



# **Annual Consolidated Management Report**

of "Sirma Group Holding" JSC  
for 2024

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# 1 STATEMENT BY THE BOARD OF DIRECTORS OF “SIRMA GROUP HOLDING” JSC

The present annual consolidated management report of “Sirma Group Holding” JSC covers the year, ending on 31 December 2024 and was prepared in accordance with the provisions of Article 39 of the Accountancy Law and Art. 100o, para. 2 and 5 of the the Public Offering of Securities Act (POSA), including also the established events, occurring after the balance sheet date. The structure of this report is in accordance with Appendix 9, 10 and Appendix 11 to Article 32a (2) of Ordinance No. 2 of the Financial Supervision Commission (FSC).

The board of directors of the holding confirms that:

- there were no irregularities in which managers or employees were involved, which may be material to the consolidated financial statements;
- all material transactions are duly accounted for and reflected in the annual consolidated financial statements as at 31 December 2024;
- there is no actual or potential breach of laws and (or) other regulatory provisions which would have a material impact on the consolidated financial statements or could serve as a basis for reporting contingent loss;
- there are no legal or other restrictions on the flow of funds;
- there are no known trends, requests, commitments, events or occasional circumstances for which there is reason to expect that they may affect the company as a whole.

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

This report includes IT industry statistics and global economic trends which come from information published by

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

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

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

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

All financial and non-financial data and information for the reporting period is collected and / or reported by the responsible business units.

The reporting period is the financial year ending on 31.12.2024. The report includes Sirma Group Holding JSC and all subsidiary companies of the group without EngView Systems Latin America and Sirma ISG, which are excluded from consolidation due to lack of relevance.

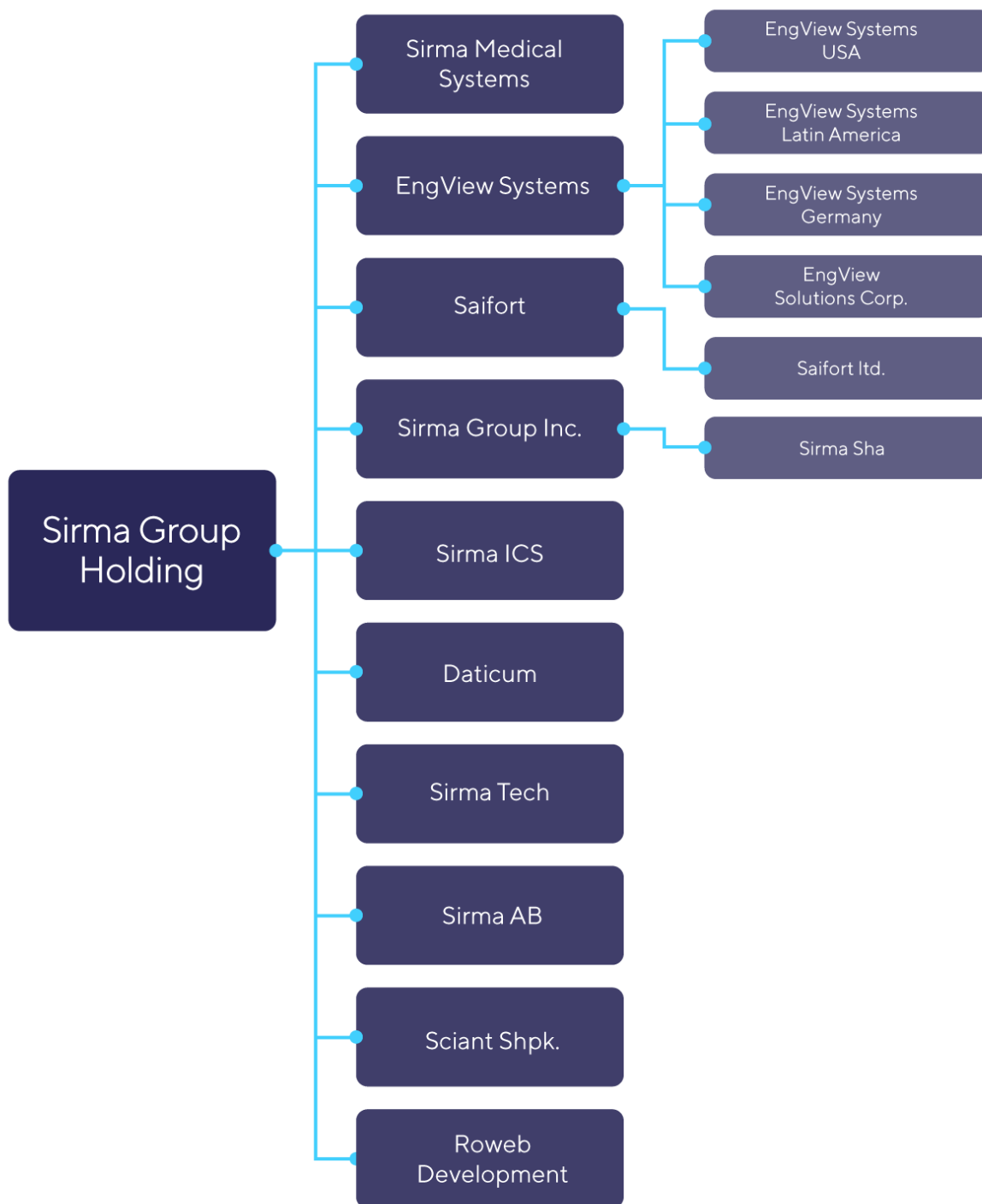
## 2 ORGANIZATION AND WAY OF PRESENTATION

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

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

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

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



## History and development of the parent company

"Sirma Group Holding" JSC is a holding company registered on 25.04.2008 at the Registry Agency with UIC 200101236, LEI: 8945007AD80FTJTEGH37, with head office: BULGARIA, Sofia (capital), Sofia municipality, City Sofia 1784, Mladost area, bul. Tsarigradsko Shose, No 135. The name of the company changed on 23.03.2009 from "SGH" JSC to "Sirma Group Holding" JSC. The company is not limited by the term of existence.

## Changes in the statement of activity

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

On 23.03.2009 „Sirma Group Holding“ JSC changed its scope of activity as follows: Acquisition, management, evaluation

The object of the company is: acquisitions, management, evaluation and sale of participation in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, cession of licenses to use patents of companies which the company owns, financing of companies in which the company participates, organization of accounting and compiling financial statements under the law of accounting. The company may also carry out its own commercial activity, which is not prohibited by law.

and sale of participations in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, surrender of licenses for use of patents of companies in which the holding company participates, financing of the companies in which the holding company participates, organization of the accounting and preparation of financial statements under the order of the Law for Accounting. The company may also carry out its own commercial activity, which is not prohibited by law.

## CAPITAL

The share capital of the company amounts to 59 360 518 BGN, divided into 59 360 518 dematerialized shares with nominal value of BGN 1.

### History of Share Capital

History of changes in share capital

- The company was incorporated with BGN 50,000 of capital.

On 15.10.2008, after the adoption of three triple expert appraisals of experts, the share capital was increased from BGN 50,000 to BGN 77,252,478 through non-cash contributions and issuance of new 77,202,478 shares. Non-cash contributions are as follows:

- 1) 29 software modules worth 61,555,838 BGN;
- 2) Non-monetary contribution representing real estate amounting to 3 911 660 BGN:

- Office building - offices, floor 3th and floor 5th of an office building, located in Sofia, 135 Tsarigradsko shose

Blvd., owned by "Sirma Group" AD, a company registered in the Commercial Register at the Registry Agency UIC 040529004, with headquarters and address of management in Sofia, Mladost district, 135 Tsarigradsko shose Blvd., accepted as shareholder in "SGH" AD by decision of the General Meeting of "SGH" JSC from 10.07.2008

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

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

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

During the transformation, entered in the Commercial Register on 23.10.2014, the Company's capital is reduced to 49 837 156 through the cancellation of 23 503 662 shares.

This decrease is a result of the estimated fair value of the shares of Sirma Group Holding JSC by three independent appraisers. The shareholder structure of the Company does not change as the shareholder structures of the transforming and that of the newly established companies are mirrored.

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

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

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

### 3 STRUCTURE OF SHARE CAPITAL AND MANAGEMENT AUTHORITIES

#### 3.1. Capital structure

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

	31.12.2024		31.12.2023	
Share capital (in thousand shares)	59 361		59 361	
Number of shares (par value of 1 BGN)	59 360 518		59 360 518	
Total number of registered shareholders	1 160		1 039	
Including legal entities	43		39	
Including Individuals	1 117		1 000	
Number of shares held by legal entities	7 214 055		7 223 085	
% of capital of legal entities	12,15%		12,17%	
Number of shares held by individuals	52 146 463		52 137 433	
% of capital held by individuals	87,85%		87,83%	

Shareholders	Number of shares at 31.12.2024	Number of shares at 31.12.2023	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% of voting rights*
Georgi Parvanov Marinov	5 461 898	5 455 748	1	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	5 035 153	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	1 282 900	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	1 689 786	1 813 355	1	1 689 786	2,85%	0,00%
Atanas Kostadinov Kiryakov	1 555 287	1 542 787	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	872 803	1	803 538	1,35%	1,39%
UPF DSK Rodina	747 036	747 036	1	747 036	1,26%	1,30%
DF Advance Invest	738 822	1 099 116	1	738 822	1,24%	1,28%
UPF Doverie JSC	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	510 764	1	618 153	1,04%	1,07%
Others	13 526 544	13 595 755	1	13 526 544	22,79%	23,45%
<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.

As of 31.12.2024 the total amount of repurchased own shares by "Sirma Group Holding" JSC is 1 689 236 shares with nominal value amount of BGN 1 689 236 (2,85 % of share capital). The other companies of the Group that own shares of "Sirma Group Holding" JSC are:

- "Saifort" EAD ("SAI" EAD) owns 550 shares of the parent company "Sirma Group Holding" JSC. The company has no newly acquired shares during the reporting period.



**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 31.12.2023	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 455 748	9,19%	9,48%
Tsvetan Borisov Alexiev	5 035 153	8,48%	8,75%
Chavdar Velizarov Dimitrov	4 817 386	8,12%	8,37%
Veselin Antchev Kirov	4 767 386	8,03%	8,28%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,50%
Ivo Petrov Petrov*	3 400 000	5,73%	5,91%

*\*As of 26.01.2024, the shareholder Ivo Petrov Petrov no longer owns more than 5% of the shares of "Sirma Group Holding" JSC*

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

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

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

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

**3.2 Management authorities**

"Sirma Group Holding" JSC has a one-tier management system - 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



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

The current mandate of the Board of Directors: 05.07.2026

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

## Competencies of the management

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

## Stock options of the company

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

## Rights of the members of the BD to acquire shares and bonds of the company

The rights of the members of the BD to acquire shares in the company are regulated in the legal framework. The company does not have a bond issue.

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

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

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2024.
2. Does not own more than 25% of the capital of other companies in 2024.
3. Procurator/manager/member of a managing/supervisory body in 2024:
  - Executive director and Chairman of the BD of "Engview Systems Sofia" JSC;
  - Executive director and Member of the BD of "Pirina Technologies" JSC;

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2024.
2. Does not own more than 25% of the capital of other companies in 2024.
3. Procurator/manager/member of a managing/supervisory body in 2024:
  - Member of the BD of „Sirma Medical Systems“ JSC;

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years..
2. Does not own more than 25% of the capital of other companies in 2024.
3. Procurator/manager/member of a managing/supervisory body in 2024:
  - Executive director and Chairman of the BD of "Sirma Solutions" EAD;
  - Member of the BD of „Daticum“ JSC;
  - Member of the BD of "Engview Systems" JSC;
  - Member of the BD of „Sirma“ Sha., Albania.
  - Member of the BD of Sirma Group Inc.;

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies.
2. Does not own more than 25% of the capital of other companies in 2024.

3. Procurator/manager/member of a managing/supervisory body in 2024:
  - Executive director and Member of the BD of "Ontotext" JSC;
  - Member of the BD of "Engview Systems Sofia" JSC;

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2024.
2. Owns more than 25% of the capital of:
  - "Susana and Vesko – SV" OOD – 75 %.
3. Procurator/manager/member of a managing/supervisory body in 2024:
  - Member of the BD of MAC „Bushido“;
  - Trustee of the foundation „Alexander“;
  - Member of the BD of SC Hanshi Association;

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2024.
3. Does not participate in managing other legal entities in 2024.

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of other company in 2024:
  - "Djonev Consulting" EOOD – 100%.
3. Representing "Educational Transformation Foundation"

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Owns more than 25% of the capital of the following companies:
  - "Sortis Invest" EOOD
  - "Sortis Group" EOOD
  - "Analog 2009" EOOD
  - "Petlite" EOOD
3. Procurator/manager/member of a managing/supervisory body in 2024:
  - SORTIS INVEST EOOD – Manager
  - SORTIS GROUP EOOD – Manager
  - SORTIS VENTURES EOOD – Manager
  - SORTIS REAL ESTATE EOOD – Manager
  - SORTIS.BG EOOD – Manager
  - SORTIS Hospitality OOD – Manager
  - BPH Bulgaria 2 EOOD – Manager
  - BPH Bulgaria 3 EOOD – Manager

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

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in the last 5 years.
2. Does not own more than 25% of the capital of other companies in 2024.
3. Does not participate in managing other legal entities.

## Committees in The Company

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

1. **The Investment, Risk and Sustainability Committee , composed of:**  
*Yordan Nedev – chairman*  
*Tsvetan Alexiev – member (until 20.03.2024)*  
*Stanislav Tanushev - member (after 20.03.2024)*  
*Georgi Marinov – member*
2. **Remuneration Committee, composed of:**  
*Georgi Marinov – chairman*  
*Martin Paev – member*  
*Yordan Nedev – member*
3. **Information Disclosure Committee, composed of:**  
*Tsvetan Alexiev – chairman*  
*Stanislav Tanushev – member*  
*Chavdar Dimitrov – member*  
*Atanas Kiryakov - member*
4. **Audit Committee, composed of:**  
*Angel Petrov Kraychev - chairman*  
*Alexander Todorov Kolev - member*  
*Veselin Anchev Kirov – member*

## Accepted internal normative documents

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

System of Corporate Governance	Description	Adoption	Latest review	Application
Dividend Policy	Policy for the distribution of dividends of the public company		29.09.2022	SGH
Rules for the operation of the Board of Directors	Instructions and clarifications on the duties and responsibilities of the members of the Board of Directors		2015	All subsidiaries
Remuneration Policy	Remuneration policy for the members of the Board of Directors	2015	03.08.2021	SGH
Instruction for the obligations and responsibilities of insiders	Instructions and clarifications on duties and responsibilities when accessing and working with inside information.	2015	2021	All subsidiaries
Program for good corporate governance	A system of rules that protects the interests of shareholders and other stakeholders	2015	2021	All subsidiaries
Accounting Policy	Policy which governs the accounting and control in the companies	2015	30.06.2023	All subsidiaries
Code of conduct for the financial and accounting positions	A code that guarantees the transparent and reliable preparation of financial accounting documents		2015	All subsidiaries
Anti-corruption Policy	Policy against all corruption practices and related phenomena		2015	All subsidiaries
Rules for the protection of whistleblowers	Internal Rules for Submitting Signals and Protection of Persons Submitting Signals or Publicly Disclosing Information for Violations – "Whistleblowers"		04.05.2023	All subsidiaries
Ethical code of conduct for employees	The Code establishes the norms for ethical behavior of employees at Sirma Group Holding		2020	All subsidiaries
Data protection Policy	Privacy and data protection policy for the clients of Sirma		2021	All subsidiaries
Sustainability Policy	Policy for the sustainable function and development of the companies in Sirma	2021	30.09.2023	All subsidiaries
Human rights policy	Policy, which determines attitude to human rights in Sirma	2023	25.03.2024	All subsidiaries
CSR in procurement policy	A policy that integrates CSR into Sirma's procurement practice	2023	25.03.2024	All subsidiaries

All documents are publicly available on the company's website:  
<https://investors.sirma.com/investors/corporate-governance.html>

**The participation of members of the board of directors in the capital of the company is as follows:**

Shareholders	Number of shares at 31.12.2024	Number of shares at 31.12.2023	Nominal value (BGN)	Value (BGN)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 461 898	5 455 748	1	5 461 898	9,20%	9,47%
Tsvetan Borisov Alexiev	5 025 153	5 035 153	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	1 542 787	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>22 841 659</b>		<b>22 825 609</b>	<b>38,45%</b>	<b>39,58%</b>

During 2024 the member of the BD Georgi Parvanov Marinov acquired 6 150 shares, the member of the BD Atanas Kostadinov Kiryakov acquired 12 500 shares, the member of the BD Yavor Ludmilov Djonev sold 24 700 shares and the member of the BD Tsvetan Borisov Alexiev sold 10 000 shares of the capital of the company.

**Remuneration of the key management personnel of the Group**

	2024 BGN'000	2023 BGN'000
Short-term employee benefits:		
Salaries including bonuses	1 100	1 296
Social security costs	48	44
Total short-term employee benefits	<b>1 148</b>	<b>1 340</b>
Dividends	655	1 177
<b>Total remunerations</b>	<b>1 148</b>	<b>1 340</b>

**Information on the contracts of the members of the administrative, management or supervisory bodies with the company providing severance pay**

In the contracts of the members of the board of directors, both with the Company itself and with subsidiaries of the Company, where such contracts are available to them, no benefits have been provided upon termination of their contracts.

**Information on the company's audit committee or remuneration committee, including the names of the members of the committee and a mandate summary by which the committee functions**

At the Annual General Meeting of the Shareholders of the Company held on 24.06.2022 was decided to relieve the member of the Audit Committee Emiliyat Ivanov Petrov from his position and elected Veselin Anchev Kirov as a member of the Audit Committee. The mandate of the Audit Committee was continued with 3 (three) years at the current remuneration. The Audit Committee consisting of:

*Angel Petrov Kraychev - chairman*  
*Alexander Todorov Kolev - member*  
*Veselin Anchev Kirov – member*

**Statement on whether the company complies or does not to the regime for corporate governance**

In view of the fact that "Sirma Group Holding" JSC is entered in the Register under Art. 30, para. 1, item 3 of FSCA, kept by FSC, the Company has implemented a Program prepared in accordance with internationally recognized standards for good corporate governance. In accordance with the provision of Art. 100n, para. 4, item 3 of POSA, the financial statements of Sirma Group Holding JSC comply with its Program for the application of internationally recognized standards for good corporate governance and maintains its accounting policy in accordance with International Accounting Standards.

## 4 FUNCTIONING OF THE GROUP

The economic group of "Sirma Group Holding" JSC includes the parent company and its subsidiaries and associates - all of them operating in the IT sector. The Group functions as a typical holding structure with the organization, coordination and subordination of the companies characteristic of a similar structure. Group companies have a common strategic framework, corporate values, financial and accounting policies, a vision of good corporate governance and staff policy.

### Subsidiaries of "Sirma Group Holding" JSC

Name of the subsidiary	Country of incorporation and principal place of business	Main activities	Segment	31.12.2024 share	31.12.2023 share
Saifort EAD (SAI EAD)	Bulgaria	Software services	System Integration	100%	100%
Saifort Ltd.	Israel	Software services	System Integration	70%	70%
Roweb Development	Romania	Software services	IT Services	51%	-
Sirma Group Inc.	USA	Software services	IT Services, Others	100%	100%
Sirma Tech (S&G Technology Services)	UK	Software services	Financial Industry	100%	51%
Daticum AD	Bulgaria	Software services	System Integration	59%	59%
'Sirma AB"	Sweden	Software services	IT Services	100%	100%
"Sirma ICS" AD	Bulgaria	Software services	Others	93%	93%
Sciant Shpk (ReSolutions Shpk)	Albania	Software services	Hospitality, Others	100%	100%
"Sirma Medical Systems" AD	Bulgaria	Software services	Others	66%	66%
"EngView Systems" AD	Bulgaria	Software package development	Production	72,90%	72,90%
EngView Systems GmbH	Germany	Software package development	Production	72,90%	72,90%
EngView USA	USA	Software package development	Production	72,90%	72,90%
EngView Systems Latin America	Brazil	Software package development	Production	69,26%	69,26%
Engview Solutions Corp.	Canada	Software package development	Production	69,26%	69,26%
"Sirma ISG" OOD	Bulgaria	Software services	Others	71%	71%
„Sirma Solutions" EAD	Bulgaria	Software services	IT Services, System Integration	-	100%
"Sciant" EAD	Bulgaria	Software services	Hospitality, Others	-	100%
„Sirma InsurTech" EAD	Bulgaria	Software services	Others	-	55%
„Sirma CI" EAD	Bulgaria	Software services	IT Services	-	80%

### Information about participations

Apart from the Company's stated participations in item 4 above, there are no other participations of the Company that are likely to have a significant effect on the valuation of its own assets and liabilities, financial position or profits or losses.

The Company has no branches.

## 5 SIRMA GROUP IN 2024

### 5.1 THE BUSINESS

Established in 1992, Sirma has become one of the largest IT companies in the region for 27 years, owning a range of proprietary, innovative technologies, a diverse product portfolio and growing market share in Europe and North America.

