the Company for the performance of the relevant service plus a percentage fixed allowance. The Company measures its progress toward full settlement of the performance obligation, satisfied over time, by confirmation of performance for the service rendered.

#### **Revenue from the sale of software licenses as a service**

The Company sells software licenses as a service. Revenue from sales of a software license as a service is recognized at the time control of the services sold is transferred, i.e. when the sale is made. The price of software as a service sold is fixed. The Company measures its progress toward full settlement of the performance obligation satisfied at a specified point in time.

#### **4.7.2. Revenue recognised at a point of time**

Revenue is recognized when the Company has transferred control of the assets provided to the buyer. Control is considered to be transferred to the buyer when the customer has accepted the assets without objection.

#### **4.7.3. Revenue from investment property rental**

Rental revenue from operating leases is recognized as revenue on a straight-line basis over the term of the lease, except where the management of the company determines that another systematic basis more accurately reflects the time model, which utilizes the reaped benefit of the leased asset.

#### **4.7.4. Interest and dividend income**

Interest income is related to loan agreements and deposits granted under the business activity of the holding company. It is reported on an accrual basis using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

#### **4.7.5. Revenue from financing**

Initially financing is recognised as deferred income when there is significant certainty as to whether the Company will receive financing and will fulfil any associated requirements. Financing received to cover current expenditure is recognised in the period when the respective expenses were incurred.



Financing received to cover capital expenditure for non-current assets is recognised in line with the depreciation charges accrued for the period.

#### **4.8. Contract assets and liabilities**

The Company recognises contract assets and/ or liabilities when one of the parties in the contract has fulfilled its obligations depending on the relationship between the business of the company and the payment by the client. The Company presents separately any unconditional right to remuneration as a receivable. The receivable is the unconditional right of the company to receive remuneration.

A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related good or service to the customer.

The Company recognises contract assets when performance obligations are satisfied, and payment is not due on behalf of the client. A contract asset is the right of a company to receive remuneration in exchange for the goods or services that the company has transferred to a customer.

Subsequent the Company measures a contract asset in accordance with IFRS 9 Financial Instruments.

#### **4.9. Operating expenses**

Operating expenses are recognised in profit or loss upon utilization of the service or as incurred.

The Company recognises two types of contract costs related to the execution of contracts for the supply of services/ goods/ with customer: incremental costs of obtaining a contract and costs to fulfil a contract. Where costs are not eligible for deferral under IFRS 15, they are recognised as current expenses at the time they arise, such as they are not expected to be recovered, or the deferral period is up to one year.

The following operating expenses are always recognised as current expenses at the time of their occurrence:

- General and administrative costs (unless those costs that are chargeable to the customer);
- Costs of wasted materials;
- Costs that relate to satisfied performance obligation;
- Costs for which the company cannot distinguish whether the costs relate to unsatisfied performance obligation or to satisfied performance obligation.

Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

#### **4.10. Interest expenses and borrowing costs**

Interest expenses are reported on an accrual basis using the effective interest method.

Borrowing costs primarily comprise interest on the Company's borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'Finance costs'.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

#### **4.11. Intangible assets**

Intangible assets include software products and software module rights. They are accounted for using the cost model. The cost comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its



intended use, whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, as these assets are considered finite.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognised in the statement of profit or loss/ statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after initial are recognized in the separate statement of profit or loss and other comprehensive income for the period of their occurrence, unless due to them the asset can generate more than the originally projected future economic benefits and when these costs can be reliably estimated and attributed to the asset. If these conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful lives are reviewed by the management at each reporting date.

Amortization is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Software 5-20 years
- Others 2-20 years

Amortization has been included within “Depreciation, amortization of non-financial assets”.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of an intangible asset are capitalized provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalization are expensed as incurred.

Directly attributable costs to the development phase include employee remuneration and social security expense as well as hired services expenses. Internally generated intangible assets are subject to the same subsequent measurement method as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only as described below in note 4.14.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within “Gain/ (Loss) on sale of non-current assets”.

The recognition threshold adopted by the Company for the intangible assets amounts to BGN 700.

#### **4.12. Property, plant and equipment**

Property, plant and equipment are initially measured at cost, which comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

After initial recognition, the property, plant and equipment is carried at its cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Impairment losses





are recognised in the separate statement of profit or loss and other comprehensive income for the respective period.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of the its originally assessed standard of performance. All other subsequent expenditure is recognised as incurred.

Material residual value estimates and estimates of useful life are updated from the management at each reporting date.

Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

Depreciation is calculated using the straight-line method over the estimated useful life of individual assets as follows:

- Buildings 50 years
- Machines 3-8 years
- Vehicles 4 years
- Business inventory 7,5 years
- IT equipment 2-5 years
- Others 7,5 years

Depreciation expense is included in the separate statement of profit or loss and other comprehensive income on the line "Depreciation expense for non-financial assets".

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within "Gain/(Loss) on sale of non-current assets".

The recognition threshold adopted by the Company for property, plant and equipment amounts to BGN 700.

#### **4.13. Leases**

##### **The Company as a lessor**

As a lessor the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of the underlying asset, and as an operating lease if it does not substantially transfer all the risks and rewards of ownership of the underlying asset.

Assets subject to operating lease agreements are presented in the statement of financial position and are depreciated and amortized in accordance with the depreciation and amortization policy of the Company for similar assets and with the requirements of IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets". The Company earns rental income from operating leases of its investment properties (see note 10). Rental income is recognised on a straight-line basis over the term of the lease.

##### **The Company as a lessee**

For any new contracts the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company



- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
  - the Company has the right to direct the use of the identified asset throughout the period of use
- The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When a lease liability is revalued, the corresponding adjustment is recognized in the asset with the right of use or recognized in profit or loss if the carrying amount of the asset with the right of use has already been reduced to zero.

#### **4.14. Impairment testing of intangible assets and property, plant and equipment**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All assets and cash-generating units are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce the carrying amount of the assets allocated to that cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.



#### **4.15. Investment property**

The investment property is initially measured at cost, which comprises the purchase price and any directly attributable expenses, e. g. legal fees, property transfer taxes and other transaction costs.

The Company accounts for investment property as buildings that are held for rental income and / or for capital appreciation, using the acquisition cost model.

The investment property of the Company includes buildings held to earn rentals and/or for capital appreciation and are accounted for using the cost model.

The investment property is initially measured at cost, which comprises the purchase price and any directly attributable expenses, e. g. legal fees, property transfer taxes and other transaction costs.

Following the initial recognition, the investment property is measured at cost less any subsequent accumulated depreciation and any subsequent impairment losses.

Subsequent expenditure relating to investment property, which is already recognised in the Company's financial statements, is added to the carrying amount of the investment property when it is probable that this expenditure will enable the existing investment property to generate future economic benefits in excess of its originally assessed value. All other subsequent expenditure is recognised as incurred.

The investment property is derecognised upon its sale or permanent withdrawal from use in case that no future economic benefits are expected from its disposal. Gains or losses arising from the disposal of investment properties are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

Depreciation is calculated using the straight-line method over the estimated useful life of the buildings, which is 50 years.

Rental income and operating expenses from investment property are reported in the separate statement of profit or loss and other comprehensive income, respectively in the line "Revenue from sales", "Other expenses" and "Employee benefits expense" respectively and are recognised as described in note 22, note 26 and note 17.1.

#### **4.16. Financial instruments**

##### **4.16.1. Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **4.16.2. Classification and initial measurement of financial assets**

Financial assets are initially measured at fair value, adjusted for transaction costs, except for financial assets at fair value through profit or loss and trade receivables that do not contain a significant financial component. The initial measurement of financial assets at fair value through profit or loss is not adjusted with transaction costs that are reported as current expenses. The initial measurement of trade receivables that do not contain a significant financial component represents the transaction price in accordance with IFRS 15.

Depending on the method of subsequent measurement, financial assets are classified into the following categories:



- Debt instruments at amortised cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at fair value through other comprehensive income (FVOCI) with or without reclassification in profit or loss, depending on whether they are debt or equity instruments.

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses in the separate statement of profit or loss and other comprehensive income.

#### **4.16.3. Subsequent measurement of financial assets**

The percentages of expected losses are based on the sales payment profiles and the corresponding historical credit losses that occurred during that period. Historical loss values are adjusted to reflect current and forecast information about the macroeconomic factors that affect customers' ability to settle claims. The company has determined the GDP and unemployment rate of the countries in which it sells its goods and services, as the most important factors and accordingly adjusts historical losses based on the expected changes in these factors.

#### **Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions and are not designated as FVTPL:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### **Trade receivables**

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. Typically, they are due to be settled within a short timeframe and are therefore classified as current. Trade receivables are initially recognised at amortized cost unless they contain significant financial components. The Company holds trade receivables for the purpose of collecting the contractual cash flows and therefore measures them at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

#### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets that are held within a different business model than “hold to collect” or “hold to collect and sell”, and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

This category also contains an equity investment. The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in subsidiaries at FVOCI.



Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **4.16.4. Impairment of financial assets**

IFRS 9's new impairment requirements use forward-looking information to recognise expected credit losses – the “expected credit loss” (ECL) model.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognised for the first category while “lifetime expected credit losses” are recognised for the second category. Expected credit losses are determined as the difference between all contractual cash flows attributable to the Company and the cash flows it is actually expected to receive (“cash shortfall”). This difference is discounted at the original effective interest rate (or credit adjusted effective interest rate).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables, contract assets and finance lease receivables**

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Company allows 50% for amounts that are 180 to 365 days past due and writes off fully any amounts that are more than 365 days past due.

#### **4.16.5. Classification and measurement of financial liabilities**

The Company's financial liabilities include borrowings, finance lease payments, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

The Company has designated some financial liabilities at FVTPL to reduce significant measurement inconsistencies between investment properties in the United States and related US-dollar bank loans



with fixed interest rates. These investment properties are measured using the fair value model, with changes in the fair value recognised in profit or loss. The fair value of loans used to finance these assets correlates significantly with the valuation of the investment properties held by the Company, because both measures are highly reactive to the market interest rate for 30-year government bonds. The loans are managed and evaluated on a fair value basis through a quarterly management review in comparison with the investment property valuations. Therefore, the Company designates such fixed interest rate loans as at FVTPL if they are secured by specific investment property assets that are held by the Company. This accounting policy reduces significantly what would otherwise be an accounting mismatch.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **4.17. Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilized against future taxable income. For management's assessment of the probability of future taxable income to utilize against deferred tax assets, see note 4.22.2.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

#### **4.18. Cash**

Cash and cash equivalents comprise cash on hand, current bank accounts, demand deposits and deposits up to 3 months, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **4.19. Equity, reserves and dividend payments**

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other reserves include the following:



- legal reserves, common reserves;
- revaluation reserve – comprises gains and losses from the revaluation of non-financial assets;

Retained earnings include all current and prior period retained profits and uncovered losses. Dividend payables to shareholders are included in ‘Related party payables’ when the dividends have been approved at the general meeting of shareholders prior to the reporting date. All transactions with owners of the Company are recorded separately within equity.

#### **4.20. Post-employment benefits and short-term employee benefits**

The Company reports short-term payables relating to unutilized paid leaves, which shall be compensated in case it is expected the leaves to occur within 12 months after the end of the accounting period during which the employees have performed the work related to those leaves. The short-term payables to personnel include wages, salaries and related social security payments.

In accordance with Labour Code requirements, in case of retirement, after the employee has gained the legal right of pension due to years of services and age, the Company is obliged to pay him/her compensation at the amount of up to six gross wages. The Company has reported a liability by law for the payment of retirement compensation in accordance with IAS 19 “Employee Benefits”. The amount is based on forecasts made for the next five years, discounted with the long-term income percentage of risk free securities.

The Company has not developed and implemented post-employment benefit plans.

Net interest expense related to pension obligations is included in “Finance costs” in profit or loss. Service cost on the net defined benefit liability is included in “Employee benefits expense”.

Short-term employee benefits, including holiday entitlement, are current liabilities included in “Pension and other employee obligations”, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

#### **4.21. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, granted product warranties, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan’s main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.



#### **4.22. Significant management judgement in applying accounting policies**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.23.

##### **4.22.1. Internally generated intangible assets and research costs**

Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Company's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated by the intangible asset. The forecast is incorporated into the Company's overall budget forecast as the capitalization of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

The Company's management also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

##### **4.22.2. Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

#### **4.23. Estimation uncertainty**

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

In the preparation of the presented Separate financial statements the significant judgments of the management in applying the accounting policies of the Company and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statements of the Company as at 31 December 2023, except for changes in the estimate of income tax liability.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

##### **4.23.1. Impairment of non-financial assets**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.14). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to





future events and circumstances. The actual results may vary and may cause significant adjustments to the Company’s assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

#### 4.23.2. Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2024 management assesses that the useful lives represent the expected utility of the assets to the Company. The carrying amounts are analysed in notes 7,8 and 10. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

#### 4.23.3. Measurement of expected credit losses

Credit losses are the difference between all contractual cash flows due to the Company and all cash flows that the Company expects to receive. Expected credit losses are a probability-weighted estimate of credit losses that require the Company’s judgment. Expected credit losses are discounted at the original effective interest rate (or the credit-adjusted effective interest rate for purchased or initially created financial assets with credit impairment).

#### 4.23.4. Defined benefit liability

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its defined benefit liability is based on standard rates of inflation, medical cost trends and mortality. It also takes into account the Company’s specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist particularly with regard to actuarial assumptions, which may vary and significantly impact the defined benefit obligations and the annual defined benefit expenses.

#### 4.23.5. Uncertain tax position and tax-related contingency

The Company’s management has assessed whether it is probable that the tax authority will accept uncertain tax treatment. In its activities, the company complied with the tax practice and the probable tax treatment, and therefore the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and the tax rate, correspond to the used and expected treatment that will be used in declaring income taxes.

## 5. Segment reporting

Management currently identifies the following company operating segments as further described in note 4.6. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Segment information can be analyzed as follows for the reporting periods under review:

	<b>System Integration</b>	<b>Hospitality</b>	<b>IT Services</b>	<b>Financial Industry</b>	<b>Others</b>	<b>Total</b>
	<b>31.12.2024 BGN’000</b>	<b>31.12.2024 BGN’000</b>	<b>31.12.2024 BGN’000</b>	<b>31.12.2024 BGN’000</b>	<b>31.12.2024 BGN’000</b>	<b>31.12.2024 BGN’000</b>
Revenue from:						
- external customers	16 270	3 193	3 605	2 548	8 453	34 069
<b>Segment revenues</b>	<b>16 270</b>	<b>3 193</b>	<b>3 605</b>	<b>2 548</b>	<b>8 453</b>	<b>34 069</b>
Cost of materials and cost of goods sold	(15 436)	-	(5)	-	(235)	(15 676)
Hired services expenses	(246)	(794)	(574)	(325)	(1 677)	(3 616)
Employee benefits expense	(279)	(1 663)	(1 702)	(1 390)	(4 544)	(9 578)
Depreciation and amortisation of non-financial assets	-	-	-	-	(1 113)	(1 113)
Other expenses	(1)	(5)	(13)	(63)	(469)	(551)
<b>Segment operating profit</b>	<b>308</b>	<b>731</b>	<b>1 311</b>	<b>770</b>	<b>415</b>	<b>3 535</b>



The Company's revenues from external customers are divided into the following geographical areas:

	<b>31.12.2024</b> <b>BGN'000</b>	<b>31.12.2023</b> <b>BGN'000</b>
Bulgaria (domicile)	25 420	5 228
USA	2 118	-
UK	1 715	-
Other countries	4 816	-
<b>Total</b>	<b>34 069</b>	<b>5 228</b>

## 6. Goodwill

The movements in the net carrying amount of goodwill are as follows:

	<b>31.12.2024</b> <b>BGN'000</b>	<b>31.12.2023</b> <b>BGN'000</b>
<b>Gross carrying amount</b>		
Balance at 1 January	-	-
Acquired goodwill as a result of a business combination	24 464	-
Balance at 31 December	<b>24 464</b>	-
<b>Carrying amount at 31 December</b>	<b>24 464</b>	-

Following a decision of the Board of Directors of “Sirma Group Holding” JSC, approval by the Financial Supervision Commission of 18.07.2024 and a decision of the General Meeting of Shareholders of “Sirma Group Holding” JSC of 17.09.2024, the subsidiaries "Sirma CI" EAD, "Sirma Insurtech" EAD, "Sirma Solutions" EAD, "Sirma Business Consulting" EAD, "Sciart" EAD and "HRM Solutions" EAD were transformed by merging into the parent company "Sirma Group Holding" JSC. The circumstance was registered with the Registry Agency on 08.10.2024.