Sirma owns software solutions for a wide range of businesses with a focus on the development of cognitive technologies (AI). The Group has diversified market exposure exclusively to the private sector with a stable customer portfolio. Sirma's services and solutions are concentrated in the most promising and high-tech areas - financial technologies, transport and logistics, hospitality and retail, industrial software, healthcare technologies. The group has a large sales and marketing capacity, actively uses cross-selling strategies and modern marketing mechanisms. Sirma has offices in Bulgaria, USA, UK, Canada, Germany, Sweden, Albania, Brazil and regional representatives and/or distributors in over 50 countries.

Sirma is a globally recognized company in areas such as financial technology, transportation and logistics, hospitality, healthcare technology and some classes of industrial technology. One of Sirma's products - EngView Package Designer Suite CAD is part of the packaging design and production solutions of world leaders in the printing industry. The Group is among the regional leaders of the IT market, with 60% of operators in the financial sector as clients. The Group's clients are among the world's largest logistics companies, the largest hotel chains, international banking and European institutions. One of the Group's products in the field of health care - Diabetes:M is in the Top3 global products for the fight against diabetes. Sirma has a strong presence in the US market, executing a huge number of IT consulting projects. One of the companies in the group - Daticum is a first-class regional provider of cloud services with a Class 4 Data Center, licensed for data storage by the BNB and other organizations requiring increased data security. Through one of its companies, the Group is a leader in the delivery of SaaS for insurance intermediaries. Our philosophy for our strategic technologies and solutions is that we embed a sense of human thought – perception, interpretation, prediction and decision making. AI-based technologies have been in Sirma's DNA since its inception. In 2022, Sirma sold a majority stake in one of its subsidiaries, Sirma AI, and in early 2023, its remaining stake in it. Sirma AI (now Ontotext AD) is a company founded by Sirma and working in the field of semantic technologies. The flagship product of Sirma AI is GraphDB – one of the best graph databases in the world. An undeniably successful company, Sirma AI has reached the level where in order to continue to develop successfully and compete with its strong American competitors (companies such as Neo4J, Microsoft, Amazon, Oracle, IBM) it needs very large investments, such

as Sirma can not afford. The company was valued at nearly 30M euros, which is an excellent reference for Sirma's abilities to create and develop successful businesses. In the last 2 years, Sirma's strategy has changed dramatically. The realities of business are such that it is almost impossible to develop a product business without significant investments. That's why Sirma started positioning itself as a service company with deep expertise in several strategic verticals and powerful solutions, often supported by AI technologies. The main revenue, focus, marketing and growth are concentrated in the service-related activity - software development, IT consulting, system integration, cloud services, etc. This activity generates over 90% of the group's business. Sirma also retains an investment part - its product companies such as EngView and Sirma Medical Systems. R&D and product development is done in these companies. The companies and businesses in the investment part of the Group can be subject to investments - internal and external, they can be sold to a strategic buyer, as we have already proven that we can successfully do (the sale of Sirma AI). Growth in the main - service part of the company takes place organically and through acquisitions. Here, the model is clear, understandable for investors, with a fairly clearly established dependence "investment size - growth". The investment part is more risky, but the chances of a "breakout" or a "very successful deal" are also much greater.

Sirma's mid-term goal is to reach \$100+ million in revenue and list on a major global exchange (most likely NASDAQ). Sirma's positioning at the time of listing will be:

- One of the largest Eastern European groups specializing in providing IT services
- R&D companies in several countries in South-Eastern and Eastern Europe, providing access to one of the world's most attractive IT specialist markets
- Companies, representative offices and distributors in over 50 countries around the world
- Specialization, know-how and solutions in several strategic industries
- Regional leader in a number of industries, very good global recognition, significant reference customers
- Revenues of more than 100 million dollars and attractive EBITDA
- Excellent working marketing and sales machine
- Promising investment part – product companies and businesses and companies in incubation

#### Development of the economy in Bulgaria in 2024 and forecast for the future years

GDP growth is projected to accelerate from 2.4% in 2024 to around 3% in 2025 and 2026, supported by domestic demand and exports ([Economic Forecast Bulgaria, EC, May, 2024](#)). Increasing incomes are expected to support robust growth in private consumption. Investment financed by the Recovery and Resilience Programme is expected to strengthen gross fixed capital formation, while exports are set to catch up with external demand. Inflation is projected to decline to 2.3% in 2025, before accelerating moderately in 2026 due to persistent services inflation. The fiscal deficit is projected to increase to 2.6% of GDP in 2024 and to reach 2.8% in 2025 and 2026, driven by public sector pension and wage bill

### 5.2 ECONOMIC TRENDS

#### Summary

The global economy has shown resilience in the face of numerous challenges in recent years. Forecasts are for continued growth, albeit at a more modest pace. Despite these optimistic forecasts, risks to continued growth remain high and weigh on the downside. Against this economic backdrop, the ICT industry continues to grow at a rapid pace, outpacing GDP growth by double. This growth is largely driven by global ICT giants and the preparation for AI and GenAI.



spending. Government debt is expected to grow to 24.5% of GDP by 2026.

Following the energy price shock in 2022 and weak external demand in 2023, the Bulgarian economy is poised to grow faster, supported by domestic and external demand, as well as an expansionary fiscal stance. In the first half of 2024, private consumption increased by 4.8% year-on-year on the back of strong wage growth amid a tight labor market and declining consumer price inflation. Bank lending to households strengthened in 2024 amid strong competition for market share. The expansion was mainly financed by higher domestic deposits, while banks also reduced their net foreign assets. The pace of private consumption growth is expected to slow in the second half of this year and over the next two years, amid declining wage growth and higher savings rates. Fixed capital investment performed less well in the first half of 2024, following a solid expansion in 2023, while inventory accumulation recovered after a sharp contraction last year. The implementation of the Resilience and Recovery Program is expected to support stronger investment activity by 2026. Exports have also recovered and are expected to catch up with external demand in the remainder of 2024 and beyond. Overall, GDP growth is projected to accelerate from 2.4% in 2024 to around 3% in 2025 and 2026.

From the beginning of 2024, the Bulgarian economy experienced:

- political instability;
- limited external demand;
- strong decline in exports and production;
- reduced investments;
- and continued price pressure.

What held back a more significant reduction in economic growth in 2024 was:

- expansion of domestic consumption;
- supported by a strong labor market;
- increased consumer confidence;
- decline in inflation and
- expansion of credit activity.

Despite an expected recovery in exports in 2024, some of the slowdown from 2023 has carried over into 2024. Strong domestic consumption will persist, although it will not grow at the pace of 2023. After mid-2024, a smooth recovery is expected, strengthening the demand from other European countries and thereby increasing Bulgaria's exports. A recovery of investments is also expected, and they will mainly come along the lines of utilization of European funds, including the Fund for the Recovery and Sustainability of Bulgaria.

Annual inflation ([National Institute of Statistics](#)) fell from 8.7% in June 2023 to 1.2% in September 2024. For the whole of 2023, inflation was reported at 8.6%. The decline in inflation is expected to continue in the coming years. It can be argued

that inflation in Bulgaria is under control, as in 2024 it is expected to be 2.5%, with an expected decline to 2.3% in 2025.

The **risks** to the development of the Bulgarian economy in 2024 are:

- Escalation of the war in Ukraine: low probability / strong impact;
- Postponing the implementation of investment projects and keeping the insignificant investments in the economy from the last 3 years: strong probability / strong impact;
- Continued political instability: strong probability / strong impact;
- Inflation and rising interest rates on loans: low probability / average impact;
- Recession in some of the major trading partners (Germany) and reduction of Bulgaria's exports to them: medium probability / strong impact;
- Increase in the prices of energy carriers: low probability / strong impact;
- Slow rate of utilization of funds under European program: strong probability / strong impact;
- Delayed implementation of the National Recovery Plan: strong probability / strong impact;

#### Development of the global economy in 2024 and forecast for the future years

The global economy is resilient, and the process of stabilization is ongoing. The IMF ([World Economic Outlook, October 2024, IMF](#)) forecasts that world GDP growth will be 3.3% in 2024 and will decline slightly to 3.2% in 2025 and 2026.

The global fight against inflation has been successful, and although rates still remain high in some countries, the results are good in most. After peaking in the third quarter of 2022 at 9.4%, headline inflation rates are expected to be 3.5% by the end of 2025. These levels are below the average inflation of 3.6% for the period 2000-2019. In addition, despite coordinated monetary tightening around the world, the global economy remains unexpectedly resilient. GDP growth is expected to remain stable at around 3.2% in 2024 and 2025, in spite of difficulties in some countries. Despite the above optimistic results and forecasts, the resilience of the global economy is being tested multiple times. The shocks to global supply chains since 2020 have had lasting consequences for many countries and regions. This is most visible in the divide between developed and developing economies. While the former have managed to rebuild their economies, the latter are experiencing a sustained contraction.

Despite the apparent containment of average inflation rates, with prices holding steady and even falling for some foods, service price inflation is showing resilience. This is partly a result of wages catching up with the effects of high inflation in previous years. This has also led a number of central banks to



hold off on easing their monetary anti-inflationary measures, which is putting public finances under pressure (especially in countries with high debt servicing requirements).

Similar forecasts are made by the OECD ([OECD Economic Outlook, Interim Report December 2024](#)), which expects growth in the top 20 economies to stabilize at around 3.3% in 2024-2026.

Growth prospects vary considerably across regions. GDP growth in the United States is forecast to be 2.8% in 2025, before slowing to 2.4% in 2026. In the euro area, the recovery in real household incomes, tight labour markets and lower interest rates continue to support growth. Euro area GDP growth is forecast at 1.3% in 2025 and 1.5% in 2026. Growth in Japan is expected to increase by 1.5% in 2025, but then decline to 0.6% in 2026. China is expected to continue to slow down, with GDP growth at 4.7% in 2025 and 4.4% in 2026.

According to the December 2024 OECD report, significant risks remain to future economic developments. Geopolitical tensions pose short-term risks, public debt ratios are high and medium-term growth prospects are very weak.

The forecast highlights the continuing uncertainty. The escalation of ongoing conflicts in the Middle East could disrupt energy markets and negatively impact confidence and growth. Rising trade tensions could hamper trade growth. Adverse surprises related to the growth outlook or the path of disinflation could trigger disruptive corrections in financial markets. Growth could also surprise to the upside. Improvements in consumer confidence, for example if purchasing power recovers more quickly than expected, could boost spending. Early resolution of major geopolitical conflicts could also improve sentiment and lower energy prices.

Increased geopolitical tensions risk disrupting energy markets and supply chains, potentially leading to higher inflation and a slowdown in economic activity. More broadly, these tensions have created headwinds for trade in both advanced and emerging markets, heightening uncertainty about the future course of global trade. A more fragmented, protectionist trading environment and inward-looking policies would negatively impact competition, raise prices, and hinder productivity and growth, while weighing on the potential of emerging market economies to catch up.

"Policy actions need to safeguard macroeconomic stability – through monetary easing that is carefully calibrated to ensure that inflationary pressures are contained and through fiscal policy that restores fiscal space to leave room to accommodate future spending pressures. To boost productivity and the foundations for growth, we need to improve efforts in education and skills development, lift overly restrictive restrictions on business investment, and successfully address the structural increase in labour shortages," said OECD Secretary-General Matyash Korman.

"Structural reforms are essential to lay the foundations for stronger, sustainable growth," said OECD Chief Economist Alvaro Pereira. "Labour shortages are already a challenge for firms in many countries, and aging populations will only make

this worse. Policy actions must ensure that skills evolve with the demands of labor markets and that labor force participation, especially of older workers and women, increases.

Risks to the world's economic development still remain. Such risks are:

- Risk of a greater than expected effect from monetary restrictions: low probability / medium impact
- escalation of Russia's war in Ukraine: low probability / high impact;
- potential sustainability of inflation and the related need to maintain high interest rates for a longer period: average probability / high impact ;
- stronger-than-expected contraction of the Chinese economy, deepening deflation and contraction of domestic consumption and sales problems in the Chinese property market that generate liquidity and/or risk of debt defaults: low probability / high impact ;
- deepening of the geopolitical fragmentation that began in 2022: average probability / high impact ;
- escalation of the war between Israel and Hamas to a regional conflict and/or limitation of traffic of fuel and foods through the Middle East: low probability / high impact ;
- extreme climatic events: high probability / average impact.

After a prolonged period of widespread stagnation that began in 2023, the European economy has started its recovery ([European Commission, Autumn November 2024 Economic Forecast](#)). A change in trend was already noticeable in the first quarter of 2024, and is expected to persist for the rest of the year, albeit at a slower pace. Private consumption (driven by wage and job growth, as well as falling inflation) is expected to be the main driver of this recovery.

The autumn forecast projects real GDP growth in 2024 of 0.9% in the EU and 0.8% in the euro area. For the EU, this is 0.1 percentage points lower than in the spring forecast, while for the euro area it remains unchanged. Growth in the EU is expected to increase to 1.5% in 2025, as consumption picks up and investment recovers from the contraction in 2024. In 2026, economic activity is expected to grow by 1.8%, driven by a continued expansion in demand. Growth in the euro area is expected to follow a similar pattern, reaching 1.3% in 2025 and 1.6% in 2026.

The disinflationary process that began towards the end of 2022 continued into the summer of 2024. Despite a slight increase in October, largely driven by energy prices, headline inflation in the euro area is expected to fall by more than half in 2024, from 5.4% in 2023 to 2.4%, before declining more gradually to 2.1% in 2025 and 1.9% in 2026. In the EU, the disinflationary process is expected to be even sharper in 2024,

with headline inflation falling to 2.6% from 6.4% in 2023 and continuing to decline to 2.4% in 2025 and 2.0% in 2026.

The sharp decline in energy prices throughout 2023 contributed significantly to the reduction in inflation. In 2024, inflation continues to decline, but at a slower pace. Inflation in the EU is expected to decline from 6.4% in 2023 to 2.6% in 2024 and 2.4% in 2025.

However, the positive forecasts are threatened by the existing risks to the development of the EU. The EU's economic outlook remains highly uncertain, with risks largely pointing to the downside. Russia's ongoing aggressive war against Ukraine and the intensified conflict in the Middle East fuel geopolitical risks and the continued vulnerability of European energy security. Further increases in protectionist measures by trading partners could weigh on global trade, with a negative impact on the highly open EU economy. Low productivity growth could make it difficult for firms to sustain wage growth, leading them to either reduce their workforce or pass on rising costs to consumers. Furthermore, delays in implementing the RRF or a more restrictive fiscal stance in 2026 while the MTFSP is being implemented could further slow economic activity. Finally, the recent floods in Spain illustrate once again the dramatic consequences that the increasing frequency and scale of natural disasters can have not only for the people affected and their habitats, but also for the economy.

### The Industry of Sirma

Sirma Group companies specialize in the information technology (IT) industry, predominantly focused on businesses (B2B). Industrial data is usually combined with data on the "communications segment" because this segment is completely dependent on information technology. Accordingly, the industry acquired the name "Information and Communication Technologies" or ICT for short. Out of all the variety of ICT segments, the companies in the group mainly work in the segments "IT services" (system integration, infrastructure as a service, software as a service, software support, consulting) and "Business software" (various software products and services aimed at different business verticals and custom software development).

The two main segments ('IT Services' and 'Software') in which the Group operates have been the fastest and most sustainably growing in the past ([Gartner, October, 2024](#)). Currently, both segments are seen as the solution to all problems arising from global economic uncertainty and, accordingly, as "immunized from crises". The mass digitization that is unfolding relies precisely on "Software", for the various technological solutions and "IT services" through which these solutions are implemented. This has led to growth in both segments even during the turbulent past years, as well as expectations for continued growth in 2024 and beyond.

The expectations for 2024 are that both segments will not only maintain their growth - 11.7% for "Software" and 5.6% for "IT Services", but that this growth will be sustainable and will accelerate in the coming years.

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

Sirma is a B2B IT provider. Sirma's client portfolio - Digital Business (Consulting and Integration, Chatbots, IT Security and Software Development), Financial Institutions (Consulting, Integration, IT Security, Chatbots), Insurance (The platform for insurance broker of Sirma ICS and the IT services of Sirma Group Holding JSC), Hospitality (Sirma Group Holding JSC), and Healthcare (Sirma Medical Systems) show sustainable development and strong growth in 2024, that is expected to continue in the following years.

### The global ICT market in 2024 and forecast for the future years

After a better-than-expected 2023, Gartner has revised its forecasts for the development of the ICT market in 2024 ([Gartner, October, 2024](#)) and its expectations for 2025. 2024 is expected to bring an impressive growth of 7.2% at current prices or 8.2% at constant prices. The ICT market is expected to reach USD 5.3 trillion in 2024.

Unlike the previous few years, all ICT segments are expected to grow in 2024. Nevertheless, the different growth rates remain: Data center systems are expected to grow by as much as 34.7%, while communication services by only 2%. After parity with TELCO in absolute spending in 2023, "IT services" becomes the leading segment in the ICT sector in 2024, responsible for USD 1.6 trillion in spending.

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

	2024 Spending	2024 Growth (%)	2025 Spending	2025 Growth (%)
Data Center Systems	318,008	34.7	367,171	15.5
Devices	735,764	6.2	805,722	9.5
Software	1,087,800	11.7	1,239,779	14.0
IT Services	1,587,913	5.6	1,737,754	9.4
Communication Services	1,530,299	2.0	1,596,890	4.4
<b>Overall IT</b>	<b>5,259,784</b>	<b>7.2</b>	<b>5,747,317</b>	<b>9.3</b>

Source: Gartner (October 2024)

The bulk of this significant growth in the sector, as will be illustrated below, is due to large ICT giants, and not so much to medium and small ICT companies.

Gartner revised its expectations for growth from 10% since the beginning of 2024 of "Data Center Systems" to a full 34.7% growth in its 2024 October forecast. These expectations are related to the preparation for Generative AI of all technology giants. One of the sub-segments of "Data Center Systems" is specialized AI servers. Server sales in 2024 are expected to grow by an impressive 62% in constant prices, and this growth is entirely due to the sale of servers ready to meet the needs of AI and GenAI. Although the growth is significant, Gartner believes that it is just beginning and the needs of AI and GenAI will contribute greatly to increasing sales of "Devices" in the coming years.

## Sources of growth

IT investment growth is maintained for all countries worldwide in 2024. India is expected to break away from all countries in the growth of its IT spending, with growth exceeding 12%. The largest IT market in the US is expected to record strong growth again, approaching 8% in 2024, rivaling spending in China. European countries are slightly behind, but are also expected to record steady growth of around 7%. Japan and Latin American countries recorded the most modest growth of around 5%. However, it should be noted that even this weaker growth of 5% per year would have looked impressive 10 years ago.

The growth of IT spending is related to the IT saturation of the respective economy and the related IT spending per capita. The countries that lead the ranking in terms of growth are those that have realized that their economic development is related to IT.

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

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

All segments are expected to grow in 2024, accelerating (around 8%) from the previous year's estimate of around 6%). For the first time, the Servers sub-segment is outperforming the standard growth expectations, posting an impressive 62% growth in 2024 and an 18.8% CAGR through 2028. Spending of around USD 100 billion is expected for servers tailored to meet the needs of AI. This investment is only expected to accelerate, reaching USD 200 billion by 2028. AI readiness is also driving other sub-segments of Devices, including consumer devices such as Mobile Phones and PCs.

The "Software" and "IT services" segments maintain their traditionally sustainable growth. The expected average growth for 2024 is expected to be 12.2% for "Software" and 6.5% for "IT Services", with the CAGR 2023-2028 being approximately the same. Something striking is the huge difference in growth (which is also negative for some sub-segments) between the fastest growing and the slowest growing sub-segments: Infrastructure as a Service (IaaS) continues to be unable to fit into the chart due to its impressive growth of 22.4% in 2024, while fixed voice services are shrinking by over 5%.

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

It is also interesting to note the massive dominance of cloud software relative to non-cloud solutions. Although the latter have their place in the future as well, the cloud software has recorded (and is expected to continue to record) a much stronger growth, which suggests the full focus of the market on cloud solutions. Almost all sub-segments are already predominantly "in the cloud", and this share is only expected to increase in the coming years.

The various components of the third (2024) dynamic segment - "IT services" also have very different growth relative to each other. The growth of "Infrastructure as a service" is also difficult to fit on the graph. All IT services related to access to the cloud and the "edge" are expected to have strong growth. IT services in "Design" and "Building" in all their varieties are expected to have significant growth in 2024, as well as in the coming years. These are also the markets where the problem of the shortage of skilled labor is most acute. The lack of talent in enterprises is much more acute than in large IT companies. Accordingly, when enterprises move their operations to the cloud, or implement a new software platform that needs to be managed, the only way out for them is to hire "Managed services". Hence the dramatic growth of "Managed services for the cloud" (Managed services for cloud and edge), - about 13% per year, "Corporate Strategy" - growth of about 12%, "Marketing and customer management" - growth of about 11%, "Risk Management", "Human Resource Management", "Financial Management", "Business Operations" and more, with a growth of about 10%.

As can be seen from the chart, design-related services are expected to see the fastest growth in 2024. Gartner suggests that the incorporation of AI capabilities into "Risk Management", "Business Operations", and "Consulting" is also the reason for this growth in Design-related services.

For a long time, the "Communication Services" segment was the largest in the ICT sector. From 2024 onwards, this will no longer be the case. "IT services" displaced "TELCO" from the first place (USD 1.6 trillion in 2024), and are expected to maintain their leading growth in the coming years.