The results of the merger and the recognized goodwill for the individual merged companies are as follows:

"Sciart" EAD	BGN'000
Total investment value	14 076
Fair value of identifiable net assets and liabilities acquired	(211)
<b>Goodwill</b>	<b>13 865</b>
"Sirma Solutions" EAD	BGN'000
Total investment value	39 686
Fair value of identifiable net assets and liabilities acquired	(31 815)
<b>Goodwill</b>	<b>7 871</b>
"Sirma CI" EAD	BGN'000
Total investment value	248
Fair value of identifiable net assets and liabilities acquired	(193)
<b>Goodwill</b>	<b>55</b>
Sirma Insurtech" EAD and the subsidiary "HRM Solutions" EAD	BGN'000
Total investment value	1 476
Fair value of identifiable net assets and liabilities acquired	129
<b>Goodwill</b>	<b>1 605</b>
"Sirma Business Consulting" EAD	BGN'000
Total investment value	4 222
Fair value of identifiable net assets and liabilities acquired	(3 154)
<b>Goodwill</b>	<b>1 068</b>



For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises, as follows:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Sciart EAD	13 865	-
Sirma Solutions EAD	7 871	-
Sirma CI EAD	55	-
Sirma InsurTech EAD	1 605	-
Sirma Bussiness Consulting EAD	1 068	-
<b>Goodwill allocation at 31 December</b>	<b>24 464</b>	<b>-</b>

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed 3-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by the management.

Key assumptions of the management in preparing the impairment test reflect its forecasts and intentions regarding the future economic benefits that the Company expects to obtain through the use of trade experience, in-house brands, positions in Bulgarian and foreign markets and ultimately based on them. expectations for future sales of cash-generating units.

Apart from the considerations described in determining the value in use of the cash-generating units described above, management is not currently aware of any other probable changes that would necessitate changes in its key estimates. However, the estimate of recoverable amount for cash-generating units is particularly sensitive to the discount rate, but the simulations show that it remains above the carrying amount of goodwill with a reasonable change in key assumptions.

Management has analyzed the recoverable amounts of cash-generating units, taking into account the impact of the war between Russia and Ukraine on the activities of the units / companies and the expected impact on them in the future. All investments are in companies operating in the field of information and communication technologies, which is one of the industries partially affected by the war between Russia and Ukraine. The conflict in the Middle East, however, has an impact on the expected development of one of the subsidiaries, which has contracts to provide services to counterparties in the conflict area. During the assessment, for the preparation of which an independent licensed appraiser was involved, no indications were established for the presence of the need to report impairment costs.

## 7. Property, plant and equipment

	Buildings	Facilities	Vehicles	Office equipment	Machinery	Computer equipment	Assets under construction	Right-of-use assets	Others	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Gross carrying amount</b>										
Balance at 1 January 2024	170	100	401	434	213	574	244	-	155	2 291
Additions	-	-	-	7	1	38	341	580	32	999
Acquired as a result of a business combination	809	-	304	207	129	1 597	13	215	170	3 444
Transfer from investment properties	6 551	-	-	-	-	-	-	-	-	6 551
In exploitation	32	211	-	24	-	-	(378)	-	111	-
Balance at 31 December 2024	<b>7 562</b>	<b>311</b>	<b>705</b>	<b>672</b>	<b>343</b>	<b>2 209</b>	<b>220</b>	<b>795</b>	<b>468</b>	<b>13 285</b>
<b>Depreciation</b>										
Balance at 1 January 2024	(31)	(2)	(158)	(242)	(209)	(543)	-	-	(49)	(1 234)
Acquired as a result of a business combination	(149)	-	(219)	(152)	(129)	(1 156)	-	(89)	(135)	(2 029)
Transfer from investment properties	(1 205)	-	-	-	-	-	-	-	-	(1 205)
Depreciation	(26)	(5)	(96)	(66)	(1)	(93)	-	(57)	(32)	(376)
Balance at 31 December 2024	<b>(1 411)</b>	<b>(7)</b>	<b>(473)</b>	<b>(460)</b>	<b>(339)</b>	<b>(1 792)</b>	<b>-</b>	<b>(146)</b>	<b>(216)</b>	<b>(4 844)</b>
<b>Carrying amount at 31 December 2024</b>	<b>6 151</b>	<b>304</b>	<b>232</b>	<b>212</b>	<b>4</b>	<b>417</b>	<b>220</b>	<b>649</b>	<b>252</b>	<b>8 441</b>



	Buildings	Facilities	Vehicles	Office equipment	Machinery	Computer equipment	Assets under construction	Others	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Gross carrying amount</b>									
Balance at 1 January 2023	170	-	250	414	211	535	20	97	1 697
Additions	-	100	151	20	2	39	373	58	743
In exploitation	-	-	-	-	-	-	(149)	-	(149)
Balance at 31 December 2023	170	100	401	434	213	574	244	155	2 291
Depreciation									
Balance at 1 January 2023	(28)	-	(91)	(185)	(206)	(521)	-	(33)	(1 064)
Depreciation	(3)	(2)	(67)	(57)	(3)	(22)	-	(16)	(170)
Balance at 31 December 2023	(31)	98	(158)	(242)	(209)	(543)	-	(49)	(1 234)
<b>Carrying amount at 31 December 2023</b>	<b>139</b>	<b>98</b>	<b>243</b>	<b>192</b>	<b>4</b>	<b>31</b>	<b>244</b>	<b>106</b>	<b>1 057</b>

All depreciation charges are included within “Depreciation and amortization of non-financial assets” in the separate statement of profit or loss and other comprehensive income.

As at 31 December 2024 there were no material contractual commitments related to acquisition of items of property, plant and equipment.

## 8. Intangible assets

The carrying amounts for the reporting periods under review can be analysed as follows:

	Internally developed assets	Intellectual property rights	Software products	Rights to software modules	Internally created assets under development	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Gross carrying amount</b>						
Balance at 1 January 2024	4 632	-	57	1 623	-	6 312
Acquired as a result of a business combination	-	22 570	1 503	6 986	1 012	32 071
Newly acquired assets	-	-	-	-	564	564
Balance at 31 December 2024	4 632	22 570	1 560	8 609	1 576	38 947
<b>Amortization and impairment</b>						
Balance at 1 January 2024	(1 047)	-	(57)	(983)	-	(2 087)
Acquired as a result of a business combination	-	(17 815)	(1 503)	(6 194)	-	(25 512)
Amortization	(261)	(185)	-	(192)	-	(638)
Balance at 31 December 2024	(1 308)	(18 000)	(1 560)	(7 369)	-	(28 237)
<b>Carrying amount at 31 December 2024</b>	<b>3 324</b>	<b>4 570</b>	<b>-</b>	<b>1 240</b>	<b>1 576</b>	<b>10 710</b>

	Internally developed assets	Software products	Rights to software modules	Internally developed assets- In process of development	Total
	BGN'000	BGN'000	BGN'000	BGN'000	BGN'000
<b>Gross carrying amount</b>					
Balance at 1 January 2023	4 269	57	1 623	5 164	11 113
Newly acquired assets, internally developed	458	-	-	(458)	-
Commissioned, internally developed	-	-	-	77	77
Disposals	(95)	-	-	(4 783)	(4 878)
Balance at 31 December 2023	4 632	57	1 623	-	6 312
<b>Amortization and impairment</b>					
Balance at 1 January 2023	(839)	(57)	(875)	(2 786)	(4 557)
Amortization for the year	(226)	-	(108)	-	(334)
Impairment written off for the year	-	-	-	2 786	2 786
Amortization written off	18	-	-	-	18
Balance at 31 December 2023	(1 047)	(57)	(983)	-	(2 087)
<b>Carrying amount at 31 December 2023</b>	<b>3 585</b>	<b>-</b>	<b>640</b>	<b>-</b>	<b>4 225</b>



The Company’s intangible assets reported under “Internally developed assets” are internally developed. These include assets as follows:

- **SIRMA CLOUD PLATFORM** is a platform for managing cloud environments.
- **VR Management Platform** is a platform for virtual data centers.
- **Sirma Management Reporting** is a business analysis system.

**SIRMA CLOUD PLATFORM** is a platform for managing cloud environments:

- Manage virtualization in the data center
- Storage virtualization management
- Resource performance management
- Resource cost management
- Management of cloud distributed in different geographical locations.

Key functionalities include:

#### FULLY PLATFORM INDEPENDENT

- ✓ Supports standard and high-end hypervisors, storage, network and monitoring tools.
- ✓ Cloud build based on KVM, VMWare, LXU.

#### HIGH AVAILABILITY AND BUSINESS CONTINUITY

- ✓ High availability architecture.
- ✓ The database is deployed in an HA configuration
- ✓ Redefined behavior in case of host or virtual machine failure in order to achieve a cost-effective failover solution.

#### EDGE AND DISTRIBUTED CLOUD COMPUTING

- ✓ Dynamically increase cloud resources by adding remote hardware or virtual capacities.
- ✓ Automatic provisioning of remote resources.

#### ADAPTABLE, EXTENSIBLE AND INTEGRABLE

- ✓ Modular and extensible architecture.
- ✓ Configurable plug-ins for integration with third-party data center services.
- ✓ API for integration with higher-level tools such as billing and self-service portals.

#### CAPACITY AND PERFORMANCE MANAGEMENT

- ✓ Resource management to track and limit the use of compute, storage and network resources.
- ✓ Dynamically create clusters as pools of hosts that share datastores and virtual networks for load balancing, high availability, and high-performance computing.
- ✓ Dynamic creation of virtual data centers as fully isolated virtual infrastructure environments where a group of users, under the control of a VDC administrator, can create and manage compute, storage and network capacity.

#### VIRTUAL INFRASTRUCTURE MANAGEMENT AND ORCHESTRATION

- ✓ Management of virtual infrastructure to corporate data centers. End-to-end lifecycle management of virtual resources.
- ✓ Full control, monitoring and reporting of virtual infrastructure resources.

#### ACCOUNTING AND SHOWBACK

- ✓ Allocation of resource costs to individual units, groups and projects in the organization.
- ✓ Monitoring and control of costs according to the business plan of the project.
- ✓ Easy integration with any billing system.

**Sirma management reporting** includes processes, tools and technologies necessary to transform data into information, and information into knowledge and plans that imply quick and effective business actions and support the decision-making process.

It is through the developed reporting system that companies receive secure, consistent, comprehensible, easy to process and timely information, which creates prerequisites for an informed decision. Or:

- Supports making effective and informed decisions;



- Turns huge volumes of data into valuable business conclusions;
- Allows access, sharing, processing and analysis of data by the right people, at the right time and in the way they prefer;
- Provides a unified version of the truth;
- Preserves knowledge in the company;
- Saves time and effort of key figures in companies.

Sirma management reporting allows organizations to collect data from internal and external sources, prepare it for analysis, create and send requests to this data, and create reports, information boards (dashboards) and data visualization.

The Company reports intangible assets developed by the incorporated companies under the heading "Intellectual Property Rights". These include assets as follows:

#### **Customer Intelligence Platform (CIP)**

The centralization of CIP transaction processes in a database, as well as the use of semantic technologies in the retrieval, analysis and interpretation of data from all sources, allows 360 ° view and various analyzes that facilitate individual behavioral targeting;

Extracting additional value from the data - built-in intelligent algorithms, analytical tools, as well as the ability to customize solutions tailored to the individual needs of the retailer, provide valuable insights and information. The focus on data, a deep understanding of customer behavior and motivation, along with seamless delivery management to end customers, will help merchants personalize communication, improve the user experience and manage their customer loyalty;

#### **Sirma ICS Platform**

The platform has an open architecture and a modular structure that allows flexible and adaptive product management. The platform uses SSL-certified security to protect the privacy of customer data. Calculation and issuance of policies in real time (through integration) with discounts / increases confirmed by the insurance company.

"Motor Third Party Liability" - Integration with 9 companies

"Casco" - Integration with 1 company (Grupama),

"Property" - Integration with 3 companies (Allianz, ZAD Bulgaria, Grupama).

"Travel Assistance" - Integration with 4 companies (Unique Life, Grupama, DZI and ZAD Bulgaria).

- Registration of all other types of policies and all types of annexes
- Automatic renewal of policies, both through integration and for manually registered policies

#### **RISK SCORE TOOLBOX (RSTBOX)**

"Sirma Business Consulting" AD creates its innovative solution to support the risk units in the Banks by providing them with a tool with which they can manage and monitor: KPM (credit portfolio model) Expected Default (PD) LGD (loss in case of default) EAD (Exposure at Default) counterparty identifier for each transaction.

#### **CEGATE solution**

CEGATE is an integrated software solution with a web-based interface for managing and delivering customer information from various publicly and regulated government sources that provide specialized information to individuals or companies. The sources of data are not limited to: NOI BNB NAP TR RegiX and others. The system is developed on the basis of a three-layer architecture and provides end users with the possibility of fully functional data management for customers of the financial institution. The solution implements all good practices in the management and processing of personal data and their protection. In addition, it provides REST communication capabilities and implementation of all messages. CEGATE is a module-based solution and provides an opportunity, in addition to working through a user interface, to implement communication and perform operations requests and transactions through APIs.



### **DiGiBANK solution**

DiGiBANK is an integrated software solution with a web-based interface for managing various banking services and operations remotely and on the basis of the global Internet environment (www). The system is developed on the basis of a three-layer architecture and provides end customers with a (single page) interface. The solution implements all the best practices in the implementation of remote end-user work processes, ensuring the full level of security and authentication of end-users. creating and reporting reporting forms. DiGiBANK is a modular based solution and provides an opportunity, in addition to working through a user interface, to implement communication and perform request and transaction operations through APIs.

### **REXPRESS solution**

REXPRESS is an integrated software solution with a web-based interface for managing Bank Statutory Reports to the BNB and the ECB. The system was developed on the basis of a three-layer architecture and implements all good practices in the implementation of the processes for creating and reporting reporting forms. When exchanging reports, all guidelines and current regulations valid for financial institutions in the European Union and the Republic of Belarus are used. REXPRESS is modular based and provides complete information and reporting forms by codes and inherent requisites or attributes established by the regulator in the established formats and periodicity.

### **SCARDS solution**

SCARDS is an integrated software solution with a web-based interface for managing Bank cards. The system is implemented on the basis of a three-layer architecture and implements all good practices in the implementation of the processes in the life of the bank card as a payment instrument and related financial transfers (transactions). When exchanging transactions, ISO 8583 is used.

### **UBXPAYMENTS solution**

UBXPAYMENTS is an integrated software solution with a web-based interface for managing bank payment services and operations. The system is developed on the basis of a three-layer architecture and provides end users with the possibility of fully functional management of the payment process. The solution implements all good practices in managing and processing payment instructions based on file exchange of messages in different formats: MTMXML ISO20022. In addition, it provides REST communication capabilities and implementation of all messages.

### **sHRedy**

sHRedy is an information system for the creation and storage of electronic documents in the worker's or employee's work file that meets the requirements of the NVISSSEDTDRS. After its completion, the information system will be offered as a subscription software product to insurers who wish to keep the employment records of their employees in the form of electronic employment records.

Through the information system, it will be possible to create, sign with an electronic signature, exchange between the parties to the employment relationship and store all types of electronic documents under Art. 6 para. 1 of NVISSSEDTDRS.

The information system will make it possible to upload and store documents submitted on paper by taking an electronic image of them with a scanning device in a form and in a way that allows their reading and storage according to Art. 11 para. 2 of NVISSSEDTDRS. This option will be available for all categories of documents under Art. 6 para. 1 of NVISSSEDTDRS existing on paper and not only for those "submitted" by the worker/employee.