The "Software" sub-segment market is also expected to eclipse TELCO, but only in 2028.

## 5.3. ADDITIONAL INFORMATION FOR 2024

### IMPACT OF EXCLUSIVE FACTORS

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

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

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

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

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

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

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

Significant changes in net sales or earnings reported in the Company's accounts detailed in Section 9 of this Report are observed during the period considered.

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

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

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

## 5.4. MAJOR NEWS IN 2024

The following events and business news took place in 2024:

#### **30.12.2024**

Information of sale of 10,400 shares by Yavor Djonev – a member of the Board of directors of "Sirma Group Holding" JSC.

#### **19.12.2024**

Information of purchase of 10,000 shares by Atanas Kiryakov – a member of the Board of directors of "Sirma Group Holding" JSC.

#### **16.12.2024**

Information of sale of 5,200 shares by Yavor Djonev – a member of the Board of directors of "Sirma Group Holding" JSC.

#### **12.12.2024**

Information of sale of 11,100 shares by Yavor Djonev – a member of the Board of directors of "Sirma Group Holding" JSC.

#### **29.11.2024**

Disclosure of the consolidated financial statements of "Sirma Group Holding" JSC as of 30.09.2024.

#### **29.11.2024**

Information of purchase of 6000 shares by Iliana Ilieva – a person closely related to a member of the Board of directors of "Sirma Group Holding" JSC.

**21.11.2024**

"Sirma Group Holding" JSC receives an ESG rating by LSEG.

**12.11.2024**

A team from Sirma took part at the Webit Summit in Lisbon, with Chief Growth Officer Momchil Zarev holding a presentation on employing AI in banking solutions.

**01.11.2024**

"Sirma Group Holding" JSC is distinguished with the award of PWC and BSE for its contribution to ESG development.

**28.10.2024**

Kiril Vasilev – VP of Sirma's "Insurance Broker Solutions" shares plans for future growth.

**24.10.2024**

Sirma's clients Bulstrad Life Vienna Insurance Group and D Bank receive awards at NEXT DiFi for solutions developed by Sirma.

**30.10.2024**

Disclosure of the individual financial statements of "Sirma Group Holding" JSC as of 30.09.2024.

**23.10.2024**

The procedure for the acquisition of a majority stake in the IT company Roweb Development SA, Romania, was finalized.

**08.10.2024**

The Registry Agency registered the merger by infusion of "Sirma CI" JSC, "Sirma Insurtech" JSC, "Sirma Solutions" JSC, "Sirma Business Consulting" JSC, "Sciant" JSC and "HRM Solutions" JSC with "Sirma Group Holding" JSC according to Art. 262g of Commercial Code.

**17.09.2024**

Conducting an extraordinary general meeting of "Sirma Group Holding" JSC and publishing the Minutes from the meeting.

**17.09.2024**

The classes of the fifth season of Sirma Academy begin.

**13.09.2024**

Disclosure of purchase of shares from "Sirma Group Holding" JSC by member of the Board of Directors Atanas Kiryakov.

**12.09.2024**

Disclosure of the purchase of shares from "Sirma Group Holding" JSC by the Chairman of the Board of Directors, Georgi Marinov.

**10.09.2024**

The leading CRM platform Creatio is now available in Bulgarian thanks to the efforts of the daughter company Sirma Insurtech JSC.

**27.08.2024**

Disclosure of the sale of shares from "Sirma Group Holding" JSC by the Executive Director Tsvetan Alexiev.

**22.08.2024**

Disclosure of the consolidated financial statements of "Sirma Group Holding" JSC as of 30.06.2024.

**22.08.2024**

Announcement of the purchase of the minority share of the capital of "S&G Technology Services" LTD by the subsidiary "Sirma Solutions" JSC.

**05.08.2024**

Publication of the Invitation to the extraordinary general meeting of the shareholders of "Sirma Group Holding" JSC.

**26.07.2024**

Disclosure of the individual financial statements of "Sirma Group Holding" JSC as of 30.06.2024.

**23.07.2024**

Disclosure of received approval from the Financial Supervisory Service for the consolidation of subsidiaries in "Sirma Group Holding" JSC.

**01.07.2024**

Disclosure of sale of own shares by "Sirma Group Holding" JSC.

**28.06.2024**

Disclosure of Minutes of the General Meeting of Shareholders of "Sirma Group Holding" JSC and Notification of Dividend.

**27.06.2024**

Holding a regular annual meeting of the shareholders of "Sirma Group Holding" JSC.

**21.06.2024**

Notice of initiation of the acquisition procedure of the Romanian company RoWeb.

**18.06.2024**

The subsidiary "Engview Systems Sofia" JSC presented the latest version of its packaging software at the DRUPA 2024 exhibition.

**13.06.2024**

Notice of launch of consolidation procedure of "Sirma Group Holding" JSC

**04.06.2024**

Sirma representatives took part in the international fintech exhibition Money 20/20 in Amsterdam.

**03.06.2024**

Announcement of the complete purchase of the minority share of the ownership of the subsidiary "Sirma Solutions" JSC by "Sirma Group Holding" JSC.

**29.05.2024**

Disclosure of sale of own shares by "Sirma Group Holding" JSC.

**24.05.2024**

Publication of the accompanying documents for the General Shareholders' Meeting of "Sirma Group Holding" JSC.

**17.05.2024**

Announcement of the Invitation to a regular general meeting of the shareholders of "Sirma Group Holding" JSC.

**17.05.2024**

Disclosure of sale of shares by a person closely related to "Sirma Group Holding" JSC - "Sirma Solutions" JSC.

**15.05.2024**

Disclosure of interim consolidated reports of "Sirma Group Holding" JSC as of 31.03.2024.

**30.04.2024**

Disclosure of interim individual reports of "Sirma Group Holding" JSC as of 31.03.2024.

**29.04.2024**

Announcement by "Sirma Group Holding" JSC of the purchase of the minority share from the subsidiary "Sirma Insurtech" JSC.

**26.04.2024**

Publication of the audited consolidated reports of "Sirma Group Holding" JSC for the year 2023.

**23.04.2024**

VP of Sirma's financial vertical, Mr. Tsvetomir Doskov, took part in the Banking Today event.

**28.03.2024**

The telemedicine system developed by Sirma Medrec-M Clinic launched new features and a new app. It now links doctors to the NHIS.

**27.03.2024**

Disclosure of the purchase of 700.000 shares from "Sirma Group Holding" JSC from the daughter company "Sirma Solutions" JSC.

**26.03.2024**

The CEO of "Sirma Group Holding" JSC shares in an interview for Forbes the plans of the Group for growth and for structural improvements.

**25.03.2024**

Disclosure of strategic plan for consolidation of the activity and property within "Sirma Group Holding" JSC.

The main guidelines of the Consolidation Strategy are:

- Objective of the Strategy: By strengthening the vertical specialization of services, achieving organic and inorganic (through acquisitions) sales growth up to EUR one hundred million and listing on a major world stock exchange;
- Time frame: 2023 – 2026;



- Continuation of the process of consolidation of ownership in subsidiaries;
- Maximum consolidation of the number of companies in the Group (with the exception of foreign companies);
- Full transition to a vertical business organization with the following main verticals: - Financial Services; Transport and Logistics; Hospitality; Industrial; Insurance; Healthcare; Retail.
- Adequate restructuring and optimization of management in the Group and full use of all synergies.

#### **19.03.2024**

Disclosure of audited individual financial reports of "Sirma Group Holding" JSC for the period ending on 31.12.2023.

#### **01.03.2024**

Momchill Zarev and Fabrice Gouttebroze from Sirma took part in Finovate Europe in London.

#### **28.02.2024**

Disclosure of interim consolidated financial reports of "Sirma Group Holding" JSC for the period ending on 31.12.2023.

#### **02.02.2024**

Sirma demonstrates the double materiality of its activity, which brings sustainability both to the Group, as well as to its clients.

#### **31.01.2024**

Sirma Group enters into strategic partnership with UK based fintech Fimple UK.

#### **30.01.2024**

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

#### **29.01.2024**

Disclosure of finalized financial audit of "Sirma Group Holding" JSC by BDO AFA OOD, which concluded full compliance between initial documents and booked data for the reviewed periods.

#### **25.01.2024**

Disclosure of 1 000 000 share buy-back by "Sirma Group Holding" JSC.

#### **15.01.2024**

The ranking system for universities developed by Sirma was used for their ranking for 2023.

#### **09.01.2024**

Sirma shares how its telemedicine solutions are facilitating the advance of the ESG agenda.

#### **04.01.2024**

Sirma shares first results of the constructed in 2023 own photovoltaic system.

## **5.5. MAIN LEGAL INFORMATION IN 2024**

Transactions with shares for the period 01.01.2024 – 31.12.2024:

### **- Buyback of shares**

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

### **- Purchase of shares by subsidiary company**

On 26.03.2024 "Sirma Solutions" EAD – a subsidiary of "Sirma Group Holding" JSC, bought 700 000 shares from the capital of "Sirma Group Holding" JSC, through transactions, made on the Bulgarian Stock Exchange - Sofia AD, at an average price of BGN 0,729917 per share. The shares represent 1.18% of the company's capital.

### **- Purchase of a minority block of shares from the capital of a subsidiary**

On 15.04.2024 "Sirma Group Holding" JSC concluded contracts for the purchase of shares with three individuals and one legal entity, owners of the minority package of shares of "Sirma Insurtech" AD. The total number of shares is 178 200, and the total sale value of the shares is BGN 561 950. As a result of the transaction, "Sirma Group Holding" JSC becomes the sole owner of "Sirma Insurtech".

In one of the share purchase agreements with one of the persons, there is a commitment by the Group to transfer to that person an additional number of shares from "Sirma Group Holding" JSC as of 31.01.2026, if the price of the shares of "Sirma Group Holding" JSC is below a certain value.



- **Purchase of a minority block of shares from the capital of a subsidiary**

On 26.04.2024 "Sirma Group Holding" JSC concluded contracts for the purchase of shares with two individuals, owners of the minority package of shares of "Sirma CI" AD. The total number of shares is 26 600, and the total sale value of the shares is BGN 141 918. As a result of the transaction "Sirma Group Holding" JSC become the sole owner of "Sirma CI".

- **Sale of shares by subsidiary company**

On 16.05.2024 "Sirma Solutions" EAD – a subsidiary of "Sirma Group Holding" JSC, sold 732 389 shares from the capital of "Sirma Group Holding" JSC through transactions carried out on the unregulated over-the-counter market (Bulgaria) at an average price per share of BGN 0,80. The purchase represents 1.23% of the capital of "Sirma Group Holding" JSC.

- **Sale of shares by the company**

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 value of BGN 425 839,80. The shares represent 0,84% of the company's capital. The sale was made on an unregulated OTC market (Bulgaria).

"Sirma Group Holding" JSC sold 590 183 of its shares at an average price of BGN 0,96 per share for a total value of BGN 566 575,68. The shares represent 0,99% of the company's capital. The sale was carried out on an unregulated OTC market (Bulgaria) and was registered by the Central Depository on 02.07.2024.

- **Purchase by "Sirma Solutions" EAD of shares from the capital of "Sirma Business Consulting" AD**

"Sirma Solutions" EAD – a daughter company of "Sirma Group Holding" JSC bought the minority share of 45,91% of the capital (BGN 2 539 768) of the company "Sirma Business Consulting" AD. On 03.06.2024 "Sirma Solutions" EAD was registered in the Commercial Register as the sole owner of the capital of "Sirma Business Consulting" EAD.

- **Initiation of procedure for consolidation within "Sirma Group Holding" JSC**

At its meeting on 13.06.2024 the Board of Directors of "Sirma Group Holding" JSC adopted a decision to initiate a procedure for the transformation of "SIRMA GROUP HOLDING" JSC under the conditions and in accordance with Chapter XVI of the Commercial Law and Art. 122 et seq. of the Public Offering of Securities Act, by merging SIRMA CI EAD, SIRMA INSURTECH EAD, SIRMA SOLUTIONS EAD, SIRMA BUSINESS CONSULTING EAD, SCIENT EAD and HRM SOLUTIONS EAD in "SIRMA GROUP HOLDING" JSC.

- **Commitments**

On 20.06.2024, the Company has signed a contract, initiating the procedure for the acquisition of a majority stake in the IT company RoWeb Development SRL, Romania.

The successful finalization of the transaction is related to the fulfillment of certain conditions by both parties, the implementation of which will make Sirma the owner of 51% of the capital of the Romanian company.

- **Purchase from "Sirma Solutions" EAD of shares from the capital of "S&G Technology Services"**

On 21.08.2024 "Sirma Solutions" EAD (subsidiary of "Sirma Group Holding" JSC) bought the minority share of 49% of the capital of the company "S&G Technology Services", London (subsidiary of "Sirma Solutions" EAD). With this acquisition, Sirma Solutions EAD becomes the 100% owner of S&G Technology Services, London.

- **Merger of subsidiary companies into "Sirma Group Holding" JSC**

Following the decision of the Board of Directors of "Sirma Group Holding" JSC, approval by the Financial Supervisory Commission on 18 July 2024 and the decision of the General Meeting of Shareholders of "Sirma Group Holding" JSC from 17 September 2024, the subsidiaries "Sirma CI JSC", "Sirma Insurtech" JSC, "Sirma Solutions" JSC, "Sirma Business Consulting" JSC, "Scient" JSC and "HRM Solutions" JSC were transformed through merger into the parent company "Sirma Group Holding" JSC. The circumstance was entered in the Registration Agency on 8 October 2024.

The intended effect of these mergers includes (but is not limited to):

- Reduction of administration and related costs;
- Vertical specialization and full focus on the relevant sector or segment;
- Overcoming internal competition between different subsidiaries;
- Greater transparency of activity, revenue, and profit.

As a result of the consolidation, the holding activity of "Sirma Group Holding" JSC is also enriched with operational activity of providing IT products and services to its customers.

#### Administrative organization and management

The administrative organization and management are carried out by the Board of Directors of "Sirma Group Holding" JSC, which has a two-year mandate and is elected by the General Assembly of the company. The current composition of the Board of Directors was elected at the General Meeting of Shareholders on 27 June 2024.

#### Business organization and management

In addition to the administrative organization and management, a business organization and management is also introduced, where the directors are responsible for various aspects of the company's business:

The position of CEO (administrative-management position) is performed together with the position of President (business-management position). This facilitates full synchronization between the two management structures. The position is currently held by Mr. Tsvetan Alexiev.

The specialization of the individual directors is as follows:

- CFO (Chief Financial Officer) Mr. Yordan Nedev
- COO (Chief Operating Officer), Mr. Tsvetan Trenchev
- CGO (Chief Growth Officer), Mr. Momchil Zarev
- CCO (Chief Commercial Officer), Mrs. Rumyana Stoykova
- CTO (Chief Technology Officer), Mr. Tihomir Totev
- CPaO (Chief Partner Officer), Mr. Rosen Marinov
- CTaO (Chief Talent Officer), Mr. Chavdar Dimitrov
- **Acquisition of a majority stake in Roweb Development SA, Romania**

On 23.10.2024, the procedure for acquiring a majority stake in the IT company Roweb Development SA, Romania, was completed. The transaction has the following parameters:

- Name of the acquired company: Roweb Development SA, Romania;
- Size of acquired share of the company: 51% of the capital of the company Roweb Development SA;
- Year of foundation of the company: 2004;
- Number of employees: over 140;
- Revenue: RON 31 117 thousand (EUR 6 198 thousand) for 2023 (15% growth compared to 2022);
- EBITDA: RON 6 415 thousand (EUR 1 277 thousand) for 2023 (16% growth compared to 2022);
- Specialization: IT services mainly focused on web applications for the financial sector, real estate agents, human resources and tourism.

Roweb Development SA officially becomes part of Sirma Group. This acquisition will increase Sirma Group's revenue from sales in Romania and other target markets, while complementing the Group's IT services portfolio.

Additional information about Roweb Development SA can be found on the company's website: <https://www.roweb.ro/>

#### Litigation for the period 01.01.2024 - 31.12.2024:

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

## Other legal information for the period 01.01.2024 - 31.12.2024:

### - **Reduction of capital**

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

### - **The business consolidation strategy**

On 21.03.2024 "Sirma Group Holding" JSC announced pending steps towards the implementation of the Strategy for the consolidation of activities and ownership within the Group. The main guidelines of the Consolidation Strategy are:

- Objective of the Strategy: By strengthening the vertical specialization of services, achieving organic and inorganic (through acquisitions) sales growth up to EUR one hundred million and listing on a major world stock exchange;
- Time frame: 2023 – 2026;
- Continuation of the process of consolidation of ownership in subsidiaries;
- Maximum consolidation of the number of companies in the Group (with the exception of foreign companies);
- Full transition to a vertical business organization with the following main verticals: - Financial Services; Transport and Logistics; Hospitality; Industrial; Insurance; Healthcare; Retail.
- Adequate restructuring and optimization of management in the Group and full use of all synergies.

### - **Notification for the distribution of dividend for 2023**

At the General Meeting of Shareholders of "Sirma Group Holding" JSC held on 27 June 2024, following a discussion under item 4 of the previously announced Agenda, the following decision for distribution of dividend for 2023 was taken:

"Distribution of profit from 2023:

- Realized profit after taxes: BGN 1 508 408,05;
- Distribution to the reserve fund (10%): BGN 150 840,81;
- Remaining profit for distribution for 2023: BGN 1 357 567,25;

The company distributes a dividend of BGN 0.02 per share.

The remainder of the amount after distribution of dividend remains as retained earnings."

All shareholders of "Sirma Group Holding" JSC registered in the Central Depository as of the 14th day after the holding of the above-mentioned GMS (11 July, 2024) have the right to receive a dividend, according to Article 115c, paragraph 3 of the POSA.

The dividend will start to be paid out within 60 days from the holding of the above-mentioned GMS according to the requirements of the Central Depository.

Shareholders who have accounts with investment intermediaries will receive their dividend through them.

Shareholders who are not serviced by investment intermediaries, and whose shares are kept in personal accounts of Register "A" with the Central Depository, will receive their dividends through the branch network of a commercial bank.

### - **Approval by the Financial Supervision Commission (FSC)**

With decision No. 483 - PD dated 18.07.2024, the Financial Supervision Commission (FSC) approved the Agreement dated 14.06.2024 for transformation by merger of "Sirma CI" EAD, "Sirma Insurtech" EAD, "Sirma Solutions" EAD, "Sirma Business Consulting" EAD, "Sciant" EAD and "HRM Solutions" EAD in "Sirma Group Holding" JS according to Art. 262g of the Trade Law.

### - **Change of name of a subsidiaries of "Sirma Group Holding" JSC**

On 02.12.2024, "S&G Technology Services" - a subsidiary of "Sirma Group Holding" JSC in England, changed its name to "Sirma Tech". On 30.12.2024, "SAI" EAD - a subsidiary of "Sirma Group Holding" JSC, changed its name to "Saifort" EAD.

## 5.6 INFORMATION FOR CONTRACTED LARGE TRANSACTIONS IN 2024

In 2024, the company made several large contracts with customer and subcontracts, in connection with the new strategy of the Group:

### Purchases:

- Deal 1 for BGN 9 049 thousand
- Deal 2 for BGN 3 673 thousand
- Deal 3 for BGN 3 352 thousand

### Sales:

- Deal 1 for BGN 8 160 thousand
- Deal 2 for BGN 3 670 thousand
- Deal 3 for BGN 2 969 thousand

## 5.7 INFORMATION OF THE USED FINANCIAL INSTRUMENTS IN 2024

In 2024 the Group has not used any financial instruments.

## 5.8 R&D ACTIVITY OF THE GROUP IN 2024

The strategy for growth and development of Sirma Group foresees the concentration of the intellectual property of the Group in the Holding company. This concentration also implies the concentration of the Group's research and development activities at Sirma Group Holding JSC.

## 5.9 POSSIBLE FUTURE DEVELOPMENT OF THE GROUP

The forecasts for the development of the Information and Communication Technologies sector in 2025 and the following years are a function of the effects caused by the ongoing military actions in Ukraine and the Middle East, the actions of the new US administration, and the state of major European economies.

Although a direct impact of the war in Ukraine and Middle East on the ICT sector is not expected, it will strengthen other risks for the global economy – inflation, volatility of exchange rates, difficult supply chains, geopolitical uncertainty. As for President Trump's new policy, it is still too early to draw solid conclusions about how it will reflect on the global economy and, in particular, on the sectors in which Sirma operates. In addition, the BNB expects the postponement of the implementation of investment projects, the slow rate of absorption of funds under European programs and the delayed implementation of the National Recovery Plan to be associated risks in 2025. There is also serious uncertainty regarding the stability of Bulgaria's new regular government and its capacity to deal with the economic challenges and Bulgaria's entry into the Eurozone. The annual budget presented by the Ministry of Finance appears to be quite ambitious to implement, especially on its revenue side, at the expense of significantly increased expenditures, although the stated goal is to maintain stable financial indicators, relatively low inflation and indebtedness.

In 2024, the integration of six subsidiaries of the Group into Sirma Group Holding JSC was completed. In 2025, we expect this to lead to better competitiveness and market positioning of the Group, which will contribute to the creation of new business opportunities, providing clients with a wider and more diverse range of services, professional growth and development of our employees, optimization of administrative processes, respectively, better productivity, communication and cooperation between employees and units in the Group.