The information system now makes it possible to use it through the developed mobile application; allows the use of the developed built-in ChatBot when there is ambiguity in the actions to be taken by the worker/prospective employee/employer.

### **Sirma InSuite**

Sirma InSuite is a complete solution for business management in the insurance sector based on the "no-code" platform of the global technology company for low-code/no-code CRM systems and business process management Creatio. It uses Creatio's standard directly integrated CRM functionalities related to customer service, marketing and sales, upgrading them with additional developed ones related to the administration and management of basic insurance processes.



This is the first independently developed product of the company that integrates the professional expertise of the Sirma Insurtech team regarding the creation and implementation of modern technological corporate solutions and the long-term experience in the financial non-banking sphere, especially the insurance sector.

The product aims to help insurance companies easily integrate a CRM solution with existing insurance systems, which will lead to the automation of part of the business processes and increase efficiency, while at the same time improving the customer experience and increasing their satisfaction.

#### **Software platform CIM - Customer Intelligence and Monetization (B2B and B2C)**

CIM's core functionalities are based on a cognitive software platform that includes B2B and B2C sales; possibility to create online stores, mobile applications for online commerce (Mobile commerce); an intelligent chatbot trained both for customer service and for increasing sales (Chatbot commerce); real-time monitoring of unregistered site visitors and marketing tools to attract current customers Sales Force Speed (SFS); as well as self-service solutions (Kiosk commerce).

#### **Loyax**

The Loyax system consists of various modules, functions and components.

The system operates in an integrated infrastructure that includes a core system that hosts the Loyax website, a loyalty management system and a mini customer relationship management system.

Loyax is aimed at business customers as a place to set up loyalty programs and advertising, and at individuals as a place to search for business locations or subscribe to event notifications.

The Company has not entered into material contractual commitments to acquire intangible assets as of 31 December 2024.

All amortization expenses are included within “Depreciation and amortization of non-financial assets” in the separate statement of profit or loss and other comprehensive income.

No intangible assets have been pledged as security for liabilities.





## 9. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Name of the subsidiary	Country of incorporation and principal place of business	Main activities	31.12.2024	31.12.2024 share	31.12.2023	31.12.2023 share
Saifort EAD (SAI EAD)	Bulgaria	Software services	17 865	100%	17 865	100%
Impairment			(5 360)	-	(5 360)	-
Roweb Development	Romania	Software services	11 331	51,00%	-	0,00%
Sirma Group Inc.	USA	Software services	6 537	100%	3 471	76,30%
Daticum AD	Bulgaria	Software services	468	59%	-	0,00%
Sirma Tech (S&G Technology Services)	UK	Software services	417	100%	-	0,00%
Impairment			(25)	-	-	-
“Sirma AB”	Sweden	Software services	338	100%	-	0,00%
“Sirma ICS” AD	Bulgaria	Software services	279	93,00%	-	0,00%
Sciant Shpk (ReSolutions Shpk)	Albania	Software services	256	100%	-	0,00%
“Sirma Medical Systems” AD	Bulgaria	Software services	66	66,00%	66	66,00%
Impairment			(44)	-	(44)	-
“EngView Systems” AD	Bulgaria	Software services	50	72,90%	50	72,90%
“Sirma ISG” OOD	Bulgaria	Software services	4	71%	-	0,00%
Impairment			(4)	-	-	-
„Sirma Solutions” EAD- incorporated	Bulgaria	Software services	-	0,00%	39 686	100%
“Sciant” EAD - incorporated	Bulgaria	Software services	-	0,00%	14 076	100%
„Sirma InsurTech” EAD - incorporated	Bulgaria	Software services	-	0,00%	914	55,00%
„Sirma CI” EAD - incorporated	Bulgaria	Software services	-	0,00%	106	80,00%
<b>Total</b>			<b>32 178</b>		<b>70 830</b>	

Following a decision of the Board of Directors of “Sirma Group Holding” JSC, approval by the Financial Supervision Commission of 18.07.2024 and a decision of the General Meeting of Shareholders of “Sirma Group Holding” JSC of 17.09.2024. The subsidiaries "Sirma CI" EAD, "Sirma Insurtech" EAD, "Sirma Solutions" EAD, "Sirma Business Consulting" EAD, "Sciant" EAD and "HRM Solutions" EAD were transformed by incorporating into the parent company "Sirma Group Holding" AD. The circumstance was registered with the Registry Agency on 08.10.2024.

As a result of the merger, "Sirma Group Holding" JSC acquired investments in subsidiaries that were subsidiaries of the incorporated companies such as "Daticum" AD, "Sirma Tech" ("S&G Technology Services"), "Sirma AB", "Sirma ICS" AD, Sciant Shpk (ReSolutions Shpk), "Sirma ISG" OOD.

On 23.10.2024, the company acquired 51% of the shares of Roweb Development, a company registered in Romania. The total acquisition price is formed by various components, which at the time of acquisition are worth BGN 11 097 thousand. The costs of acquiring the company, which include the intermediary's commission worth BGN 235 thousand, are also reported as part of the investment value.

The payment for the acquired shares is in two tranches. The first, worth BGN 7 792 thousand. was paid on the acquisition date of 23.10.2024. The second payment is presented as current liabilities in this report worth BGN 3 305 thousand.

The subsidiaries are recognised in the financial statements of the Company using the cost method.

The shares of the subsidiaries are not traded on a stock exchange.

The Company has contingent liabilities as a guarantor on loans granted to subsidiaries (see note 31).



## 10. Investment property

Investment properties are specially detached parts of buildings for self-operation, intended for long-term rent to subsidiaries and third parties. The investment properties have a total built-up area of 5 522 square meters and are part of a business building in Mladost district, Sofia.

Changes to the carrying amounts presented in the separate statement of financial position can be summarized as follows:

	<b>Investment property BGN'000</b>
<b>Gross carrying amount</b>	
Balance at 1 January 2024	11 254
Transfer to own buildings	(6 551)
Balance at 31 December 2024	<b>4 703</b>
<b>Depreciation</b>	
Balance at 1 January 2024	(1 616)
Transfer to own buildings	1 205
Depreciation	(99)
Balance at 31 December 2024	(510)
<b>Carrying amount at 31 December 2024</b>	<b>4 193</b>
	<b>Investment property BGN'000</b>
<b>Gross carrying amount</b>	
Balance at 1 January 2023	11 210
Newly acquired assets	44
- through subsequent costs	43
Balance at 31 December 2023	<b>11 254</b>
<b>Depreciation</b>	
Balance at 1 January 2023	(1 503)
Depreciation	(113)
Balance at 31 December 2023	(1 616)
<b>Carrying amount at 31 December 2023</b>	<b>9 638</b>

## 11. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarized as follows:

<b>Deferred tax liabilities (assets)</b>	<b>1 January 2024</b>	<b>Acquired as a result of a business combination</b>	<b>Recognised in profit and loss</b>	<b>31 December 2024</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>Non-current assets</b>				
Property, plant and equipment, intangible assets, investment property	118	126	5	249
Impairment of investments	(541)	(134)	-	(675)
<b>Current assets</b>				
Trade and other receivables	(5)	(144)	(3)	(152)
<b>Non-current liabilities</b>				
Pension and other employee obligations	(6)	(41)	(13)	(60)
<b>Current liabilities</b>				
Employee obligations	(9)	(327)	139	(197)
Leasing contracts liabilities	-	(1)	-	(1)
<b>Tax loss</b>	(388)	-	100	(288)
	<b>(831)</b>	<b>(521)</b>	<b>228</b>	<b>(1 124)</b>
Deferred tax assets	118			249
Deferred tax liabilities	(949)			(1 372)
Recognised as:				
<b>Net deferred tax (assets)</b>	<b>(831)</b>			<b>(1 123)</b>



Deferred taxes for the comparative period 31.12.2023 can be summarized as follows:

Deferred tax liabilities (assets)	1 January 2023	Recognised in profit and loss	31 December 2023
	BGN'000	BGN'000	BGN'000
<b>Non-current assets</b>			
Property, plant and equipment, intangible assets, investment property	107	11	118
Impairment of intangible assets	(279)	279	-
Impairment of investments	(536)	(5)	(541)
<b>Current assets</b>			
Trade and other receivables	(9)	4	(5)
<b>Non-current liabilities</b>			
Pension and other employee obligations	(5)	(1)	(6)
<b>Current liabilities</b>			
Employee obligations	(13)	4	(9)
Tax loss	(97)	(291)	(388)
	<b>(832)</b>	<b>1</b>	<b>(831)</b>
Deferred tax assets	107		118
Deferred tax liabilities	(939)		(949)
Recognised as:			
<b>Net deferred tax (assets)</b>	<b>(832)</b>		<b>(831)</b>

All deferred tax assets and liabilities have been recognised in the separate statement of financial position.

## 12. Inventory

Inventory recognized in the consolidated statement of financial position consist of the following:

	31.12.2023	31.12.2022
	BGN'000	BGN'000
Computers, laptops	1 260	-
Computer components	274	-
Materials and consumables, spare parts	29	-
	<b>1 563</b>	<b>-</b>

None of the inventories at 31 December 2024 are pledged as securities for liabilities.

## 13. Trade receivables

	31.12.2024	31.12.2023
	BGN'000	BGN'000
Trade receivables, gross amount before impairment	10 448	181
Impairment of trade receivables	(272)	(23)
<b>Trade receivables</b>	<b>10 176</b>	<b>158</b>

All trade receivables are short term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

All trade receivables of the Company have been reviewed for indicators of impairment. They have applied simplified approach for determining the expected credit losses at the end of the period.

An analysis of unimpaired trade receivables that are past due is presented in note 34.



#### 14. Prepayments and other assets

	31.12.2024 BGN'000	31.12.2023 BGN'000
Other receivables, gross	557	54
Impairment of trade receivables	(285)	-
<b>Prepayments</b>	<b>262</b>	<b>29</b>
Other receivables	<b>534</b>	<b>83</b>
Tax receivables	39	-
<b>Other assets, net</b>	<b>573</b>	<b>83</b>

For all other assets of the Company a simplified approach has been applied to determine the expected credit losses at the end of the period.

#### 15. Cash

Cash include the following components:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Cash at bank and in hand:		
- BGN	7 061	406
- EUR	1 553	710
- GBP	1	-
- USD	1 342	15
<b>Cash and cash equivalents</b>	<b>9 957</b>	<b>1 131</b>

The Company has evaluated the expected credit losses on cash and cash equivalents. The estimated amount is less than 0.1% of the gross amount of cash deposited in financial institutions, which is therefore considered to be immaterial and has not been accounted for in the financial statements of the Company.

#### 16. Equity

##### 16.1. Share capital

The share capital of “Sirma Group Holding” JSC consists only of 59 360 518 fully paid ordinary shares with a nominal value of BGN 1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders meeting of the Company.

	31.12.2024 Number of shares	31.12.2023 Number of shares
Number of shares issued and fully paid:		
- beginning of the year	59 360 518	59 360 518
Number of shares issued and fully paid	59 360 518	59 360 518
<b>Total number of shares authorized as at 31 December/31 December</b>	<b>59 360 518</b>	<b>59 360 518</b>

A detailed list of shareholders is presented in Note 1.

##### 16.2. Repurchased own shares

On 24.01.2024 „Sirma Group Holding“ JSC bought back 1 000 000 of its shares at an average price of BGN 0,74 per share, for a total price of BGN 740 000. The shares represent 1,68% of the company's capital.

On 28.05.2024 „Sirma Group Holding“ JSC sold 500 988 of its shares at an average price of BGN 0,85 per share, for a total price of BGN 425 839,80. The shares represent 0,84% of the company's capital.

On 02.07.2024 „Sirma Group Holding“ JSC sold 590 183 of its shares at an average price of BGN 0,96 per share, for a total price of BGN 566 575,68. The shares represent 0,99% of the company's capital.

As of 31.12.2024 „Sirma Group Holding“ JSC holds 1 689 236 (30.09.2024 - 1 689 236) repurchased own shares at the total amount of BGN 1 689 236 (2,85% of share capital).

##### 16.3. Share premium reserve



The share premium reserve in the amount of BGN 6 016 thousand consists of reserves from initial valuation of contributed fixed assets in the amount of BGN 3 619 thousand and reserves from issue of shares in the amount of BGN 2 397 thousand.

#### 16.4. Other reserves

The other reserves consist of legal reserves set aside according to Art. 246 of the Commercial Law over the years as follows:

	31.12.2024 BGN'000	31.12.2023 BGN'000
<b>Balance at January 1</b>	<b>1 458</b>	<b>1 244</b>
Allocation of reserves	151	214
<b>Balance at 31 December</b>	<b>1 609</b>	<b>1 458</b>

#### 17. Employee remuneration

##### 17.1. Employee benefits expense

Expenses recognised for employee benefits include:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Salary expenses	(9 246)	(1 727)
Social security expenses	(896)	(144)
Employee benefit expenses, capitalized in development for internally developed intangible assets	564	-
<b>Employee benefits expense</b>	<b>(9 578)</b>	<b>(1 871)</b>

##### 17.2. Pension and other employee obligations

The liabilities for pension and other employee obligations recognised in the statement of financial position consist of the following amounts:

	31.12.2024 BGN'000	31.12.2023 BGN'000
<b>Non-current:</b>		
Compensations in compliance with Labour Code	627	60
<b>Non-current pension and other employee obligations</b>	<b>627</b>	<b>60</b>
<b>Current:</b>		
Payroll obligations	2 657	-
Social security obligations	489	30
Accrued holiday entitlement	1 316	84
<b>Current pension and other employee obligations</b>	<b>4 462</b>	<b>114</b>

The current portion of these liabilities represents the Company's obligations to its current employees that are expected to be settled during 2024. Other short-term employee obligations arise mainly from accrued holiday entitlement at the end of reporting date. As none of the employees has the right for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

In accordance with the requirements upon termination of the employment relationship under Article 222, paragraph 2 and paragraph 3 of the Labour Code, the employee shall have the right to:

\* sickness benefit in the amount of his gross wage for a period of 2 months, if he has at least five years of service and has not received compensation on the same grounds in the last 5 years.

\* compensation, after acquiring the right to a pension for length of service and old age, irrespective of the reason for termination - in the amount of his gross salary for a period of 2 months, and if he worked with the same employer during the last 10 years of his work experience - compensation in the amount of his gross salary for a period of 6 months.



**18. Borrowings**  
**18.1. Borrowings at amortized cost**

	Current		Non-current	
	31.12.2024 BGN'000	31.12.2023 BGN'000	31.12.2024 BGN'000	31.12.2023 BGN'000
Financial liabilities measured at amortized cost:				
Bank loans	224	-	6 009	-
Interest on bank loans	15	-	-	-
<b>Total carrying amounts</b>	<b>239</b>	<b>-</b>	<b>6 009</b>	<b>-</b>

Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation at 31.12.2024 (BGN)	Date of contract	Interest rate	Maturity date	Pledges
“Unicredit BulBank” AD	Overdraft	BGN	6 000 000	-	12.12.2024	The applicable variable interest rate for the relevant interest period and a SUPPLEMENT for regular debt to the Interest Rate Index in the amount of 2.0% (two percent). The annual interest rate cannot be lower than 2.12%.	12.12.2027	Pledge of receivables
United Bulgarian Bank AD	Bank credit	BGN	9 400 000	6 233 333,87	09.10.2024	Variable interest rate in the amount of the short-term interest rate of UBB /SIP/ for the period of validity of the contract plus 2.9 /two point and nine tenths/ points surcharge per annum, but not less than 2.9% /two point and nine tenths/ per annum.	09.10.2032	Pledge of receivables, pledge of commercial enterprises, pledge of property
United Bulgarian Bank AD	Overdraft	BGN	8 000 000	-	10.10.2024	Variable interest rate in the amount of the short-term interest rate of UBB /SIP/ for the period of validity of the contract plus 2.3 /two point and three tenths/ points surcharge per annum, but not less than 2.3% /two point and three tenths/ per annum.	10.10.2026	Pledge of receivables

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



## 19. Lease liabilities

	31.12.2024 BGN'000	31.12.2023 BGN'000
Lease liabilities – non-current portion	515	192
Lease liabilities – current portion	322	53
<b>Lease liabilities</b>	<b>837</b>	<b>245</b>

Future minimum lease payments at 31 December were as follows:

	Minimum lease payments due					Total хил. лв.
	Within 1 year BGN'000	1-2 years хил. лв.	2-3 years хил. лв.	3-4 years хил. лв.	4-5 years хил. лв.	
<b>31 December 2024</b>						
Lease payments	340	237	192	88	5	862
Finance charges	(12)	(7)	(4)	(2)	-	(25)
<b>Net present values</b>	<b>328</b>	<b>230</b>	<b>188</b>	<b>86</b>	<b>5</b>	<b>837</b>
<b>31 December 2023</b>						
Lease payments	60	99	37	34	31	261
Finance charges	(7)	(5)	(3)	(1)	-	(16)
<b>Net present values</b>	<b>53</b>	<b>94</b>	<b>34</b>	<b>33</b>	<b>31</b>	<b>245</b>

Interest expense on leases included in the finance costs for the period ended 31 December 2024 was BGN 9 thousand (31.12.2023: BGN 5 thousand).