The Group is in a continuous process of searching for companies in which to invest in order to improve the profitability of the company's shares.

## 5.10 CONTRACTS UNDER ART.240B OF THE COMMERICAL LAW IN 2024

During 2024 the Group has not been notified for contracted transactions with the members of the Board of Directors or parties related to them, which fall outside the line of activity of the company or the terms of which differ substantially from the current market.

## 5.11 AUDIT RENUMERATION IN 2024

„Grant Thornton“ OOD, registered under number 032 in the public register of audit companies at the Institute of Certified Public Accountants in Bulgaria, was selected as the auditor of the consolidated annual financial statements of „Sirma Group Holding“ JSC. The remuneration for the independent financial audit of the consolidated annual financial statements of the parent company and the annual financial statements of its subsidiaries for 2024 amounts to BGN 211 thousand.

## 6 RESULTS BY COMPANY

### DATICUM

- <https://www.daticum.com/>
- **Daticum JSC is a subsidiary of Sirma Group Holding JSC**
- **Capital:** BGN 793 810 divided into 79 381 shares with a nominal value of BGN 10. Sirma Group Holding JSC holds 46 834 shares or 59% of the capital.

#### Main markets:

Bulgaria, North and South America, Europe

#### Main clients:

The main clients of the company are the following industries - insurance, ICT, utilities, media and information services, industrial production, wholesale and retail, transport and courier services.

#### Main competitors:

International companies providing cloud services such as Amazon, Google (Alphabet), Microsoft, IBM and others. At the local level, competitors can be considered "Netera" OOD, "Evolink" AD, "Telepoint" OOD, "3DC" EAD, SuperHosting.BG EOOD.

#### Business model of the company

The Company's core business model is to build infrastructure to provide computing resources for data processing and storage and to provide these resources for a fee to a wide range of customers who prefer not to maintain such infrastructure or have a temporary need for these resources.

#### Resources of the company

The company has the necessary resources and is able to invest in the development of its business without using debt capital.

#### New products, new business or business models for the period

The company focused on consolidating its market positions and expanding its IaaS and PaaS cloud services. Thanks to our partners, we can now offer a new Remote Backup as a Service, through which we can back up our data center data from client servers and end user devices regardless of their geographic location. Along with the increasing tendency of customers to use leased computing resources on a monthly use basis, there is a similar tendency on the part of the company's suppliers to switch to business models for the provision of licenses and services based on monthly consumption.

#### HR policy

Preserve current staff. Maintaining and increasing its qualification through training, courses and participation in affiliate programs. Staff costs are rising in line with an increase in business volumes by up to 10-15% per year.

#### Daticum in 2024

#### Regional and international factors affecting the company's business

- The ongoing war in Ukraine has an impact on the business risks of local companies and is reflected in the retention of demand for Daticum's services. At this time,

customers from Ukraine increased, but this did not sufficiently compensate for the retained costs of local customers.

- Military actions in the Middle East are also expected to adversely affect the economic environment.
- Fears of an impending recession in the global and Bulgarian economy make companies cautious and restrained in seeking and hiring the services provided by Daticum.

#### Business development in 2024 and realization of the investment plan

- Daticum continued to raise the level of revenues above the levels before the announcement of the epidemiological situation and the subsequent negative results for the economy. The demand for cloud services has exceeded our expectations, and thus we are able to compensate for the decline in demand for colocation and hardware rental services.
- Daticum continued to upgrade the storage infrastructure of its cloud platform with new capacities

#### Important events

- Daticum is developed a new website launched in the second quarter of 2024.
- The two executive directors of Daticum are among the winners of the index Top 100 most influential IT personalities in Bulgaria. "Top 100 most influential IT personalities in Bulgaria" is an annual index of the Career Show, distinguishing individuals who have made a significant contribution to the development of the IT industry in Bulgaria and serve as an example of good practices and high professionalism.

#### New clients:

- Daticum has signed a deal for several server racks for rent with a company engaged in collecting, organizing, analyzing, presenting and selling data related to sports events.
- Two large French companies with representative offices in Bulgaria chose Daticum to promote their services on the Bulgarian market.
- A large Romanian company chose Daticum as its partner to enter the Bulgarian online gambling market.

#### Realization of the business plan in 2024

- The company's revenues in 2024 exceed those in 2023 by over 4%.

#### Perspectives and forecasts for 2025

The wars in the Ukraine and the Middle East and their adverse economic consequences, concerning the prices of fuels, electricity and hardware equipment, are further aggravating the global economic crisis. At the moment, electricity prices are increasing.

Nearly 10% growth in core revenues is set for 2025. Greater growth in usage of our cloud platform is expected at the expense of services such as colocation and hardware rental.

**FINANCIAL RESULTS**

	31.12.2024	31.12.2023	Change	Change %
Revenues	3 473	3 339	134	4,01%
EBITDA	1 494	1 265	229	18,10%
Depreciation	(615)	(380)	(235)	61,84%
Net Result	787	792	(5)	(0,63%)
EBITDA margin	43,02%	37,89%	5,13%	13,55%
Net Profit margin	22,66%	23,72%	(1,06%)	(4,47%)
Sales per share	1,5087	1,4505	0,06	4,01%
EPS	0,3419	0,3440	(0,002)	(0,63%)
ROE	0,4341	0,4356	(0,002)	(0,36%)
Total Assets	3 321	3 531	(210)	(5,95%)
Intangibles	1 140	1 422	(282)	(19,83%)
Book value	673	396	277	69,95%
Equity	1 813	1 818	(5)	(0,28%)
Total Liabilities	1 508	1 713	(205)	(11,97%)
Interest bearing	290	360	(70)	(19,44%)
D/E	0,8318	0,9422	(0,11)	(11,72%)
ROA	0,2370	0,2243	0,013	5,65%

**SIRMA SOLUTIONS**

- **Capital: BGN 28 334 910**
- **On 08.10.2024, "Sirma Solutions" EAD merged with "Sirma Group Holding" JSC**

**SIRMA SOLUTIONS IN 2024:****Business activity of Sirma Solutions in 2024****General**

After the relatively weak 2023, Gartner expects the ICT industry to return to its rapid growth in 2024 (the forecast growth for the year is 8%). This time, even the "Devices" segment, which has been stagnant in recent years, is returning to growth.

**Market in North America**

Although the recession in the USA has been avoided (at least for now), the economic development of the country is slowing down from the beginning of 2024. As a result, the target customer group of "Sirma Solutions" EAD in the USA - startups and small enterprises - are starting to suffer from a lack of funding for their projects. Accordingly, the orders to Sirma also decreased sharply. The company's sales in the United States marked a decline of nearly 50% for the first nine months of 2024 compared to Q4 of 2023. On the other hand, sales in Canada saw a significant upswing, already exceeding BGN 1.86 million, or 5.58% of the company's total sales.

However, the decline in sales in North America could not be avoided.

In 2024, work continued on projects started last year, and several new projects were also launched:

- Complete equipment and system integration with Cisco servers of a large fintech company in North America;
- Delivery and integration of CISCO APP Dynamics, VM Ware contract renewal, and HP Enterprise support contract renewal for an international fintech company;
- Data center equipment and its integration for a large financial company.

**European Market**

Unlike the US, Europe's economic growth appears to have bottomed out in late 2023 and is seeing a timid recovery in 2024. This also affects the revenues of "Sirma Solutions" EAD from the various European countries. Sales in almost all countries are up, with a decline only in Great Britain and Spain.

In 2024, several new deals were concluded, and work continued on active projects from 2023, such as:

- Complete equipment of two data centers of a large Bulgarian bank with IBM Storage Infrastructure;
- Complete renovation and integration of the user workstations of another large Bulgarian bank with NR equipment;
- Sale and integration of IBM Storage Infrastructure for a data center for a fintech company in the UK;
- Delivery and integration of 700 professional Lenovo mobile workstations for an international fintech company;
- System integration in UBB in Bulgaria;
- IT service contract for a large Bulgarian bank;
- IT service contract for a large Bulgarian insurance company;
- Contract for full provision of the work stations of a bank with operations in Romania and Greece;
- Global contract with a large Bulgarian IT company for replacement and modernization of their IT equipment with Lenovo
- The Bulgarian market remains dominant for the company.

In 2024 “Sirma Solutions” EAD launched a new service, which was prompted by market demand: Hardware as a Service (HaaS). If until now our customers who use Sirma’s cloud services only had to purchase their workstations, now even that is no longer necessary. With this service, IT equipment for client companies is provided by Sirma on rent and converted from CAPEX to OPEX. After the first six months of operations, the new service has already placed over 200 hardware units to its customers. We look forward to the future development of this innovative service.

#### Public sector

The public sector in Bulgaria continues to experience difficulties due to political uncertainty in the country. At the same time, the plan for the development of new business in the public sector of “Sirma Solutions” EAD in 2024 is for a growth of 15%. In fulfillment of this, the company applied for and won the following public tenders:

- Provision and integration of the cloud infrastructure of the NHIF;

- Provision and integration of network equipment for the NRA;

- Provision of cyber security services to Bulgartransgas

Work on projects from 2023 and previous years continues:

- construction of the complete IS for managing the activity of the Financial Mechanism Office (EEA Grants, Brussels),

- the step-by-step construction of the MusIT IS for managing Music Author’s activities;

- the development of the system for electronic protocols at the NHIF,

- Migration to Oracle Cloud on Premise of a large company in the aviation industry and development of a training management module (Learning Management System – LMS);

- Creation of an electronic National map of higher education in the Republic of Bulgaria, by upgrading and developing the rating system of higher schools with the Ministry of Education and Science as the contracting authority. The deadline for implementation is until August 2027.

The provision of warranty and out-of-warranty support for all key government IT systems developed by us also continued:

- out-of-warranty maintenance of the BDZ (the Bulgarian State Railways) operating system

- the overall IS of the NSCRLP, supporting the LP registers and playing a key role in the field of electronic health care,

- Updating the kindergarten application system and upgrading the system to also manage the first grade application process.

In 2024, the company was registered under ISO 27701 for the creation, implementation, maintenance, and improvement of privacy management information systems. This certification will make the company more competitive when participating in public tenders for the development of systems that require a high level of security.



**FINANCIAL RESULTS**

	08.10.2024	31.12.2023	Change	Change %
Revenues	34 850	44 246	(9 396)	(21,24%)
EBITDA	555	(244)	799	(327,46%)
Depreciation	(1 445)	(1 866)	421	(22,56%)
Net Result	(223)	(1 908)	1 685	(88,31%)
EBITDA margin	1,59%	(0,55%)	2,14%	(388,78%)
Net Profit margin	(0,64%)	(4,31%)	3,67%	(85,16%)
Sales per share	0,9853	1,2509	(0,27)	(21,24%)
EPS	(0,0063)	(0,0539)	0,048	(88,31%)
ROE	(0,0071)	(0,0566)	0,0496	(87,51%)
Total Assets	39 221	41 740	(2 519)	(6,03%)
Intangibles	3 503	4 530	(1 027)	(22,67%)
Book value	28 038	29 167	(1 129)	(3,871%)
Equity	31 541	33 697	(2 156)	(6,40%)
Total Liabilities	7 680	8 043	(363)	(4,51%)
Interest bearing	84	2 169	(2 085)	(96,13%)
D/E	0,003	0,064	(0,062)	(95,86%)
ROA	(0,0057)	(0,0457)	0,0400	(87,56%)

**SIRMA INSURTECH AND HRM SOLUTIONS****“Sirma InsurTech” EAD**

- **Share Capital: BGN 396 000**
- **On 08.10.2024 “Sirma Insurtech” EAD merged with “Sirma Group Holding” JSC**

The company has been part of Sirma Group since the beginning of July 2022, with the main goal of concentrating within itself and developing the technological and business knowledge of the Group in the field of insurance.

**Conditions for the business development in 2024**

Sirma InsurTech operates in the financial non-banking sector, with the main focus on insurance. Insurance companies, as well as Brokers, are in their early stage of digital business transformation, which in recent years was catalyzed as a process mainly by the pandemic Covid situation, but also by the change in the profile and requirements of users of insurance services. In order to continue to exist and to meet the needs of their increasingly demanding customer, otherwise rather clumsy and resistant to change, insurance companies are forced to turn to consulting services and new technological solutions that the IT sector offers, building long term partnership and business.

The company has its almost 20-year rich history in consulting services in the IT sphere, as well as in the implementation and development of software solutions for business management. The main expertise and experience is in the field of insurance as a specific area of non-banking financial services. On the one hand, the company continues to be a trusted partner of its current customers on the way to the digitization of their business processes, and on the other hand, the specific know-how in the field became the basis for creating the first own product (Sirma InSuite), developed on the basis of the Creatio platform. 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. The solution can be implemented in any existing ecosystem at an extremely competitive price, taking into account all the specifics of the business process and relationships between the entities of the particular insurer. A potential customer is any insurance company, regardless of its location, product portfolio or size. The solution can also be used by Brokers or other types of insurance intermediaries. The model of use of the solution is on a subscription, license basis. The initial implementation will be done by the Company's team, and the one-time price for implementation and configuration will be estimated according to the specific client and the scope of the project.

The creation of Sirma InSuite was made possible thanks to the company's partnership with CREATIO. The team includes certified consultants, architects and developers who have the necessary knowledge and skills to implement standard CREATIO solutions for any business other than insurance.

Another business line is the development of custom solutions in the field of insurance. The company has a team that has developed legacy systems for life insurance and pension insurance. Bespoke solutions continue to occupy an extremely large share in insurance companies, due to the specifics of each individual company.

**Regional and international factors, reflected on the business of the company**

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The company has business in Bulgaria and potential for development in Europe, as the solutions it offers for insurance are applicable in any type of company, regardless of the location and the specifics of the environment. The processes that catalyze the digital transformation of insurers are the same in Bulgaria and around the world, and the solution we offer can become part of any existing ecosystem.

At the European level, Sirma InsurTech is the only representative of CREATIO that has specific expertise related to insurance.

#### **Business development in 2024 and realization of the investment plan**

In 2024, Sirma InsurTech continued to fulfill its strategic objectives:

- We continued work on the development of the Bulstrad Life system, based on Creatio and Sirma InSuite.
- We have been working hard to complete the remaining modules (related to claims and payout) of the B-Unit system in Bulstrad Life.
- Work continues on the implementation of Creatio in Elmark Group. Real operation is expected to start at the beginning of August.
- We are working on opportunities with Millennium Insurance Serbia. An RFP has been received and documentation has been sent to participate in a tender organized by EY Serbia.
- The services of Eurotrust have been integrated in CREATIO and the certification of the application is pending.

#### **“HRM Solutions” EAD**

- **Share Capital: BGN 150 000**
- **On 08.10.2024 “HRM Solutions” EAD merged with “Sirma Group Holding” JSC**

#### **Conditions for the business development in 2024**

The company provides an electronic employment file solution. In the market, especially after the pandemic in 2021, there is an increased desire to digitize employer-employee communication. There is a clear legal framework that regulates the order in which this can happen.

The company has been offering the sHRedy product since September 2020. For these 2 years, there has been a very serious interest in the product and it is the most recognizable on the market, mainly because of the very serious work on building the brand.

The solution is aimed at companies with more than 80 employees. The usage model is subscription-based, with a one-time cost for configuration and deployment.

sHRedy is the first product that integrates all the necessary qualified authentication services required by the Ordinance for electronic employment records within itself.

The product is also positioned well with the existing customers to date – Telus, KPMG IT, Soitron, Software Group, Tavex, AmRest, Circles.

#### **Regional and international factors, reflected on the business of the company**

The company has business in Bulgaria and this is the main location we are targeting at the moment. There is potential to upgrade with additional functionalities available in other group companies (HRistina) and potential for development in Europe, but there are a number of differences in the legislation and treatment of signing and service in the other EU countries.

#### **Business development in 2024 and realization of the investment plan**

- A maintenance contract was signed with POC Doverie.
- We have participated in a number of conferences and have generated partnerships and leads.
- Agreed partnership with Adacta. The NDA was signed and the first meetings were held.
- Possibility of partnership with Sapiens.
- We held meetings with Vienna Insurance Group in order to expand the client base. Opportunities are open in North Macedonia. Clarification of the scope is pending in the third quarter.

Currently, we have open negotiations with LevIns Bulgaria, Wiener Serbia, NetRisk Group Hungary, Groupama Bulgaria, Unicredit Bulbank, Milenium Osiguranje Serbia, Service Design Network Germany, VIG, PAC Doverie.

The company continues to rely on a stable and sustainable model of selling products with a monthly license fee, rather than relying on large one-off deals that are more difficult to predict.

The company continues to develop the team and its specific expertise in the field of CREATIO solutions. In the second quarter, 5 new employees were certified for Creatio products.

A contract was signed with Wiener Serbia for the sale of the source code of a mobile application.

In 2024, HRM Solutions continued to fulfill its strategic goals:

- 2 new clients were attracted
- More than 100 demonstrations were conducted with customers, and in the mass case the active party was the customer.
- We have developed new package plans to target smaller companies between 15 and 50 employees
- We purchased a database of companies with over 20 employees. We planned and executed a marketing campaign with two types of targets – medium-sized companies for the package offers and large companies for the standard offer.

At the moment, we have open negotiations with a number of large companies: Experian, Neway, Dynamo Software, Kone Bulgaria, Genius Sport, Ucha.se, HP Enterprise.

It is being implemented in several clients in parallel, and in order to speed up the implementation processes, we have changed the terms of the contract, and the entire value is paid in advance. Our expectation is that this will engage the client's team to a greater extent, resulting in a faster completion of the implementation. The company continues to rely on a stable and sustainable model of selling products with a monthly license fee. Partnered with Survey Sparrow to integrate 360-degree staff assessment at sHRedy. So far, interest has been expressed in signing a contract with two more clients in 2024 – Soitron and Tavex. It is planned to sign a contract with Ninety-Nine consulting company.

An annex was signed with Eurotrust, and the licensing model was completely renegotiated. With the new model, we will significantly reduce the fee paid for authentication services for

our largest clients – Telus and KPMG. We have successfully completed deployment in Circles and AmRest.

clients. Negotiations have been held with Borika for a partnership - work is underway to integrate their services into sHRedy.

A contract has been signed and the price for infrastructure services has been reduced by over 30%. The new release of the system was successfully implemented and delivered to all

## FINANCIAL RESULTS

### SIRMA INSURTECH

	08.10.2024	31.12.2023	Change BGN '000	Change %
Revenues	2 825	3 110	(285)	(9,16%)
EBITDA	(205)	38	(243)	n/a
Depreciation	(71)	(105)	34	(32,38%)
Net Result	(277)	(82)	(195)	237,80%
EBITDA margin	(7,26%)	1,22%	(8,48%)	n/a
Net Profit margin	(9,81%)	(2,64%)	(7,17%)	271,88%
Sales per share	7,1338	7,8535	(0,72)	(9,16%)
EPS	(0,6995)	(0,2071)	(0,492)	237,80%
ROE	0,9719	(1,5769)	2,549	n/a
Total Assets	1 972	2 250	(278)	(12,36%)
Intangibles	1 013	962	51	5,30%
Book value	(1 298)	(910)	(388)	42,64%
Equity	(285)	52	(337)	n/a
Total Liabilities	2 257	2 198	59	2,68%
Interest bearing	4	440	(436)	(99,09%)
D/E	(0,0140)	8,4615	(8,4756)	n/a
ROA	(0,1405)	(0,0364)	(0,1040)	285,43%

### HRM SOLUTIONS

	08.10.2024	31.12.2023	Change BGN '000	Change %
Revenues	438	446	(8)	(1,79%)
EBITDA	106	72	34	47,22%
Depreciation	(48)	(58)	10	(17,24%)
Net Result	45	8	37	462,50%
EBITDA margin	24,20%	16,14%	8,06%	49,91%
Net Profit/ (loss) margin	10,27%	1,79%	8,48%	472,77%
Sales per share	2,92	2,97	(0,05)	(1,79%)
EPS	0,3000	0,0533	0,25	462,50%
ROE	0,2961	0,0748	0,22	295,97%
Total Assets	1 024	1 120	(96)	(8,57%)
Intangibles	743	791	(48)	(6,07%)
Book value	(591)	(684)	93	(13,60%)
Equity	152	107	45	42,06%
Total Liabilities	872	1 013	(141)	(13,92%)
D/E	0,0439	0,0071	0,037	515,23%
ROA	438	446	(8)	(1,79%)

## ENGVIEW SYSTEMS

- **EngView Systems is a subsidiary company of Sirma Group Holding JSC**
- **Capital : BGN 68 587**

**Shares: 68 587 ordinary named voting shares, with right to dividend and liquidation share, proportional to the participation in the capital.**

**Sirma Group Holding owns 50 000 shares or 72,9 % of the company capital.**

EngView Systems AD is a member of Sirma Group, with main activity - development of software products and services in the field of two main vertical markets:

- **Packaging industry.** The products developed by the company are based on proprietary innovative technology for variation and parametric CAD / CAM and are designed for automation and optimization of the production processes, mainly connected with packages and displays of different sheet materials.