Total cash outflow for leases for the period ended 31 December 2024 was BGN 119 thousand (31.12.2023: BGN 75 thousand).

## 20. Trade and other payables

	31.12.2024 BGN'000	31.12.2023 BGN'000
<b>Non-current:</b>		
Trade payables	9 073	116
Financial liabilities	9 073	116
Tax payables	761	69
Deferred income	77	-
Other liabilities	3 313	-
Non-financial liabilities	4 151	69
<b>Current trade and other payables</b>	<b>13 224</b>	<b>185</b>

The carrying values of current trade and other payables are considered to be a reasonable approximation of fair value.

## 21. Contract liabilities

	31.12.2024 BGN'000	31.12.2023 BGN'000
Contract liabilities – advances received for delivery of IT services	2 240	-
<b>Total contract liabilities</b>	<b>2 240</b>	<b>-</b>



## 22. Revenues from sales

### 22.1. Revenues recognized over time

The Company presents revenues from the sale of goods and services at a point in time and over time in the following product lines and geographical regions:

31.12.2024	Sale of IT equipment				Rendering of services				Total BGN'000
	Bulgaria BGN'000	Europe BGN'000	USA BGN'000	Others BGN'000	Bulgaria BGN'000	Europe BGN'000	USA BGN'000	Others BGN'000	
Revenue from contracts with customers	14 456	38	-	1 491	7 726	4 197	2 118	786	30 812
Revenue recognition									
As a point in time	14 456	38	-	1 491	-	-	-	-	15 985
Over time	-	-	-	-	7 726	4 197	2 118	786	14 827
31.12.2023	Sale of IT equipment				Rendering of services				Total BGN'000
	Bulgaria BGN'000	Europe BGN'000	USA BGN'000	Others BGN'000	Bulgaria BGN'000	Europe BGN'000	USA BGN'000	Others BGN'000	
Revenue from contracts with customers	-	-	-	-	2 983	-	-	-	2 983
Revenue recognition									
As a point in time	-	-	-	-	-	-	-	-	-
Over time	-	-	-	-	2 983	-	-	-	2 983

Revenues from sales by product line includes:

Product lines	31.12.2024 BGN'000	31.12.2023 BGN'000
Sale of IT equipment	15 985	-
Software services	9 490	-
Administrative and accounting services	2 529	2 877
Subscriptions	1 211	-
Support	747	-
Consulting services	656	2
Hosting	52	-
Cloud services	9	-
Others	133	104
	<b>30 812</b>	<b>2 983</b>

## 23. Other income

	31.12.2024 BGN'000	31.12.2023 BGN'000
Investment property rental income	579	688
Interest income	6	13
Gain on sale of non-current assets	2	2
Revenue from financing	3	-
Other revenues	1 277	33
	<b>1 867</b>	<b>736</b>

Interest income relates to loans granted to related parties.





## 24. Cost of materials

	31.12.2024 BGN'000	31.12.2023 BGN'000
Inventory	(52)	(34)
Electricity	(47)	(45)
Advertising materials	(39)	(5)
Heating	(13)	(11)
Office repair and maintenance materials	(13)	(4)
Hygienic materials	(12)	(9)
Office supplies	(8)	(4)
Computer components	(4)	(1)
Water	(2)	(4)
Others	(23)	(21)
	<b>(213)</b>	<b>(138)</b>

## 25. Hired services expenses

	31.12.2024 BGN'000	31.12.2023 BGN'000
Software services	(1 605)	(19)
Consultancy services	(595)	(249)
Sub - contracted operations as part of projects	(247)	-
Subscriptions	(191)	(50)
Seminars and training	(172)	(80)
Advertising	(117)	(45)
Audit	(97)	(70)
Rents on short-term contracts	(91)	-
Commissions and fees	(74)	(13)
Office maintenance and repair	(67)	(48)
Hosting	(59)	-
Intermediary services	(51)	-
Cleaning	(39)	(19)
Internet	(36)	(27)
Mobile phones	(33)	(12)
Security	(30)	(19)
Insurance	(29)	(18)
Notary taxes	(20)	(2)
Courier, transport	(18)	(1)
Staff recruitment	(15)	-
Cars maintenance and repair	(12)	(11)
Software license rental	(9)	-
Parking	(6)	(1)
Civil contracts	-	(1)
Others	(3)	-
	<b>(3 616)</b>	<b>(685)</b>

## 26. Other expenses

	31.12.2024 BGN'000	31.12.2023 BGN'000
Social expenses	(121)	(17)
Business trips	(113)	(4)
Entertainment expenses	(105)	(78)
Local taxes and fees	(92)	(93)
Impairment of receivables	(76)	-
Taxes on expenses	(17)	(9)
Expenses without documents and unrelated to the activity	(17)	(5)
Receivables written off	(6)	(14)
Penalties under commercial contracts	(2)	(1)
Donations	-	(1)
Others	(2)	-
	<b>(551)</b>	<b>(222)</b>



## 27. Finance costs and finance income

	31.12.2024 BGN'000	31.12.2023 BGN'000
Borrowings at amortized cost	(40)	(92)
Interest expense for deposits	(13)	(12)
Interest expense for finance lease agreements	(9)	(5)
Impairment of investments	-	(44)
<b>Total interest expenses for financial liabilities not at fair value through profit or loss</b>	<b>(18)</b>	<b>(103)</b>
Bank fees and commissions	(73)	(33)
Loss on foreign currency financial liabilities	(60)	(4)
Interest expense on defined benefit obligation	(15)	(1)
<b>Finance costs</b>	<b>(210)</b>	<b>(191)</b>

	31.12.2024 BGN'000	31.12.2023 BGN'000
Income from foreign exchange operations	320	-
Interest income on financial assets carried at amortized cost	7	6
Income from operations with financial assets	2	-
<b>Finance income</b>	<b>329</b>	<b>6</b>

## 28. (Expenses) for income taxes

The relationship between the expected tax expense based on the applicable tax rate in Bulgaria of 10 % (2023: 10 %) and the reported tax expense actually in profit or loss can be reconciled as follows:

	31.12.2024 BGN'000	31.12.2023 BGN'000
Profit before tax	3 654	1 509
Tax rate	10%	10%
Expected tax expense	<b>(365)</b>	<b>(151)</b>
Tax effect of:		
Adjustments for non-deductible expenses		
Increase of the financial result for tax purposes	(129)	(68)
Decrease of the financial result for tax purposes	494	217
Current tax expense	<b>-</b>	<b>(2)</b>
Deferred tax expense:		
Origination and reversal of temporary differences	(128)	1
Deduction of unrecognized tax losses	(100)	-
<b>Income tax expense</b>	<b>(228)</b>	<b>(1)</b>

## 29. Earnings per share

Basic earnings per share has been calculated using the profit attributed to shareholders of the Company as the numerator.

The weighted average number of outstanding shares used for basic earnings per share as well as net profit, attributable to shareholders are as follows:

	31.12.2024	31.12.2023
Profit attributable to the shareholders (BGN)	3 425 601	1 508 408
Weighted average number of outstanding shares	57 235 003	57 883 926
<b>Basic earnings per share (BGN per share)</b>	<b>0,0599</b>	<b>0,0261</b>



### 30. 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.

#### 30.1. Transactions with subsidiaries

	31.12.2024 BGN'000	31.12.2023 BGN'000
Purchases of goods and services		
Purchases of services:		
- Software services	(874)	(19)
- Internet	(34)	(27)
- Consulting services	(20)	(20)
- Seminars and training	-	(1)
- Subscriptions	(55)	(27)
- Hosting	(17)	-
- Intermediary services	(24)	-
Purchases of goods:		
- Office supplies	(1)	(3)
- Inventory	-	(3)
- Computer components	-	(1)
Purchases of LTFA	(9)	(37)
Sales of goods and services		
Sales of services		
- Administrative, accounting services	2 525	2 686
- Rent	433	542
- Consulting services	6	-
- Technical Support	765	-
- Marketing and Advertising	5	10
- Subscriptions	9	-
Sales of goods:		
- Consumables	71	88
- Computer components	37	-
Dividends received	3 297	13 622
- Received deposits	(590)	(514)
- Deposits received refunded	(660)	(700)
- Loans given	649	76
- Refunded loans given	3 297	13 622
- Interest on received loans	(14)	(12)
- Interest on loans given	6	13

#### 30.2. Transactions with other related parties

	31.12.2024 BGN'000	31.12.2023 BGN'000
Sale of services		
- Administrative, accounting services	1	197
- Rent	8	9
- Technical Support	-	5
- Consulting services	-	2
- Interest on loans given	-	5



### 30.3. Transactions with key management personnel

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

	31.12.2024 BGN'000	31.12.2023 BGN'000
Short-term employee benefits:		
Salaries including bonuses	(376)	(349)
Social security costs	(6)	(5)
<b>Total remunerations</b>	<b>(382)</b>	<b>(354)</b>

The company has paid dividends to key management personnel as of 31.12.2024 in the amount of BGN 655 thousand (31.12.2023 - BGN 1 177 thousand).

### 31. Related party balances at the end of the period

	31.12.2024 BGN'000	31.12.2023 BGN'000
<b>Non-current</b>		
<b>Receivables from:</b>		
- subsidiaries including	354	-
- receivables from joint ventures	354	-
- other related parties under common control:	271	295
- loans	295	295
- impairment of loans	(24)	-
<b>Total non-current receivables from related parties</b>	<b>625</b>	<b>295</b>
<b>Current</b>		
<b>Receivables from:</b>		
- subsidiaries:	3 316	1 819
- trade and other receivables	4 022	887
- impairment of trade receivables	(912)	(28)
- dividends	118	-
- loans	84	948
- interests	4	12
- other related parties under common control	16	10
- trade and other receivables	16	6
- impairment of trade receivables	-	(2)
- interests	-	6
<b>Total current receivables from related parties</b>	<b>3 332</b>	<b>1 829</b>
<b>Total receivables from related parties</b>	<b>3 957</b>	<b>2 124</b>
<b>Non-current</b>		
<b>Payables to:</b>		
- subsidiaries:	3 699	16 148
- deposits	3 699	16 148
<b>Total non-current payables to related parties</b>	<b>3 699</b>	<b>16 148</b>
<b>Current</b>		
<b>Payables to:</b>		
- subsidiaries:	338	46
- trade and other liabilities	336	34
- interests	2	12
- other related parties under common control	99	243
- dividends	99	243
- key management personnel	7	7
<b>Total current payables to related parties</b>	<b>444</b>	<b>296</b>
<b>Total payables to related parties</b>	<b>4 143</b>	<b>16 444</b>

As at 31.12.2024 the Company reports the following given loans:

- to one related company under common control in the amount of BGN 295 thousand with maturity on 31.12.2025.

Interest rate is 2%. There are no collaterals for the loans.

The non-current payables as of 31.12.2024 in the amount of BGN 3 699 thousand are in relation with deposits received from one subsidiary with a maturity date of 31.12.2026 and interest in the amount of 0.1%.

The Company's current payables as of 31.12.2024 in the amount of BGN 444 thousand are related to commercial transactions and dividends. A simplified approach for determining the expected credit losses at the end of the period has been applied to all receivables from related parties of the Company.



### 32. Contingent assets and contingent liabilities

There are no contingent liabilities relating to subsidiaries and associates of the Company, except for:

The Company is a guarantor for loans granted to related parties as follows:

Recipient of loan	Bank	Type of loan	Currency	Total amount of credit (in BGN)	Outstanding obligation to 30.09.2024 (in BGN)	Date of contract	Interest rate	Maturity date	Pledges
EngView Systems AD	Unicredit BulBank AD	Overdraft	BGN	1 000 000	-	15.12.2020	The applicable variable interest rate for the relevant interest period +2 points, but not less than 2.08%	15.12.2026	Pledge of receivables



## Litigations

No claims were brought against the Company.

### 33. Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

<b>Financial assets</b>	<b>31.12.2024</b> <b>BGN'000</b>	<b>31.12.2023</b> <b>BGN'000</b>
Trade and other receivables	10 176	158
Related party receivables	3 957	2 124
Cash and cash equivalents	9 957	1 131
	<b>24 090</b>	<b>3 413</b>
<b>Financial liabilities</b>	<b>31.12.2024</b> <b>BGN'000</b>	<b>31.12.2023</b> <b>BGN'000</b>
Financial liabilities measured at amortized cost		
Loans:	6 248	-
<i>non-current</i>	6 009	-
<i>current</i>	239	-
Lease liabilities:	837	245
<i>non-current</i>	515	192
<i>current</i>	322	53
Trade and other payables	9 073	116
Related party payables:	4 143	16 444
<i>non-current</i>	3 699	16 148
<i>current</i>	444	296
	<b>20 301</b>	<b>16 805</b>

See note 4.16 about information related to the accounting policy for each category financial instruments. Description of the risk management objectives and policies of the Company related to the financial instruments is presented in note 34.

### 34. Financial instrument risk

#### Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 33. The main types of risks are market risk, credit risk and liquidity risk.

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

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

The interim separate financial statements do not include all information on risk management and disclosures required in the preparation of annual financial statements and should be read in conjunction with the annual financial statements of the Company as of 31 December 2023. The objectives and policies of the Company for capital management, credit and liquidity risk are described in the last annual financial statement. There were no changes in the risk management policy for financial instruments during the period.

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



### **34.1. Market risk analysis**

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

As the economic consequences of the war in Ukraine unfolded, strong inflationary pressures arose, but they weaken and annual inflation for the period December 2024 compared to December 2023, as measured by National Statistical Institute with the Harmonized Index of Consumer Prices (HICP) fell to 2,2%.

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

#### **34.1.1. Foreign currency risk**

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

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

#### **34.1.2. Interest rate risk**

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates.

At 31 December 2024, the Company is not exposed to a significant risk of changes in market interest rates on the company's overdraft. All other financial assets and liabilities of the Company have fixed interest rates.

### **34.2. Credit risk**

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

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

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

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



### **34.3. Liquidity risk**

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

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

#### **Financial assets used for managing liquidity risk**

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

### **35. Capital management policies and procedures**

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk.

The Company monitors capital on the basis of the correlation between adjusted capital and net debt.

Net debt comprises of total liabilities, incl. total borrowings, trade and other payables less the carrying amount of cash and cash equivalents.

Company's goal is to maintain a capital-to-net debt ratio within reasonable limits.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the presented periods and in the description of what the Company manages as capital.

### **36. Post-reporting date events**

#### **Acquisition of a separate part of the enterprise "Duo Soft" EOOD**

On 15 January 2025, a contract was signed by “Sirma Group Holding” JSC for the acquisition of a separate part of the commercial enterprise with the company “Duo Soft” EOOD, UIC 130235197, entitled "Software developments in the field of academic recognition" as an independent set of rights, obligations and factual relationships created during the implementation of its previous commercial activity according to the accounting balance sheet at the time of the transfer of the separate part, for a price of BGN 287 000 (two hundred eighty-seven thousand).

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