- **Quality control of serial production in various industries,** mainly related to machine building, mechanics, aluminum and plastic parts, etc. In this field, the company develops entirely proprietary market solutions as well as technological solutions designed for specific measurement machines for the main strategic partner - QVI.

### EngView Systems in 2024

#### Conditions for business development in 2024

EngView Systems operates in two main markets that of software and hardware solutions in the field of Metrology and Quality Management in the production of metal products, as well as software for video measuring machines in partnership with manufacturers, and complete solutions for automation and management of the production process of the packaging industry. The company works with manufacturers of packaging and displays around the world, served by a developed and expanding network of distributors and partners, as well as our own offices in Brazil, Germany and USA.

A large share of packaging production remains in the established offset printing segment. The spread of digital technologies is happening at an ever-increasing pace and more and more companies are investing in digital printing and production machines. New niche markets are being formed, related to personalization, small circulations of cardboard and corrugated packaging, products for advertising purposes and better visualization of selected brands (shelves) or entire structures, exhibition stands, shows, printed and cut from thick materials (Rigid Board). In Europe and the United States, there is a trend for the entry and production of materials and products from them, which are directly related to nature conservation and are environmentally friendly and easily recycled.

This determines the direction of the predominant investments in the packaging industry - along with those in machines, companies from different niches are looking for solutions to further save time and resources, modernize their production to

improve their competitiveness, and follow modern technologies that improve the relationship with the customer and optimize the order channels. Such solutions are Internet and cloud-based solutions for communication with customers and shortening the Order-Delivery cycle (web-to-print, web-to-pack), which become possible precisely in combination with new digital technologies.

After the pandemic, software companies in the industry are looking for partnerships with each other to offer automated and integrated solutions.

In the market of technologies for monitoring and quality management of mass production, there are growing trends towards digitalization of processes. This is determined by the mass penetration of new modern technologies for measurement and communication, as well as the growing availability of instruments based on such technologies. Confidence in cloud-based technologies and SaaS solutions is also increasing. The advantages of this type of solutions such as quality of service, accessibility for a wide range of users, accelerated exchange and fast access to information, replacement of many analog processes with digital ones, the ability to quickly make accurate informed decisions based on real data and analysis, determines the future trends and market demand for such solutions and related to their work measuring equipment.

Another driving factor is the growing competition among metal manufacturers and their desire to expand their markets. This is possible only if the highest quality criteria are set and the ISO 9000 standards are met. More and more small and medium-sized companies strive to achieve this standard and this causes the demand for products that digitize processes and provide opportunities for successful management of quality.

EngView Systems successfully develops its products in its two main areas for the packaging and video measuring industries. In recent years, the company has invested in the development of new products based on its already implemented solutions and the accumulated knowledge and expertise in individual niches. They meet the latest trends, as well as customer requirements for high-quality software capable of accelerating production, increase sales through optimization and maintenance of additional processes. The company's marketing efforts combine both the traditional way of branding, advertising and product positioning, as well as new trends in digital marketing, online demonstrations, multimedia, participation in panels, membership in associations, etc.

The company continues to develop its core product for the packaging industry, the Packaging Suite. In the first month of the year, the main version 2024 of the CAD product was

released, continuing the policy of Continuous Delivery. The year is very important for the division as the Drupa exhibition held after a gap of 8 years. Efforts in product development and marketing were fully focused on the successful presentation of the company at Drupa as the only Bulgarian company with its own stand. The company's presence at Drupa, Dusseldorf was the biggest event of 2024. The team achieved success for which it was preparing hard during the first 5 months of the year. Hundreds of demonstrations were made, some of them held at another software company's booth, offering Drupa for the first time integration between the two software for structural packaging design and subsequent pre-press processes, closing the entire workflow of users in printing houses. Several distribution contracts based on this integration were signed and numerous meetings were held with Hybrid Software Group representatives to cement the partnership of the two companies worldwide.

After Drupa, two new software distribution contracts were signed with the Hybrid Solution – in Dubai and China. There are first pilot customers in both locations. The new partner successfully presents the integration to its entire network of distributors, creates videos and advertises the solution as competitive on the market. This promotion is expected to bring in customers from the prepress industry who need faster, more efficient and high-quality processes in their production.

Meetings were also held with established partnerships in the third quarter, which in the last quarter should lead to new contracts for the development of functionalities.

Contacts with other software companies in the field of cloud services also led to various partnerships related to integrated solutions in the packaging industry. Talks have begun for integration projects with web to print and ERP solutions for the packaging industry, which should be launched by the end of the year.

Immediately after Drupa, steps were taken to follow up on marketing leads from all EngView companies. By the end of the year, several marketing campaigns are planned to lead to sales in different regions of the world.

The purchase of services on a subscription basis is a very important trend in the global market in the last few years. This is due to the advent of cloud technology and the ability to sell even very complex software products as services rather than licenses. This makes them more affordable both in terms of price and in terms of time to master and start in real business. For this reason, SaaS sales are growing rapidly, and the pressure on suppliers to offer this type of service is growing.

After launching the policy of offering the software on a subscription basis in 2021, during 2022 and in early 2023 customers benefit from this model with smaller but ongoing payments for EngView Suite licenses. More and more customers are starting to use the software without the need to make a large investment or bear a large risk. Since this model relies on a large number of subscribers to reach the turnover of selling the software, the company still maintains its old sales model. However, in the revenue part, purchases of permanent licenses have a larger share, but in the long term this trend

should reverse. In the first half of 2024, a greater part of the number of sales was carried out precisely on this principle. In the USA and Brazil, almost all sales revenue is based on this principle, where there is an absolute growth in the number of customers who use the subscription model.

From 2023 EngView invests in online products based on CAD technology. The company hopes that through the realization of online products aimed at different types of users from the packaging industry, this product will also be found that is useful for the mass consumer.

Development of the core CAD API-based technology to offer developments integrated with other products or platforms continues. The first pilot client in Bulgaria has already integrated parts of the main system into its own online store, with the use and payment model being pay per use.

After Drupa, another project for a new packaging website was launched in the Netherlands. In November, two websites with our technology went live. This opens new doors in the development of this business. More clients are being sought while the technology itself is being upgraded at the same time.

New mechanisms, partnerships and representations around the world are also being sought to increase brand recognition, increase sales and search for new niche markets.

Products oriented to Metrology and Quality Control such as ScanFit&Measure and mCaliper, TurnCheck are also being developed.

An MVP is being developed with one of the largest manufacturers of calipers and micrometers in the world based on the mCaliper product.

At the end of the year, the development was released to the first pilot customers in Japan as part of the new solution of this new partner.

Online demonstrations of ScanFit&Measure are being held as well as visits to factories that need measuring systems for quality control. ScanFit&Measure took part in the largest aluminum extrusion exhibition of the year in Düsseldorf. A new machine with software improvements was shown. Sales of this product are increasing, campaigns continue worldwide.

### **Regional and international factors influencing the business of the company**

2024 is off to a shaky start in terms of revenue due to changing sales models. Costs and investments in marketing and sales also affect the overall financial statement.

From last year until now, specialized sales campaigns have been carried out for different regions of the world and for different products from EngView's portfolio. An external specialized company is used, which carries out both targeted branding and sales activities.

The company develops all its products in Bulgaria, but has a network of distributors worldwide, as well as its own offices in the USA, Germany, Canada and Brazil. The factors influencing the business are mainly related to the saturation of the market



with competitive products or the degree of development of the given market. Still a major share of sales of software for the packaging industry is generated in Europe, but the market is also expanding in the US through marketing efforts, with the number of customers doubling compared to last year.

EngView as one of the leading names in the packaging industry works with strategic partners from Germany Heidelberg for which new versions of their products are developed every year for the printing industry and from the USA - QVI for their video measuring machines. EngView has been working with both companies for years, consolidating its positions by providing quality and modern software for their customers. The company is investing in a new QVI solution in 2019 and 2020 - Turn Check. New licenses were ordered in 2023, and it is expected that they will increase by the end of the year.

#### Business development and investments in 2024

In 2024, the company continues to develop its products and prepare for more online services and developments. The preparation of several events at which products and partnerships will be presented and consolidated is intensive.

The company is gradually increasing its capacity and resources for innovation developments in the two areas in which it operates.

In the US, the company is very actively working for brand recognition, to win new partnerships and customers and to impose the subscription model that will bring stability and growth from sales in the coming years.

In the German company EngView Systems GmbH is establishing itself as the company with the most signed maintenance contracts. There, the team has increased due to the need for support for our contractors, which ultimately led to additional financing and accumulation of costs, but the goal is to develop the market in the coming years and for the company to be one of the market leaders. In Brazil, the subscription model is established as the main sales model. Sales there are growing compared to last year and we hope that this trend will continue in the coming periods.

In Brazil, it is established as the main sales model through the subscription principle. Sales from there show an increase compared to last year, and we hope that this trend will continue in the following periods.

#### Perspectives and forecast for 2025

An increase in customers is expected in 2025, which will also increase sales volumes. Campaigns are being developed, new distributors are being sought and the presence in both niche markets is being strengthened.

## FINANCIAL RESULTS

	31.12.2024	31.12.2023	Change	Change %
Revenues	3 824	3 947	(123)	(3,12%)
EBITDA	1 188	934	254	27,19%
Depreciation	(921)	(837)	(84)	10,04%
Net Result	236	83	153	184,34%
EBITDA margin	31,07%	23,66%	7,40%	31,29%
Net Profit margin	6,17%	2,10%	4,07%	193,48%
Sales per share	55,4203	57,2029	(1,78)	(3,12%)
EPS	3,4203	1,2029	2,22	184,34%
ROE	0,0449	0,0166	0,028	171,45%
Total Assets	6 082	5 708	374	6,55%
Intangibles	4 535	4 085	450	11,02%
Book value	717	930	(213)	(22,90%)
Equity	5 252	5 015	237	4,73%
Total Liabilities	830	693	137	19,77%
Interest bearing	168	176	(8)	(4,55%)
D/E	0,0320	0,0351	(0,003)	(8,85%)
ROA	0,0388	0,0145	0,024	166,85%

## SIRMA BUSINESS CONSULTING

- **Capital: BGN 2 539 768**
- **On 08.10.2024 "Sirma Business Consulting" merged with "Sirma Group Holding" JSC**

Sirma Business Consulting (SirmaBC) is highly specialized in the provision of software products and services in the financial sector. The SirmaBC implements Universal Banking Solutions (UBS) individually or based on the FlexCube (Oracle platform). This is a complete banking solution which has received worldwide recognition as one of the most preferred systems in the banking and financial industries.

The range of services provided by the company covers mainly banking, retail and wholesale banking, regulatory compliance and risk management as well as the whole range of implementation and advisory services. SirmaBC is the third largest holding company and accounts for about 20% of revenue.

SirmaBC was established as a consolidated unit in 2007 and has since become one of the leading technology players in the financial sector. The company has been established not only in the local market, but has continued to seek to increase its presence on international markets, especially in Europe, North and South America, Asia and the Caribbean. SirmaBC has a team of highly specialized professionals with complementary expertise in the financial field. This helps to develop a wide range of products designed to respond to growing demand and evolving industry trends tailored to the banking and financial industry specification both locally and globally.

### Conditions for business development in 2024

Several serious challenges are emerging for the company that delivers solutions and services to financial players:

- Price adjustment of the offered services and products.
- Finding and retaining highly qualified personnel within the Bulgarian market.
- Adaptation of the business model and approaches in project implementation.
- Adaptation of existing solutions in the company's portfolio to meet new regulatory requirements and trends in the direction of robotization of digital operations and processes. The advent of artificial intelligence and machine learning technologies to optimize service delivery times for end customers will lead to new demand, but also lead time for new projects.

SirmaBC will continue to be focused on providing IT and consulting services and products, and the first half of the year, in addition to active actions to stabilize several ongoing projects, will focus on offering versions of the FlexCube banking system and opening all systems to solutions that give possibility of implementation of "Open banking" API based services. Projects in the direction of "Open Digital Business" and regulatory reporting will be the main focus for the company until the end of 2024.

### Regional and international factors, influencing the business of the company

#### Macro environment

The development of the financial market in Bulgaria in 2024 continues to be influenced by numerous factors, both internal and external to the country. Among them are the economic stagnation in Europe, the political instability in the region and the country, energy uncertainty and unclear deadlines for the country's accession to the Eurozone. Despite the EC's optimism about the results and GDP growth in the country, Bulgaria is hesitating and foresees a reduction to levels of 1.8% for 2024. The main problems are the increased inflation and the reduction in the consumption and production of electricity, as well as the export of electricity.

The ongoing hostilities in Palestine, Israel and Ukraine and the accompanying trade war are affecting the prices of energy resources, metals and commodities.

An increase in interest rates and a devaluation of any of the major currencies creates additional uncertainty in the financial market and opens many questions for companies that provide services and in addition to market risks, interest rate and currency risk will have to be managed.

In the country, appetites, intentions and real actions for the consolidation of the banking and financial market continue, which conditions on the one hand the competition between the many relatively small players and on the other hand provokes an active dialogue for the consolidation of the companies in the market. At the end of March, information appeared in the press about a new acquisition on the market, which envisages the sale of Tokuda Bank.

The last elected regular government in Bulgaria quickly resumed actions to join the Eurozone (but unfortunately the fulfillment of the convergence criteria is unclear). Despite the adopted changes in the legislation, there is a lack of clear communication about the dates of the replacement of the main currency in the country. In conclusion, the financial market in Bulgaria continues to be challenging and requires adaptation and reforms, which slows down investments in innovation and new projects. The main reserves and budgets have been set aside for adaptation to the euro, which has not been confirmed with implementation deadlines.

The trend continues to expand the business volume of companies and support centers with investments and employers from the USA, Canada, Germany and England, which significantly raise the average salary in the industry and additionally pump resources into projects that are focused in other markets.





**Industrial vertical**

The development of the IT business in Bulgaria at the beginning of 2024 is associated with a number of challenges and opportunities. On the one hand, the sector needs a skilled workforce, modern infrastructure and an appropriate regulatory environment, which continues to lag behind. Still, the presence of a regular government does not give stability and confidence in business for strategic investments and creation of long projects. On the other hand, the IT business continues to use various funding programs, both from European funds and local national initiatives, but this too will be inert in the case of disturbed political trust and stability. The IT sector until the end of 2024 will continue to grow, albeit at a slower pace, and although it will reach a turnover of over BGN 10 billion by the end of the year, it will face a huge challenge of the slowing pace of development in all leading economies.

The lack of stable government management, global conflicts, inflation puts pressure on all companies in the IT industry. One part of which is directly affected and dependent on government contracts and projects and another part, because of the tension of the public climate and uncertainty about the tax and fiscal policy of a future regular government. The problems with this defocusing of working resources are invisible at the national level, but they significantly exhaust the mainly nationally oriented players, in which category SirmaBC also falls.

In the long term, we will have to completely change the final price for customers or seek to enter foreign markets by providing services on an isleme basis or renting out resources.

**New clients, projects, products and services in 2024:****- Clients**

All the company's clients show and declare that they are partially or strongly affected by the uncertain financial framework, inflationary processes, military activities and the shortage of energy resources, as well as the late or lack of financial measures to overcome them. Despite the difficulties in the real economy, the income of financial players is increasing, but in parallel, the regulations that all participants must apply are also increasing. These legal obligations are a good opportunity to generate new revenue. A significant part of the additional income from customers is expected to be income from the sale of resources on the basis of time worked.

**- Projects**

Until now in 2024, the company successfully completed a FlexCube 14 implementation project and numerous small orders for the adaptation of reporting systems in view of changes in the legal framework. As well as numerous assignments for changes and adaptation of systems related to the transition to the euro.

The implementation of several projects for the implementation of payment and other satellite solutions, covering: "RepXpress", "ceGate" and "UBX Suite", DIGI Bank, continues.

**- Products**

The company is actively trying to advertise and distribute the first versions of:

- Open banking API hub, which implements the BISTRA standard for all services in the scope of PSD2;
- Up2Pay - a payment software terminal that resides with a mobile application provider or as a Plug-in for a web site;
- Up2Seal - a portfolio for generating one-time passwords and codes, which also serves as an advanced electronic signature and provides SCA, which is within the meaning of the Payments Regulation.
- RepXpress – regulatory reporting system and own DHW.
- ceGate – a system for collecting customer data and evaluating customers.

**- Services**

The company positions a package of consulting services for analysis and documentation regarding the selection of digital solutions. The methodology used is based on Assist Knowledge Development and the British Business Analysis Association.

**- Events**

The most important event for the company was the decision made by the shareholders to consolidate and merge Sirma Business Consulting EAD into Sirma Group Holding JSC. Within the first half of the year, the first stage of this transformation was also completed, with all the shares of the company passing into the possession of Sirma Solutions EAD.

All important events for the company are related to participation in specialized forums and exhibitions at which it attends and presents its improved solutions.

The company actively participates in the regular events of BASSCOM, BFA (Bulgarian Fintech Association), as well as new initiatives organized by AMCHAM Bulgaria and BFA and various working groups in line with European and national initiatives in the sector.

The company goes through regular certification according to 3 ISO standards, preparing for regular audits of security and process continuity.

**- Contracts**

At the beginning of 2024, SirmaBC finalized the conclusion of several contracts for:

- Adaptation of systems to the euro
- Renewal of electronic channels with customers.
- Changes and adaptation of all systems according to payment standards and the national plan for the transition to the euro and use of ISO 20022.

**FINANCIAL RESULTS**

	08.10.2024	31.12.2023	Change BGN '000	Change %
Revenues	4 883	6 225	(1 342)	(21,56%)
EBITDA	229	596	(367)	(61,58%)
Depreciation	(351)	(411)	60	(14,60%)
Net Result	(119)	161	(280)	n/a
EBITDA margin	4,69%	9,57%	(4,88%)	(51,02%)
Net Profit margin	(2,44%)	2,59%	(5,02%)	n/a
Sales per share	1,9224	2,4508	(0,53)	(21,56%)
EPS	(0,0469)	0,0634	(0,11)	n/a
ROE	(0,0438)	0,0568	(0,10)	n/a
Total Assets	4 562	4 746	(184)	(3,88%)
Intangibles	799	987	(188)	(19,05%)
Book value	1 921	1 850	71	3,84%
Equity	2 720	2 837	(117)	(4,12%)
Total Liabilities	1 842	1 909	(67)	(3,51%)
Interest bearing	-	40	(40)	(100%)
D/E	-	0,0141	(0,014)	(100%)
ROA	(0,0261)	0,0339	(0,060)	n/a

**SIRMA GROUP INC.****Business development in 2024**

Sirma USA continued to develop our business in Healthcare and Automotive retail sales. We have made tremendous progress in applying artificial intelligence and generative large language models technology to practical applications in Medical Information Systems. In an industry first, we developed the ability to describe workflows using plain-spoken language and automatically generate and configure ready-to-

execute mini-apps inside Healthcare applications built on top of our BoCore platform. The systems powered by our real-time Analytics engine also continued to gain ground with automotive dealers, and we were highly recognized by leaders in the field and the annual Digital Dealer conference. Also, this quarter we recruited a Director of Digital Marketing with management experience in both international retail banking and US Healthcare marketing.

**FINANCIAL RESULTS**

	31.12.2024	31.12.2023	Change	Change %
Revenues	3 715	6 779	(3 064)	(45,20%)
EBITDA	(638)	(316)	(322)	101,90%
Depreciation	(7)	(4)	(3)	75,00%
Net Result	(663)	(330)	(333)	100,91%
EBITDA margin	(17,17%)	(4,66%)	(12,51%)	268,42%
Net Profit margin	(17,85%)	(4,87%)	(12,98%)	266,61%
Sales per share	0,1722	0,3142	(0,14)	(45,20%)
EPS	(0,0307)	(0,0153)	(0,02)	100,91%
ROE	(0,0800)	(0,0391)	(0,04)	104,62%
Total Assets	11 996	10 475	1 521	14,52%
Intangibles	2 197	1 675	522	31,16%
Book value	6 091	6 766	(675)	(9,98%)
Equity	8 288	8 441	(153)	(1,81%)
Total Liabilities	3 708	2 034	1 674	82,30%
Interest bearing	29	36	(7)	(19,44%)
D/E	0,0035	0,0043	(0,0008)	(17,96%)
ROA	(0,0553)	(0,0315)	(0,024)	75,44%

## SIRMA ICS

- <http://sirmaics.com/>
- **Sirma ICS is a subsidiary of Sirma Group Holding JSC**
- **Capital:** BGN 300 000 divided into 300 000 number of registered nominal shares with a nominal value of 1 BGN per 1 share with voting right, dividend and liquidation share. Sirma Solutions owns 279 000 number of shares or 93% of the capital.

Sirma ICS is part of Sirma Group, with the main goal to concentrate the technological and business knowledge of Sirma Group's in the insurance sphere.

### Conditions for Business Development in 2024

The company operates in the Insurance sector with target customers insurance brokers and insurance companies. Both segments recorded minimal revenue growth due to an increased number of insured persons as well as an increase in insurance premiums.

The company offers a product covering all of the processes in the structure of an insurance broker - Sirma Insurance Enterprise Platform. There is also a developed opportunity for clients to integrate through the Sirma Insurance Enterprise MTPL API and to integrate the policy issuing a policy payment in any system and application. Regarding the online presence of brokers, we offer Sirma Insurance Enterprise Web Calculator. With this product, end visitors to websites can calculate their price and place an order. The company also creates individual solutions and developments on assignment such as websites, web portals for end customers, administrative portals and mobile applications. In general, the online market in Bulgaria remains underdeveloped due to the

sticker restrictions and the mandatory "Civil Liability" license plate.

The company also offers services to other companies, part of Sirma Group, mainly "body rent" of programmers.

### Business Development in 2024 and investment plan

In 2024 Sirma ICS continued with the execution of its strategic objectives:

- Improvements in mobile applications.
- Increasing the product range of the software for insurance brokers and optimizing the product and its functionalities.
- The company continues to rely on a stable and sustainable model of selling products with a monthly license fee, instead of relying on large one-off transactions which are more difficult to predict.

### Perspectives and forecasts for 2025

We anticipate retaining the monthly fee revenue of Sirma Insurance Enterprise Platform mainly from large new clients that are being negotiated, but individual small brokers may terminate contracts due to cessation of activity. We are striving to attract large brokers to the broker platform.

## FINANCIAL RESULTS

	31.12.2024	31.12.2023	Change	Change %
Revenues	997	1 057	(60)	(5,68%)
EBITDA	124	203	(79)	(38,92%)
Depreciation	(82)	(96)	14	(14,58%)
Net Result	35	94	(59)	(62,77%)
EBITDA margin	12,44%	19,21%	(6,77%)	(35,24%)
Net Profit margin	3,51%	8,89%	(5,38%)	(60,53%)
Sales per share	3,3233	3,5233	(0,20)	(5,68%)
EPS	0,1167	0,3133	(0,197)	(62,77%)
ROE	0,0346	0,0962	(0,062)	(64,05%)
Total Assets	1 185	1 220	(35)	(2,87%)
Intangibles	817	866	(49)	(5,66%)
Book value	195	111	84	75,68%
Equity	1 012	977	35	3,58%
Total Liabilities	173	243	(70)	(28,81%)
Interest bearing	53	83	(30)	(36,14%)
D/E	0,0524	0,0850	(0,033)	(38,35%)
ROA	0,0295	0,0770	(0,048)	(61,67%)

## SIRMA TECH (S&G TECHNOLOGY SERVICES)

- <http://www.sngservices.co.uk/>

Sirma Tech (S&G Technology Services) is a joint venture of Sirma Solutions, which operates in the United Kingdom. The company provides technology services in the areas of software integration, data integration and mobile technologies for the financial service sector.

Sirma Tech (S&G Technology Services) has accumulated tremendous expertise on the banking industry and the

development of technology solutions for some of the world's largest banks.

This enables the company to better understand the challenges faced by customers, identify the areas in which it can provide innovative solutions and integrate seamlessly into its specific solutions within a broader delivery program. S & G Technology Services specializes in providing IT consulting services, software products and services to the software ecosystem of one of the most popular banking systems - the Temenos T24.

### FINANCIAL RESULTS

	31.12.2024	31.12.2023	Change	Change %
Revenues	2 415	2 064	351	17,01%
EBITDA	(110)	268	(378)	n/a
Net Result	(127)	184	(311)	n/a
EBITDA margin	(4,55%)	12,98%	(18,66%)	n/a
Net Profit margin	(5,26%)	8,91%	(16,29%)	n/a
ROE	(0,3479)	0,2809	(0,848)	n/a
Total Assets	655	918	(277)	(28,65%)
Equity	365	655	(341)	(44,27%)
Total Liabilities	290	263	64	10,27%
ROA	(0,1939)	0,2004	(0,478)	n/a

## SIRMA CI

- **Capital: BGN 133 000**
- **On 08.10.2024 "Sirma CI" EAD merged with "Sirma Group Holding" JSC**

### Conditions for Business Development in 2024

The war in Ukraine will not end soon, which brings uncertainty for certain sectors. In addition, the war between Israel and Gaza also provides prerequisites for crisis situations and dynamics in the energy market in Europe.

The outcome of new elections in the country will again be an unclear horizon, but it seems that the caretaker government will continue to manage and implement the plan to meet the Schengen indicators and the acceleration of the national recovery and resilience plan.

Regardless of the current situation, we continue the adaptation of the business in the direction of income diversification from additional IT activities.

We continue to adapt the business to the new rules (digital transformation is everyday), for which we believe we are prepared and will take adequate measures based on short-term and long-term goals.

Despite the stagnation on a global scale, Sirma CI will continue its development with the aim of positive balance and diversification in the sector and revenues.

For 2024 our focus remains on the trends defined by Gartner and internal analysis of market demand and our customers.

We will maintain a focus on the need to provide services by our experts and work in collaboration with partners to develop and integrate our products, which leads to diversification and increased revenue.

The top 3 services for Digital Retail, which are at their peak of demand for them:

- Software solutions for user engagement
- Conversational commerce, ie. technological solutions that recognize speech, speech, language processing via AI. These are applied in chatbots
- Algorithmic sales, ie. AI-based software solutions

According to Gartner the top 3 services of Digital Retail, which will be in demand in the next 2-5 years:

- Unified Commerce Ecosystem

- Real-Time Pricing
- Smart Check-Out
- eCommerce software (web and mobile apps)

Of the top 3 services that Gartner defines at their peak, we offer two. The other products and expertise that we have and are described in the Technology stack (item 5) are very up to date. Regarding the services that will be in demand in the next 2-3 years, we are already working on one of them.

We are actively continuing our partnering activities with US companies and plan to launch activities in Northern Europe for entry in the second quarter, maintaining our focus on current markets and customers.

We have provided a marketing budget for PR materials to advertise our new concept in the "retail" vertical.

Fully focused on unified commerce trends, which will unite our implementation solutions for large retailers: e-shop, loyal mobile application program and chatbots.

The development of the new product based on current software designed to increase Conversion Rate for product and service marketers is on schedule and progressing very well. Due for release in the second half of 2024.

Technology stack and Microservices - Sirma Customer Intelligence expertise and products:

- Consultations for digital transformation and innovation
- Business analysis and planning
- Individual web and mobile design (responsive)
- Personalized e-commerce (back-end and front-end development)

## FINANCIAL RESULTS

	08.10.2024	31.12.2023	Change	Change %
Revenues	1 623	855	768	89,82%
EBITDA	50	30	20	66,67%
Depreciation	(15)	(13)	(2)	15,38%
Net Result	30	14	16	114,29%
EBITDA margin	3,08%	3,51%	(0,43%)	(12,20%)
Net Profit margin	1,85%	1,64%	0,21%	12,89%
Sales per share	5,4100	2,8500	2,56	89,82%
EPS	0,1000	0,0467	0,05	114,29%
ROE	0,1546	0,0854	0,07	81,15%
Total Assets	648	433	215	49,65%
Intangibles	-	30	(30)	(100%)
Book value	194	134	60	44,78%
Equity	194	164	30	18,29%
Total Liabilities	454	269	185	68,77%
Interest bearing	40	61	(21)	(34,43%)
D/E	0,2062	0,3720	(0,166)	(44,57%)
ROA	0,0463	0,0323	0,01	43,19%

- Integration of loyalty program (back-end and front-end development)
- ERP integration / optimization
- Implementation of logistics integrations / optimizations
- Integrations for online payments
- Billing integrations
- Mobile applications - native Android and iOS
- RTS - real-time user behavior analysis system
- Chatbots - based on Melinda
- Others

The war in Ukraine and Israel are a significant factor that makes us accelerate our development in markets outside Bulgaria in order to diversify.

We hope for a regular government to be formed in the middle of the year, bringing stability, restarting infrastructure, capital investment and economic stimulus to rebuild the economy.

## New contracts during 2024:

- The contracts we signed in 2023 are already being implemented. They are long-term and include maintenance and development.
- We are negotiating to sign two new long-term contracts with an international customer for two new countries for the license and support of our product

Our current customers continue to be active with orders for new features to their current solutions, in order to sell more to end customers.

## SIRMA MEDICAL SYSTEMS

- **Sirma Medical Systems** is a subsidiary of Sirma Group Holding
- **Capital:** BGN 100 000. **Sirma Group Holding** owns 66% of the capital.

### Conditions for business development in 2024

The beginning of 2024 was dominated by the development of artificial intelligence technologies and their possibilities healthcare applications. The digitalization of health care systems is now entering a period of development in which technologies are proving their usefulness in practice. The imposed strict regulatory frameworks are already being actively implemented, which has a positive impact on the quality of digital health services offered, as well as serving as a starting point for future developments. The concept of personalized medicine, where the patient takes an active role in their healthcare, continues to gain traction.

In this environment, the two main products of Sirma Medical Systems are well positioned in the market and have the capacity for medium and long-term development by precisely targeting efforts in the development of new functionalities and marketing activities.

In view of the changing environment, the target markets in which the company will seek implementation in 2024 have been adjusted. For Diabetes:M, the activities in the United Kingdom and Bulgaria remain the priority, and exploratory activities for the implementation of the product in the USA have also begun. For Medrec:M, implementation efforts in Bulgaria are a priority, with an additional focus on the USA. For MPI-2, the priority is the US, UK and Canada, with additional focus on India and South Africa.

Sirma Medical Systems continues to develop its products in its two main areas - for self-monitoring and remote monitoring of diabetic condition and telemedicine. Additional focus is on product development for self-treatment for stutterers.

During this reporting period, the work was completed and the new developments in the Medrec:M platform - a link with the National Health Information System (NHIS) and a mobile application for Medrec:M Clinic - were launched. These new functionalities expand the possibilities for doctors to work with the platform and improve their communication with patients.

A Medrec:M Assist mobile application for family profiles is being tested, which allows older children and elderly people to receive medication alerts, as well as to be able to note whether a medication has been taken.

The development of a new version of the MPI-2 application for stutterers, developed in partnership with professors from the University of California at Santa Barbara, USA, has also

been completed. The new version will allow users to use the app for self-healing, independently, without the intervention of a supervising professional. In the first quarter of this year, video production of over 25 instructional videos was organized as an integral part of the program implementation. The product is expected to be launched in the middle of the second quarter of this year.

During this reporting period, the company became a member of the extended supervisory board of the Bulgarian Cluster for Digital Solutions and Innovations in Healthcare (DHI Cluster), where it is responsible for relations with the members and partners of the cluster. Sirma Medical Systems participates in the European project DIGI4Care, managed by the cluster, as the project is in its early stages and the roles and stages are still to be allocated, with the company's participation planned to be in the prototypes for post-hospital patient monitoring with the Diabetes:M and Medrec:M platforms.

Since the beginning of the year, the company has started a new practice for additional training of customers on the platform for doctors Medrec:M Clinic. Through these trainings, doctors become familiar with the innovations in the platform and receive ideas and guidance on how they can integrate the new functionalities into their work processes.

The implementation of videos with health tips and webinars with the participation of prominent medical specialists from various fields continues, as well as the publication of informative articles on the blogs of the Diabetes:M and Medrec:M products. The practice of sending a monthly newsletter with useful information to app users and Medrec:M webinar audiences also continues.

During this reporting period, the work on the inclusion in the Medrec:M platform and the offering of digital health services of the diabetes clinic of Prof. Dr. Radka Savova was completed. It is planned to launch the newly offered services in the second quarter.

Talks have been held with Roche Bulgaria for a partnership to create a hospital platform for post-hospital monitoring of cancer patients and optimize their treatment with Roche drugs. Talks have been held with Doctors Without Borders for South America and an offer has been sent for the use of the Medrec:M platform in the organization's medical centers.

The process of FDA certification of the Bolus Calculator server module for use in the Diabetes:M platform has started. The first phase has been completed and preparations for clinical trials are currently underway at the Diabetes Clinic at the Mother's Home. The clinical trial is expected to be completed by the end of the year and the FDA certification to be completed in the first half of 2025.

At the same time, the preparation of documents for the CE mark as class IIb is underway.



**Business Development Conditions in 2025**

In 2025, the global digital health sector continues its upward trend, driven by the integration of artificial intelligence (AI), personalized health solutions, remote patient monitoring and increased regulatory support. Chronic diseases, such as diabetes, remain a strategic focus, and the growing number of specialized technology solutions and mobile applications create an increasingly competitive environment. A key advantage is the ability to provide flexible, secure and integrable platforms that can adapt to the needs of corporate clients, healthcare organizations, pharmaceutical companies and medical device manufacturers.

Tech giants, startups and traditional pharmaceutical players are increasingly turning to strategic partnerships, acquisitions and the development of internal innovation hubs to meet the needs of a growing audience. A number of government initiatives and healthcare systems, especially in developed markets such as the US, UK and Germany, are introducing or upgrading electronic health records, stimulating data standardization and promoting integration between different platforms. This not only facilitates the exchange of information, but also increases the quality of clinical decisions and the personalization of therapies.

In this dynamic, Sirma Medical Systems will strive to strengthen its positions through the Diabetes:M platform, directing its efforts towards corporate clients and brands looking for White Label solutions. At the same time, for the

MPI-2 product (stuttering therapy), the focus will be on massive direct promotion to end users. For Medrec:M, only supporting marketing is planned, without a large-scale expansion of functionalities or activities.

**Perspectives and forecasts for 2025**

After 2025, upon successful completion of clinical trials and FDA approval for Diabetes:M, Sirma Medical Systems expects significant new opportunities for partnerships and distribution in the US and other international markets. The development of MPI-2 as a leading platform for stuttering therapy will establish the company as a provider of high-quality solutions for end users.

In the long term, after stabilizing and strengthening the positions of Diabetes:M and MPI-2, a resumption of more active activities around Medrec:M is possible, supported by a successfully established image and an expanded partner network.

Sirma Medical Systems' strategy for 2025 emphasizes attracting corporate clients and expanding the product ecosystem for Diabetes:M, as well as a massive marketing campaign for MPI-2 aimed at end users. With a clear framework, an optimally allocated budget, and a focus on high-value partnerships and communication channels, the company aims to strengthen its market share, increase the interest of external investors, and expand opportunities for future sustainable growth.

**FINANCIAL RESULTS**

	31.12.2024	31.12.2023	Change	Change %
Revenues	213	259	(46)	(17,76%)
EBITDA	(154)	(222)	68	(30,63%)
Depreciation	(37)	(38)	1	(2,63%)
Net Result	(191)	(293)	102	(34,81%)
EBITDA margin	(72,30%)	(85,71%)	13,41%	(15,65%)
Net Profit margin	(89,67%)	(113,13%)	23,46%	(20,73%)
Sales per share	0,7100	0,8633	(0,15)	(17,76%)
EPS	(0,6367)	(0,9767)	0,34	(34,81%)
ROE	0,4860	(3,1848)	3,67	n/a
Total Assets	1 440	1 332	108	8,11%
Intangibles	1 370	1 250	120	9,60%
Book value	(1 762)	(1 451)	(311)	21,43%
Equity	(392)	(201)	(191)	n/a
Total Liabilities	1 832	1 533	299	19,50%
Interest bearing	-	250	(250)	(100%)
D/E	-	(1,24)	1,24	(100%)
ROA	(0,1326)	(0,2200)	0,0873	(39,70%)

## SCIANT

- **Capital: BGN 257 000**
- **On 08.10.2024 "Sciant" EAD merged with "Sirma Group Holding" JSC**

### Conditions for business development in 2024

Sciant provides software services in the following industries: Hospitality, Logistics and Transport, Finance and Banking.

The company works with clients from the United States, Singapore, Australia, China and the European Union.

The company provides software services to customers in the industries in which it specializes. The services have added value with the fact that the company's software engineers also have knowledge of the respective industry. Combined with the presence of consultants and business analysts, this leads to attracting customers from a higher segment of the market. The rights to the developed software are owned entirely by the Company's customers.

Sciant also provides services for maintenance of integration adapters through a developed system for semi-automated maintenance. The support is with monthly subscription contracts.

Although rearer, the company also works with Bulgarian companies. For them he performs development, maintenance, optimization of web sites; development of internal platforms for management of various processes; project management.

### Regional and international factors affecting the company's business

The company is export oriented and has no business in Bulgaria. The regional factor that influences is the labor market.

The main international factor is the war in Ukraine and Israel. There is no influence of this factor on the company's business. Customers from Hospitality, Logistics and Transport, Finance and Banking continue to increase their orders. The company manages to add new customers and new projects.

In 2024 Sciant continued to fulfill its strategic goals:

- All contracts from the previous year have been renegotiated and extended for 2024. New

- customers in Western Europe and North America have been attracted from the existing verticals: Hospitality, Logistics and Transport, with a significant increase in Hospitality business. So far, the practice is 20% ahead of the quarterly revenue and gross profit plan.
- The Company continues to rely on a stable and sustainable model of selling software development services and integration adapter support services. New integrations are being built to systems and products of external companies established in the respective industries.
- The construction of our own system for the support of integration adapters - Managed Integration Services (MIS) continues. The contracts are for a monthly subscription, with the growth of revenues on a monthly basis averaging 10%, and the number of hotels served to customers reached 1 770 at the end of the first half of the year.
- In the past quarter, Saint's sales team participated with its own stand at the event in the field of hospitality - ITB in Berlin, which generated significant interest and new opportunities for the hospitality practice.
- The SITL exhibition in Paris, focused on transport and logistics, was also visited, generating new contacts and opportunities for the logistics practice.
- Sciant's sales team attended the Phocuswright conference in Barcelona and the HITEC exhibition in the USA, which should bring new commercial opportunities and partnerships for the hospitality practice.
- The number of personnel is also growing, as at the end of the first quarter the company had nearly 160 employees in Bulgaria and Albania. There is a positive movement in the labor market, with the rate of hiring of new employees increasing.
- There is a decline in the logistics practice business due to the slowdown in trade and transportation worldwide.

## FINANCIAL RESULTS

	08.10.2024	31.12.2023	Change BGN '000	Change %
Revenues	14 114	15 490	(1 376)	(8,88%)
EBITDA	(172)	1 286	(1 458)	n/a
Depreciation	(269)	(394)	125	(31,73%)
Net Result	(514)	797	(1 311)	n/a
EBITDA margin	(1,22%)	8,30%	(9,52%)	n/a
Net Profit margin	(3,64%)	5,15%	(8,79%)	n/a
Sales per share	0,3990	0,4379	(0,04)	(8,88%)
EPS	(0,0145)	0,0225	(0,037)	n/a
ROE	(2,4245)	0,5407	(2,965)	n/a
Total Assets	3 919	4 645	(726)	(15,63%)
Equity	212	1 474	(1 262)	(85,62%)
Total Liabilities	3 707	3 171	536	16,90%
Interest bearing	69	648	(579)	(89,35%)
D/E	0,3255	0,4396	(0,1141)	(25,97%)
ROA	(0,1312)	0,1716	(0,3027)	n/a

## SAIFORT (SAI)

"Saifort" EAD ("SAI" EAD) is a subsidiary of "Sirma Group Holding" JSC since 2008, with the main goal of concentrating within itself the knowledge and expertise of "Sirma Group Holding" JSC, in the field of artificial intelligence and in the last year, its application in the field of cyber security. The company's activity is oriented towards specialization in the field of corporate cyber security and application of artificial intelligence to achieve the main goals of the same.

The company aims to modernize the cyber-security system of the group of companies owned and/or under the control of "Sirma Group Holding" JSC, as well as to attract external customers in need of a comprehensive solution in the same area.

## Conditions for Business Development in 2024

"Saifort" EAD ("SAI" EAD) provides complete "holistic" services in the field of cyber security, company security, auditing according to modern cyber security standards and drafting of policies and procedures in this area.

In 2024, development of the already structured, through the Bulgarian and Israeli subsidiary, business in the field of comprehensive services in the field of cyber security is expected:

- Main target markets - Israel, Middle East, Romania, Greece, Bulgaria, Scandinavian countries.
- Participation in at least three leading events, in the field of cyber security, hospitality and logistics.
- Development of a strategy for entering the market in the USA, through the subsidiary companies of "Sirma Group Holding" JSC.

- Improving the processes of using the "Sirma Cyber Security Management Platform", by implementing artificial intelligence (AI).

- Hiring and training of highly qualified sales experts to operate the strategically planned markets.

- Conducting Penetration Tests and simulated attacks in the system of "Sirma Group Holding" JSC;

The company plans to provide a full package of services in the field of company and cyber security, by providing the following services:

## A. "SOC" and "Response" team

The evolution of cyber threats and attacks in recent years has led to uncertainty in cyber ecosystems. Vital to meeting these challenges is building advanced Cyber Security Operations Centers (SOCs) providing an operational risk management framework within organizations to manage, monitor and respond to cyber security threats.

## B. "CISO as a Service"

A key challenge facing the sector is the global shortage of skilled cybersecurity workers and the expertise available to help protect data at risk.

## C. "Penetration Testing"

Growing demand for security solutions for software-based web and mobile applications is expected to boost the growth of the global security testing market. Additionally, the growing use of cloud-based cybersecurity services is expected to drive demand for vulnerability and security testing services. Moreover, with the increasing digitization in developing countries, it is expected to boost the trend of IoT-based connected devices. This, in turn, reinforces the need for vulnerability and security testing.

D. Audit, risk assessment and subsequent implementation of cyber security procedures

The continuing dynamic international environment and economic trends, in 2023 and the beginning of 2024, show the growing need for comprehensive services in the field of cyber security and will allow the company, through the built, modern SOC center, to add new clients to the portfolio of your services.

In 2024, "SAI" EAD will follow the implementation of its strategic goals, namely:

A. Development and development of main target markets - Israel, Middle East, Romania, Greece, Bulgaria, Scandinavian countries.

B. Hiring and training of qualified sales and marketing specialists who meet the requirements of the activity for the markets described above.

C. Maintaining and constantly updating the cyber security system of the group of companies owned and/or under the control of Sirma Group Holding JSC

D. Preparation of a set of procedures and policies for compliance with the requirements of the NIS 2 directive of the EU, for the companies of the group and external customers.

E. Attracting new, international clients in need of developing and implementing comprehensive solutions in the field of cyber security.

## ROWEB

Roweb Development is part of Sirma Group since 21.10.2024, with its head office in Pitesti (Romania) and branches in Craiova and Bucharest. The company provides software services for complex projects and global clients. Dedicated teams of experienced software professionals implement projects for clients in over 30 countries. Web, desktop and mobile applications, scalable websites with a focus on user experience, personalized online portals and Magento e-Commerce solutions are developed.

### Business development conditions in the fourth quarter of 2024

The company operates in the following industries:

- E-commerce: The global e-commerce market is experiencing significant growth, fueled by increased internet penetration and consumer preferences for online shopping. The demand for personalized e-commerce platforms, seamless user experience and mobile-oriented design is growing. Magento e-Commerce solutions are particularly sought after due to their flexibility and scalability.

- Information Technology: The IT sector continues to expand, as businesses seek innovative software solutions to improve operations and customer engagement. Companies are investing in custom software development, cloud services, and cybersecurity solutions. Our experience in delivering complex projects positions us well to meet these demands.

- Telecommunications: The telecommunications industry is evolving with the advancement of 5G technology and

### Overview of the Activity During 2024

In 2024, the company implemented the following important activities for the realization of its strategic goals:

- Development and deployment of the activity, mainly through the subsidiary company in Israel - "Saifort".

- Confirmation of the activity of the already built, modern and compliant with modern requirements operating center for cyber security "SOC" and attraction of new clients for the activity of the center - "NIMBLE", "PRI GALIL", CRYPTO ASHDOT", with a total of 64 new users of the 24/7 monitoring service.

- Implementation of procedures and practices for cyber security at HR management level, for "Sirma Group Holding" JSC and the companies of the Group.

- Hiring a sales consultant for the region of Hungary, Czech Republic, Slovakia, Austria.

- Continuing the development of the training program for the employees of Sirma Group, on the topic of cyber security, including the preparation and distribution of educational materials and training leaflets on the topic of Internet fraud and cyber security practices.

- Operation of "Sirma Cyber Security Management Platform"

- Preparation of procedures and policies for compliance with the requirements of the NIS 2 directive of the EU.

- Preparation and reorganization of the policies and procedures of "Sirma Group Holding" JSC, in order to bring them into line with the requirements of the processes of the upcoming merger of the subsidiaries into the holding.

increased data consumption. There is a need for reliable software applications to manage networks, improve customer service, and analyze large volumes of data. Our expertise in scalable solutions can meet these demands.

- Financial Services: The financial sector is addressing digital transformation as a means to improve services and comply with regulatory standards. There is a high demand for the development of secure online portals, mobile banking applications, and data analytics tools. Our focus on user experience and security aligns with the needs of the industry.

- Healthcare: The healthcare industry is increasingly adopting digital solutions for patient management and telemedicine. Customized applications for patient portals, appointment scheduling, and electronic health records are essential. Our ability to develop user-centric applications can meet these needs.

- Education: The education sector is leveraging technology for e-learning platforms and virtual classrooms. Developing interactive learning portals, mobile applications, and scalable websites are critical. Our expertise in creating customized online portals can support educational institutions in this transition.

By focusing on these industries, Roweb Development will leverage its strengths to meet changing market demands and continue its global expansion.

Roweb Development is a software services company with extensive experience in delivering complex projects for global clients. Our dedicated teams of experienced software

professionals have delivered projects for clients in over 30 countries. Based on the model of a specialized team, we develop web, desktop and mobile applications, scalable websites with a focus on user experience, personalized online portals and Magento e-Commerce solutions.

#### Perspectives and forecasts for 2025

In 2025, the company will strive to realize the following important strategic goals:

- Expanding market presence: Strengthening Roweb's positions in Romania, the EU and North America by using the expanded portfolio and resources of Sirma Group;

- Expanding the services offered: Integrating new technological solutions and services to meet the growing demand for innovation in the software industry;

- Increasing operational efficiency: Optimizing processes and resources by sharing best practices and technologies between the companies in the Group.

In 2025, we foresee growth in project revenues. Revenue from large traditional customers is expected to grow by up to 10%. Revenue growth from Romanian customers, which account for about 10% of the company's revenue, is also expected.

#### FINANCIAL RESULTS

**22.10.2024 – 31.12.2024**

Revenues	2 914
EBITDA	690
Depreciation	(13)
Net Result	614
EBITDA margin	23,68%
Net Profit margin	21,07%
Sales per share	9,7133
EPS	2,0467
ROE	1,3955
Total Assets	5 875
Book value*	18
Equity	422
Total Liabilities	440
Interest bearing	5 435
ROA	0,1045

## SIRMA GROUP HOLDING – SEPARATE FINANCIAL RESULTS

	31.12.2024*	31.12.2023	Change	Change %
Revenues*	33 010	5 228	27 782	531,41%
EBITDA	4 755	2 236	2 519	112,66%
Depreciation	(1 130)	(617)	(513)	83,14%
Net Result	3 257	1 509	1 748	115,84%
EBITDA margin	14,40%	42,77%	(28,36%)	(66,32%)
Net Profit margin	9,87%	28,86%	(19,00%)	(65,82%)
Sales per share	0,5561	0,0881	0,468	531,41%
EPS	0,0549	0,0254	0,03	115,84%
ROE	0,0432	0,0207	0,02	109,09%
Total Assets	108 150	90 077	18 073	20,06%
Intangibles	10 710	4 225	6 485	153,49%
Book value	64 675	68 804	(4 129)	(6,00%)
Equity	75 385	73 029	2 356	3,23%
Total Liabilities	32 765	17 048	15 717	92,19%
Interest bearing	7 085	245	6 840	2 791,84%
D/E	0,0940	0,0034	0,091	2 701,46%
ROA	0,0301	0,0168	0,013	79,77%

\* The revenue and expenses, assets and liabilities also include those of the companies that merged into "Sirma Group Holding" JSC on 08.10.2024. According to the instructions of the Financial Supervision Commission, the income from dividends is included in the income from the main activity of "Sirma Group Holding" JSC.

## 7 RESULTS BY SEGMENTS

Management determines the operating segments based on the main products and services offered by the Company.

In the fourth quarter of 2024, management has defined a new operating segment structure. The comparative information for 2023 has been restated accordingly.

The operating segments of the Company are as follows: System Integration, Hospitality, IT Services, Financial Industry, Production 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.

The year 2024 was marked by a large-scale restructuring and integration of "Sirma Solutions" JSC into "Sirma Group Holding" JSC. Thus, the leading segment of Sirma "System Integration" by the end of 2024 is organizationally located in "Sirma Group Holding" JSC. The merger of the companies (a total of 5 in addition to "Sirma Solutions" JSC) into the parent company took place at the beginning of the fourth quarter of 2024.

During the last quarter, significant efforts were directed towards the re-certification of "Sirma Group Holding" JSC under various ISO standards, which were previously held by "Sirma Solutions" JSC. These certificates are important for the majority of the clients of the "System Integration" segment. Despite the organizational challenges, caused by the restructuring, the System Integration segment successfully completed the year by fulfilling its sales and profit plan.

The market for the segment throughout the year was strong but unstable. In 2024, the ICT industry returned to its rapid growth (the expected growth for the year for the entire sector is 9%). This time, even the "Devices" segment, which has been sluggish in recent years, is returning to growth. This market recovery is also felt in the sales revenues of the "System Integration" segment in 2024. This helped achieve the set sales and return goals for the year.

In 2024, many significant deals were concluded in the segment:

- a deal concluded for the sale and integration of network equipment for one of the major telecom companies in Bulgaria;
- a deal concluded for the sale and integration of cybersecurity equipment in the data centers in 4 countries of a major fintech company;
- a deal concluded for 2 major projects for the sale and integration of cybersecurity equipment in the state administration in Bulgaria;
- a contract concluded for the supply of desktop computers for a major Bulgarian bank.



The Bulgarian market remains dominant for the "System Integration" segment.

The goals set for the "System Integration" segment for 2025 are to achieve a growth of at least 10% in sales revenue while maintaining the return on transactions. The segment also has a goal of attracting new, significant manufacturers of IT equipment as partners. The deals in the pipeline at the end of 2024 and the first days of 2025 are promising.

Segment financial results:

	<b>System Integration</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>41 197</b>	<b>30 380</b>
Cost of materials and goods sold	(33 650)	(24 114)
Hired services expenses	(2 588)	(2 072)
Employee benefits expense	(2 994)	(2 349)
Depreciation, amortisation of non-financial assets	(883)	(420)
Other expenses	(27)	(92)
<b>Segment operating profit</b>	<b>1 055</b>	<b>1 333</b>

**Segment „Hospitality“** offers IT solutions, consulting, system integration and data analysis to its clients in the hospitality industry. The segment's target clients are hotel groups, tour operators, travel agencies and technology providers for the hospitality industry.

In 2024, the segment continues to fulfill its strategic objectives:

- New clients were attracted in Western Europe and North America, with a significant increase in business.
- The company continues to rely on a stable and sustainable model of selling software development services and services for supporting integration adapters in the hospitality industry. New integrations are being built to systems and products of external companies established in the industry.
- The development of its own system for supporting integration adapters in the hospitality industry - Managed Integration Services (MIS) continues. The contracts are on a monthly subscription basis, with revenue growth on a monthly basis averaging 10%, and the number of hotels served by clients reaching 1 850 at the end of the year.
- During the past quarter, Sirma Group Holding's sales team visited the WTM conference in London, which should bring new business opportunities and partnerships.

Outlook and forecasts for 2025:

- The segment has ambitions for business growth of 20%, with the goal of more serious positioning in the USA.
- New partnerships and sales channels will be actively sought to generate new business opportunities for the segment.
- Participation in the following events related to the segment for 2025 is planned:
  - o ITB, Berlin (the company will have a stand at the specific event)
  - o HITEC, USA (the company will have a stand at the specific event)
  - o Phocuswright, Spain
  - o Phocuswright, USA
  - o WTM, London

Segment financial results:

	<b>Hospitality</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>13 423</b>	<b>8 990</b>
Cost of materials	(59)	(66)
Hired services expenses	(1 638)	(1 335)
Employee benefits expense	(8 752)	(5 323)
Depreciation, amortisation of non-financial assets	(269)	(292)
Other expenses	(208)	(230)
<b>Segment operating profit</b>	<b>2 497</b>	<b>1 744</b>

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

"IT Services" is the leading segment in the IT industry. The segment is expected to grow by 5.6% in the global IT market in 2024 (Gartner, October 2024). Despite the strong growth, however, the market was volatile during the year. This volatility was particularly pronounced in Bulgaria, where uncertainty surrounding the government generated uncertainty throughout the year. Similar uncertainty was also felt in the USA, where the presidential elections and the party division in society created an unfavorable conjuncture. This uncertainty was transferred from the USA to EUROPE, and was further intensified by the war in Ukraine. The result of this was a

worsening economic climate and project delays. Unfortunately, two of the leading new markets of Sirma's IT Services vertical – DACH and the Scandinavian countries were among the most affected.

Revenues from the segment in the fourth quarter of the year reached BGN 10 million. Even after the integration, the segment remains one of the most promising for the Group with over 10% of the revenues on consolidated basis for the Holding in the fourth quarter.

In 2024, many significant deals were concluded in the "IT Services" segment:

IT Services in Europe:

- development of a payment system for gift cards in the Scandinavian countries
- development of a payment system for a large English operator
- work on a large airline reservation system

IT Services in the retail segment:

- development of a loyalty platform in several large malls in the Balkans
- development of an intelligent bot for a large e-commerce client

IT Services for the Public sector:

- Adaptation, upgrade and modification of the existing information system of the National Center for the Development of the Bulgarian Patent Office to bring it into line with the requirements and the plan for the introduction of the euro in Bulgaria
- Modernization of the information system of the Bulgarian Patent Office, out-of-warranty support and ensuring continuity of the workflow and cybersecurity

IT Services in the USA:

- we continued to serve old customers of Sirma

The Balkan market is dominant for the IT Services segment in the fourth quarter in 2024

The goals set for the "IT Services" segment for 2025 are to achieve an organic growth of 10% in sales revenue while maintaining the significant profit margin achieved in the segment in 2024. The target geographic markets for the segment are: Great Britain, DACH, Belgium, the Scandinavian countries and Romania. The acquisition of Roweb, Romania to "Sirma Group Holding" JSC during the year will certainly help achieve part of the goals for the "IT Services" segment in 2025.

Segment financial results:

	<b>IT Services</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>10 149</b>	<b>9 930</b>
Cost of materials	(122)	(22)
Hired services expenses	(1 816)	(1 137)
Employee benefits expense	(6 910)	(8 192)
Depreciation, amortisation of non-financial assets	(300)	(335)
Other expenses	(494)	(63)
<b>Segment operating profit</b>	<b>507</b>	<b>181</b>

**Segment "Financial Industry"** offers support to financial institutions on their path to digitalization and implementation of artificial intelligence in their operations. The vertical's target customers are small and medium-sized banks and fintech companies. The activity of the Financial Industry segment is divided into 5 subsegments – Financial Services, Financial Consulting, Oracle, Temenos and IT Solutions.

The segment continues to face serious challenges:

- Adjustment in the prices of the offered services and products.
- Finding and retaining highly qualified personnel within the Bulgarian market.
- Adaptation of the business model and approaches in implementation and creation of solutions with licenses paid for per month and per user.
- Adaptation of existing solutions in the Group's portfolio to meet new regulatory requirements and trends towards robotization of digital operations and processes. The advent of artificial intelligence and machine learning technologies to optimize service delivery times for end customers will lead to new demand, but also time for the implementation of new projects.

Sirma Group Holding will continue to be focused on providing IT and consulting services and products, in addition to active actions to stabilize several current projects, it will emphasize offering the latest versions of the FlexCube banking system and opening all systems to solutions that enable the implementation of "Open banking" API-based services. Projects in the direction of "Open Digital Business", management and storage of business data and regulatory reporting will be the main focus for the Group until the end of 2025.

At the end of 2024, the segment successfully signed numerous framework contracts for work within the next 4 years, as well as numerous small orders for the adaptation of reporting systems in view of changes in the legal framework. Assignments for changes

and adaptation of systems related to the transition to the euro are still relevant, although the delay in the global implementation deadlines is being postponed with each subsequent government.

The implementation of several projects for the implementation of payment and other satellite solutions continues, which cover: "RepXpress", "ceGate" and "UBX Suite", DIGI Bank.

The Group has a clear plan and estimate for the development and increase in the value of the products in 2025, as well as actively advertises and distributes the new versions of:

- Open banking API hub, which implements the BISTRA standard for all services within the scope of PSD2 and open banking.
- RepXpress - a regulatory reporting system and its own DHW.
- ceGate - a system for collecting customer data and assessing customers.

The Group positions a package of consulting services for analysis and documentation regarding the selection and choice of digital solutions. The methodology used is based on Assist Knowledge Development and the British Association for Business Analysis.

Regarding the prospects and goals for the segment for 2025, despite some positive signals of improving the economic climate and easing strict trade and social restrictive measures, the stagnation and inertia of financial players does not suggest a quick recovery and revival of the market from the levels of 2018-2019. This will require more efforts in finding fresh projects and solutions without a focus in a specific area, despite the clear preferences of Sirma Group Holding to develop and work on data analysis projects and comprehensive solutions for banking and transactional business.

The uncertain environment and redirection of part of the segment's resources to work for hire will slow down the development of the segment's own products. Only the vision of reducing risks and guaranteeing the set revenue levels is an argument in maintaining a team of experts to work on shared projects with clients.

In the planned new revenues for the segment, the share of revenues related to adaptation and changes in the systems of clients, which will have to respond to the legal changes for Bulgaria's accession to the Eurozone, is increasing.

Retention of all employees and clients will be key to the successful implementation of all the segment's plans, which must go hand in hand with a clear policy and communication for increasing the prices of the solutions and services provided for all areas in the segment's portfolio.

Segment financial results:

	<b>Financial Industry</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>15 987</b>	<b>15 740</b>
Cost of materials	(38)	(50)
Hired services expenses	(3 544)	(1 033)
Employee benefits expense	(9 724)	(12 039)
Depreciation, amortisation of non-financial assets	(1 216)	(670)
Other expenses	(200)	(358)
<b>Segment operating profit</b>	<b>1 265</b>	<b>1 590</b>

**Segment "Production"** operates in two main markets – that of software and hardware solutions in the field of Metrology and Quality Management in the production of metal products, as well as software for video measuring machines in partnership with manufacturers, and comprehensive solutions for automation and management of the production process of the packaging industry. The segment works with manufacturers of packaging and displays worldwide, served by a developed and expanding network of distributors and partners.

The Group's activities in the segment are concentrated in the subsidiary EngView Systems AD.

Geographically, sales in 2024 were directed to Europe and the USA.

An increase in customers in the segment is expected in 2025, which will also increase the volume of sales.

Segment financial results:

	<b>Production</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>4 419</b>	<b>4 403</b>
Cost of materials	(194)	(253)
Hired services expenses	(576)	(464)
Employee benefits expense	(2 273)	(2 155)
Depreciation, amortisation of non-financial assets	(968)	(884)
Other expenses	(134)	(311)
<b>Segment operating profit</b>	<b>274</b>	<b>336</b>

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

In the last quarter of 2024, the "Other" segment included sales in the following leading segments:

- Software and IT services for insurance companies
- Software and IT services for transport companies
- Software and IT services for logistics companies
- Software and IT services for health services

The geographical focus of sales of the "Others" segment is diverse - from an almost complete focus on Bulgaria (insurance companies), through the USA (medicine) to global penetration of IT services for transport and logistics.

Segment "Others", although composed of several relatively modest sub-segments, contributes to 14,83% of the revenues at an consolidated level for "Sirma Group Holding" JSC. The rich palette of clients in this segment contributes to the diversification and sustainability of sales in the Holding, as well as creates prerequisites for further development of some of the segments into independent significant segments in the future.

Segment financial results:

	<b>Others</b>	
	<b>31.12.2024</b>	<b>31.12.2023</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>Segment revenues</b>	<b>14 835</b>	<b>11 872</b>
Cost of materials	(80)	(297)
Hired services expenses	(3 983)	(6 173)
Employee benefits expense	(13 375)	(8 943)
Depreciation, amortisation of non-financial assets	(569)	(1 193)
Other expenses	(907)	(1 017)
<b>Segment operating (loss)</b>	<b>(4 079)</b>	<b>(5 751)</b>

## 8 MAIN MARKETS

Consolidated earnings of Sirma Group for the historical period under review are of different nature and geographic origin. Traditionally, revenues from services and goods have the highest share. At the same time, Europe, North America and the United Kingdom are at the forefront of geographic distribution of earnings. Revenues by region and countries are presented in the following table.

### REVENUE BY REGIONS AND COUNTRIES:

<b>Region</b>	<b>31.12.2024</b>	<b>31.12.2023</b>	<b>Change</b>	<b>Change</b>
	<b>BGN '000</b>	<b>BGN '000</b>	<b>BGN '000</b>	<b>%</b>
Europe	71 531	55 647	15 884	28,54%
North America	15 408	13 418	1 990	14,83%
United Kingdom	10 359	10 585	(226)	(2,14%)
Asia	2 053	1 083	970	89,57%
South America	469	328	141	42,99%
Australia	157	164	(7)	(4,27%)
Africa	33	90	(57)	(63,33%)
<b>Total</b>	<b>100 010</b>	<b>81 315</b>	<b>18 695</b>	<b>22,99%</b>

The Group sell their products and services without geographical restrictions. However, traditionally the highest sales the Group generated in Europe and North America. Together with UK revenue, they traditionally account for 97,29% of total consolidated revenue. However, due to the exceptional diversification of its products and services, which are applied in many completely different sectors and customers, it is not possible to talk about any dependence of the Group on individual customers or on certain services.

In 2024, the Group sold in 67 countries. The largest share in the consolidated revenues belongs to the revenues from Bulgaria in the amount of BGN 55 653 thousand or 55,65% of the total sales revenues, followed by the USA with BGN 11 388 thousand or 11,39% and from the United Kingdom with BGN 10 359 thousand or 10,36%.

## 9 CONSOLIDATED FINANCIAL RESULTS

### CONSOLIDATED REVENUES

Consolidated revenues of the Group includes:

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Revenue from contracts with customers	98 925	80 528	18 397	22,85%
Gain on sale of non-current assets	3	19	(16)	(84,21%)
Other income	1 082	768	314	40,89%
<b>Total</b>	<b>100 010</b>	<b>81 315</b>	<b>18 695</b>	<b>22,99%</b>

Consolidated revenues increased with 22,99 % or BGN 18 695 thousand during 2024.

Consolidated revenue by product line includes:

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Software services	43 595	36 593	7 002	19,13%
Sale of IT equipment	36 782	26 654	10 128	38,00%
Subscriptions	5 720	5 682	38	0,67%
Consulting services	3 151	2 096	1 055	50,33%
Licenses	2 907	2 845	62	2,18%
Support	2 870	2 149	721	33,55%
Cloud services	1 847	1 644	203	12,35%
System integration	370	417	(47)	(11,27%)
Others	1 683	2 448	(765)	(31,25%)
	<b>98 925</b>	<b>80 528</b>	<b>18 397</b>	<b>22,85%</b>

### CONSOLIDATED EXPENSES

	31.12.2024	31.12.2023	Change
	BGN '000	BGN '000	(BGN '000,%)
Cost of materials	(970)	(1 565)	595
<i>Change in %</i>			(38,02%)
Hired services expenses	(14 167)	(12 221)	(1 946)
<i>Change in %</i>			15,92%
Employee benefits expense	(44 028)	(39 001)	(5 027)
<i>Change in %</i>			12,89%
Depreciation and impairment of non-financial assets	(4 205)	(3 794)	(411)
<i>Change in %</i>			10,83%
Cost of goods sold and other current assets	(33 173)	(23 237)	(9 936)
<i>Change in %</i>			42,76%
Other expenses	(1 970)	(2 071)	101
<i>Change in %</i>			(4,88%)
<b>Total expenses</b>	<b>(98 513)</b>	<b>(81 889)</b>	<b>(16 624)</b>
<b><i>Change in %</i></b>			<b>20,30%</b>

During 2024 consolidated operating expenses increased by BGN 16 624 thousand or by 20,30%. Employee benefits expense has the largest share in the consolidated operating expenses (44,69%), followed by the hired services expenses (14,38%).

## CONSOLIDATED FINANCIAL INCOME / COSTS (NET)

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Financial costs	(302)	(946)	644	(68,08%)
Financial income	286	80	206	257,50%
<b>Financial income / expenses (net)</b>	<b>(16)</b>	<b>(866)</b>	<b>850</b>	<b>(98,15%)</b>

In 2024 consolidated financial costs decreased by BGN 644 thousand or by 68,08% in 2024, mainly due to the decrease of the expenses operations with financial assets.

Financial income increased by BGN 206 thousand or by 257,50%, mainly due to the increase in income from operations with financial assets.

## CONSOLIDATED ASSETS

Consolidated assets marked an increase of BGN 23 003 thousand or 24,08 % in 2024. Traditionally, the biggest share of these relate to goodwill and intangible assets.

### NON-CURRENT ASSETS

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Goodwill	39 478	26 252	13 226	50,38%
Property, plant and equipment	14 456	10 181	4 275	41,99%
Intangible assets	21 810	20 387	1 423	6,98%
Long - term related party receivables	-	295	(295)	(100%)
Deferred tax assets	820	1 467	(647)	(44,10%)
<b>Total non-current assets</b>	<b>76 564</b>	<b>58 582</b>	<b>17 982</b>	<b>30,70%</b>

Non-current assets increased by BGN 17 982 thousand or by 30,70 % in 2024.

### CURRENT ASSETS

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Inventory	1 667	2 104	(437)	(20,77%)
Trade and other financial receivables	23 021	15 593	7 428	47,64%
Prepayments and other assets	1 269	1 127	142	12,60%
Short-term related party receivables	473	99	374	377,78%
Income tax receivables	18	27	(9)	(33,33%)
Financial assets at fair value through profit or loss	313	3 292	(2 979)	(90,49%)
Cash	15 198	14 694	504	3,43%
<b>Total current assets</b>	<b>41 959</b>	<b>36 936</b>	<b>5 023</b>	<b>13,60%</b>

Current assets increased by BGN 5 023 thousand or by 13,60 % in 2024.



## EQUITY

	31.12.2024	31.12.2023	Change
	BGN '000	BGN '000	(BGN '000,%)
Share Capital	59 361	59 361	-
Change			-
Purchased own shares	(1 689)	(1 799)	110
Change			(6,11%)
Reserves	9 595	8 957	638
Change			7,12%
Retained earnings	13 487	8 981	4 506
Change			50,17%
Equity attributable to the owners of the parent	80 754	75 500	5 254
Change			6,96%
Non-controlling interest	3 833	4 126	(293)
Change			(7,10%)
<b>Total</b>	<b>84 587</b>	<b>79 626</b>	<b>4 961</b>

Equity during 2024 increased by BGN 4 961 thousand or by 6,23 %.

## CONSOLIDATED LIABILITIES

Consolidated liabilities decreased by 18 042 BGN thousand or 113,51 % in 2024.

### NON-CURRENT LIABILITIES

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Pension obligations	741	596	145	24,33%
Long-term borrowings	6 009	-	6 009	n/a
Long-term lease liabilities	691	1 283	(592)	(46,14%)
Long-term related party payables	245	328	(83)	(25,30%)
Deferred tax liabilities	326	280	46	16,43%
Financing	518	-	518	n/a
<b>Total non-current liabilities</b>	<b>8 530</b>	<b>2 487</b>	<b>6 043</b>	<b>242,98%</b>

Non-current liabilities increased by BGN 6 043 thousand or by 242,98% in 2024.

## Long-term and short-term bank loans

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation to 31.12.2024 (BGN)	Date of contract	Interest rate	Maturity date	Pledges
Loans for which the Issuer is a debtor									
Sirma Group Holding JSC	Unicredit BulBank AD	Overdraft	BGN	6 000 000	-	12.12.2024	The applicable variable interest rate index and additional interest rate for regular debt for the relevant interest period.	12.12.2027	Pledge of receivables
Sirma Group Holding JSC	United Bulgarian Bank AD	Bank credit	BGN	9 400 000	6 233 333,87	09.10.2024	Variable interest rate in the amount of UBB's short-term interest rate /SIP/ for the contract period plus an annual premium.	09.10.2032	Pledge of receivables, pledge of commercial enterprises, pledge of property
Sirma Group Holding JSC	United Bulgarian Bank AD	Overdraft	BGN	8 000 000	-	10.10.2024	Variable interest rate in the amount of UBB's short-term interest rate /SIP/ for the contract period plus an annual premium.	10.10.2026	Pledge of receivables
Loans for which the Issuer is a guarantor									
EngView Systems JSC	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

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

Lender	Recipient	United identification code	Relationship	Type	Currency	Liability as of 31.12.2024 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Saifort	Sirma Medical Systems	204054855	Company under common control	Loan	BGN	1 735	20.12.2022	2.80	31.12.2026	No pledges
Saifort	Sirma Group Holding	200101236	Parent company	Deposit	BGN	3 699	18.07.2023	0.1	31.12.2026	No pledges
Saifort	Saifort Israel		Company under common control	Loan	ILS	22	21.02.2024	2.5	31.12.2026	No pledges
Sirma Group Holding	Pirina Technologies	175149906	Company under common control	Loan	BGN	295	10.01.2022	2	31.12.2026	No pledges
Sirma Group Holding	*Individual S.S.		Non related party	Loan	BGN	150	27.06.2017, 20.09.2017	3	31.12.2025	No pledges
Sirma Group Holding	*Individual S.S.		Non related party	Loan	BGN	133	31.05.2022	2	31.12.2025	No pledges
EngView Systems	EngView Systems GmbH		Subsidiary	Loan	EUR	116	05.12.2022	3	31.12.2025	No pledges
EngView Systems	EngView Systems Inc.		Subsidiary	Loan	USD	32	01.02.2024	2	01.02.2029	No pledges
Sirma Group Holding	Sciart Shpk.		Subsidiary	Loan	EUR	84	25.7.2023	3	01.09.2025	No pledges

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

Recipient	Lender	United identification code	Relationship	Type	Currency	Liability as of 31.12.2024 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	Saifort	200356710	Company under common control	Loan	BGN	1 735	20.12.2022	2.80	31.12.2025	No pledges
Sirma Group Inc	Worklogic Canada		Non related company	Loan	USD	85	31.07.2017	0,01	31.12.2024	No pledges
Sirma Group Holding	Saifort	200356710	Subsidiary	Deposit	BGN	3 699	18.07.2023	0.1	31.12.2025	No pledges
Sciart Shpk.	Sirma Group Holding	200356710	Company under common control	Loan	BGN	84	25.07.2023	3	01.09.2025	No pledges

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

**CURRENT LIABILITIES**

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Provisions	77	77	-	-
Employee obligations	5 498	5 066	432	8,53%
Short-term borrowings	268	578	(310)	(53,63%)
Short-term lease liabilities	379	589	(210)	(35,65%)
Trade and other payables	15 296	4 682	10 614	226,70%
Contract liabilities	2 359	1 822	537	29,47%
Short-term related party payables	1 473	532	941	176,88%
Income tax liabilities	26	61	(35)	(57,38%)
Financing	30	-	30	n/a
<b>Total current liabilities</b>	<b>25 406</b>	<b>13 407</b>	<b>11 999</b>	<b>89,50%</b>

Current liabilities increased by BGN 11 999 thousand or 89,50 % in 2024.

**CASH FLOWS**

The Group has no liquidity problems and operates with the available resources while maintaining a low level of indebtedness for the period under review. Traditionally, the largest pay-out in revenue streams is paid by customers, while the role of a negative item is paid by payments to suppliers.

**SUMMARY OF CASH FLOW**

	31.12.2024	31.12.2023	Change	Change
	BGN '000	BGN '000	BGN '000	%
Net cash flow from operating activities	6 533	2 801	3 732	133,24%
Net cash flow from investing activities	(9 705)	8 927	(18 632)	n/a
Net cash flow from financing activities	3 672	(18 032)	21 704	n/a
Net change in cash	500	(6 304)	6 804	(107,93%)
Cash at the beginning of the year	14 694	21 146	(6 452)	(30,51%)
Exchange gains/(losses) on cash and cash equivalents	4	(148)	152	n/a
Cash at the end of the year	15 198	14 694	504	3,43%

## INDICATORS AND RATIOS

№	Indicators (in BGN '000)	31.12.2024	31.12.2023	Change (value)	Change %
1	Revenue from operating activities	100 010	81 315	18 695	22,99%
2	Cost of sales	(96 543)	(79 818)	(16 725)	20,95%
3	Gross profit	3 467	1 497	1 970	131,60%
4	Other operating costs	(1 970)	(2 071)	101	(4,88%)
5	Operating (loss)/ profit	1 497	( 574)	2 071	n/a
6	Financial income	286	80	206	257,50%
7	Financial costs	( 302)	( 946)	644	(68,08%)
8	Profit before tax expense	1 481	(1 440)	2 921	n/a
9	Tax costs	( 367)	( 22)	( 345)	1 568,18%
10	Net profit	1 114	(1 462)	2 576	(176,20%)
11	Dividend	1 491	3 597	(2 106)	(58,55%)
12	Cash and cash equivalents	15 198	14 694	504	3,43%
13	Inventories	1 667	2 104	( 437)	(20,77%)
14	Short-term assets	41 959	36 936	5 023	13,60%
15	Total amount of assets	118 523	95 520	23 003	24,08%
16	Average arithmetic total asset value for 5 quarters	97 543	107 937	(10 393)	(9,63%)
17	Current liabilities	25 406	13 407	11 999	89,50%
18	Debt	7 347	2 450	4 897	199,88%
19	Liabilities (borrowed funds)	33 936	15 894	18 042	113,51%
20	Equity	84 587	79 626	4 961	6,23%
21	Equity averaged 5 quarters	78 207	84 946	(6 739)	(7,93%)
22	Turnover capital	16 553	23 529	(6 976)	(29,65%)
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
24	Gain minority interest	603	383	220	57,44%
25	Interest expenses	( 102)	( 163)	61	(37,42%)
26	Weighted average price of last trading session	0,953	0,715	0,2375	33,22%
27	Last price per share of last trading session	0,950	0,725	0,225	31,03%

Indicators	31.12.2024	31.12.2023	Change (value)	Change %
EBITDA	5 788	2 517	3 271	129,96%
DEPRECIATION	(4 205)	(3 794)	( 411)	10,83%
EBIT	1 583	(1 277)	2 860	n/a
FIN/INVEST NET	( 16)	( 866)	850	(98,15%)
EBT	1 481	(1 440)	2 921	n/a
ROA	0,0043	(0,0193)	0,0236	n/a
ROA(BSE)	0,0052	(0,0171)	0,0223	n/a
Debt/EBITDA Ratio	1,2694	0,9734	0,2960	30,41%
Quick Ratio	1,5859	2,5980	(1,0121)	(38,96%)
ROE	0,0142	(0,0172)	0,0315	n/a
Debt/Equity Ratio (BSE)	0,4012	0,1996	0,2016	100,99%
<b>Profitability ratios</b>				
Gross profit margin	0,0347	0,0184	0,0163	88,30%
Operating profit margin	0,0150	(0,0071)	0,0220	n/a
Net profit margin	0,0111	(0,0180)	0,0291	n/a
Return on Assets	0,0114	(0,0135)	0,0250	n/a
Return on Equity	0,0142	(0,0172)	0,0315	n/a
<b>Coefficients for assets and liquidity</b>				
Assets turnover ratio	1,0282	0,7541	0,2741	36,35%
Assets turnover ratio (BSE)	1,0253	0,7534	0,2719	36,10%
Operating cycle	6,0418	3,4559	2,5859	74,82%
Current ratio	1,6515	2,7550	(1,1034)	(40,05%)
Quick ratio	1,5859	2,5980	(1,0121)	(38,96%)
Cash ratio	0,5982	1,0960	(0,4978)	(45,42%)
<b>Odds per share</b>				
P/S ratio	0,5654	0,5220	0,0434	8,31%
P/E ratio	50,7553	(29,0309)	79,7861	n/a
Revenue per share	1,6848	1,3698	0,3149	22,99%
Earnings per share	0,0188	(0,0246)	0,0434	n/a
Book value of equity per share	1,3175	1,4310	(0,1135)	(7,93%)
<b>Dividend ratios</b>				
Dividend payout ratio	1,3384	(2,4603)	3,7987	n/a
Profit retention ratio	(0,3384)	3,4603	(3,7987)	n/a
Dividend per share	0,0251	0,0606	(0,0355)	(58,55%)
<b>Development Ratios</b>				
Revenue growth	0,2299	0,0153	0,2146	1 405,63%
Gross profit growth	1,3160	(0,5469)	1,8629	n/a
Assets growth	0,2408	(0,2203)	0,4611	n/a
<b>Leverage Ratios</b>				
Debt/total assets	0,0753	0,0227	0,0526	231,83%
Debt/capital	0,0859	0,0280	0,0578	206,33%
Debt/equity	0,0939	0,0288	0,0651	225,72%
Total assets/equity	1,2472	1,2707	(0,0234)	(1,84%)
Market value of the company	56 393	43 037	13 356	31,03%



## RELATED COMPANIES TRANSACTIONS

### Transactions with associated parties

	2024	2023
	BGN'000	BGN'000
Sale of services		
- Administrative, accounting services	-	64
- Rents	-	11
- Hosting and Internet	-	17
Sale of shares from the capital of Ontotext AD	-	20 511

### Transactions with other related parties

	2024	2023
	BGN'000	BGN'000
Sale of services		
- Administrative, accounting services	4	4
- Rents	8	8
- Software services	91	103
Purchases of goods	264	56
Interest on given loans	-	6

## 10 EMPLOYEES AND ECOLOGY

### ECOLOGY

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

### EMPLOYEES

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

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

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

Count of employees in the Group:

**31.12.2024**

Company	LC	CMC	Total
SIRMA GROUP HOLDING	432	9	441
ROWEB, ROMANIA	99	4	103
ENGVIEW SYSTEMS	32	4	36
SCIANT SHPK., ALBANIA	27	1	28
SIRMA SHA, ALBANIA	16	3	19
SIRMA TECH (S&G), UK	11	1	12
SIRMA ICS	8	1	9
DATICUM	8	2	10
SIRMA MEDICAL SYSTEMS	4	3	7
SIRMA AB	2	0	2
SIRMA GROUP INC., USA	2	1	3
SAIFORT (SAI)	2	3	5
ENGVIEW SYSTEMS GERMANY	1	1	2
<b>Total</b>	<b>644</b>	<b>33</b>	<b>677</b>

**31.12.2023**

Company	LC	CMC	Total
SIRMA SOLUTIONS	166	7	173
SCIANT	132	4	136
SIRMA BUSINESS CONSULTING	73	5	78
SIRMA INSURTECH	35	1	36
ENGVIEW SYSTEMS	34	4	38
SCIANT SHPK. (RESOLUTIONS), ALBANIA	28	1	29
SIRMA GROUP HOLDING	20	9	29
SIRMA SHA, ALBANIA	15	3	18
S&G, UK	10	1	11
SIRMA ICS	7	1	8
DATICUM	8	2	10
SIRMA MEDICAL SYSTEMS	3	3	6
SIRMA CI	2	3	5
SIRMA AB	2	0	2
SIRMA GROUP INC., USA	2	1	3
SAI	1	3	4
ENGVIEW SYSTEMS GERMANY	1	1	2
<b>Total</b>	<b>539</b>	<b>49</b>	<b>588</b>

## 11 RISK FACTORS

### Risk management objectives and policies

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

The Group's risk management is carried out by the central administration, in close co-operation with the board of directors and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

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

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

### MARKET RISK ANALYSIS

The Group 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%.

**Foreign currency risk**

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

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

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

	<b>Short-term exposure</b>	
	<b>USD</b>	<b>GBP</b>
	<b>BGN'000</b>	<b>BGN'000</b>
<b>31 December 2024</b>		
Financial assets	1 306	106
Financial liabilities	(242)	-
<b>Total exposure</b>	<b>1 064</b>	<b>106</b>
<b>31 December 2023</b>		
Financial assets	7 276	1 045
Financial liabilities	(89)	(22)
<b>Total exposure</b>	<b>7 187</b>	<b>1 023</b>

The following tables illustrate the sensitivity of post-tax financial result for the year and equity in regards to exchange rate differences between the Bulgarian Lev (BGN) and the following currencies 'all other things being equal:

- US Dollars (USD) +/- 2.6 % (for 2023: +/- 2.2 %)
- Pound Sterling (GBP) +/- 2.7 % (for 2023: +/- 2.53 %)

All other parameters are assumed to be constant.

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into.

	<b>Increase of the exchange rate</b>		<b>Decrease of the exchange rate</b>	
	<b>BGN/foreign currency</b>		<b>BGN/foreign currency</b>	
	<b>Net financial result</b>	<b>Equity</b>	<b>Net financial result</b>	<b>Equity</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
<b>31 December 2024</b>				
US Dollars (USD) (+/- 2.6%)	(25)	(25)	25	25
Pound Sterling (GBP) (+/- 2.7%)	(6)	(6)	6	6
<b>31 December 2023</b>				
	<b>BGN/foreign currency</b>		<b>BGN/foreign currency</b>	
	<b>Net financial result</b>	<b>Equity</b>	<b>Net financial result</b>	<b>Equity</b>
	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>	<b>BGN'000</b>
US Dollars (USD) (+/- 2.2%)	(158)	(158)	158	158
Pound Sterling (GBP) (+/- 2.53%)	(26)	(26)	26	26

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Despite the small amount of financial instruments in foreign currency, the impact of the general economic situation and the dynamics of the international markets could have an impact that would lead to unexpected changes in the exchange rate of the US dollar and this would affect the financial results of the Group in the future.

### Interest rate risk

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

In 2024, The Group is not exposed to a significant risk of changes in market interest rates under the investment loan agreement as the interest rate did not change during the year. All other financial assets and liabilities of the Group have fixed interest rates.

The tables presented below show the sensitivity of the annual net financial result after tax and equity to a likely change in interest rates on loans with a floating interest rate based on EURIBOR in the amount of +/- 2.3%. These changes are determined to be probable based on observations of current market conditions. The calculations are based on the change in the average market interest rate and on the financial instruments held by the Company at the end of the reporting period, which are sensitive to interest rate changes. All other parameters are assumed to be constant.

31 december 2024	Net financial result		Equity	
	increase in interest rate	decrease in interest rate	increase in interest rate	decrease in interest rate
	BGN'000	BGN'000	BGN'000	BGN'000
Loans (EURIBOR 2.3 %)	(129)	129	(129)	129

In 2023, the Group was not exposed to the substantial risk of changes in market interest rates on its bank loans, which have a variable interest rate, because long-term investment loan was repaid. All other financial assets and liabilities of the Group have fixed interest rates.

## CREDIT RISK

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

Financial assets	31.12.2024	31.12.2023
	BGN'000	BGN'000
Financial assets at fair value through profit or loss:		
Current financial assets	313	3 292
Non-current related party receivables	-	295
Trade and other receivables	23 021	15 593
Related party receivables	473	99
Cash	15 198	14 694
	<b>39 005</b>	<b>33 973</b>

The Group 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 Group's policy is to deal only with creditworthy counterparties. The Group'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 Group's management has performed an analysis of the settlements with its counterparties, as well as the potential effect on their credit quality, incl. in terms of forming a reasonable amount of expected credit losses, according to the adopted model for determining them in accordance with IFRS 9. Based on the analysis, and taking into account the collection of receivables in the period after the pandemic, until the date of preparation of the pandemic In this consolidated financial statement, the Management Board considers that in the short term there are no indications of deterioration in the credit quality of counterparties, and that there are currently no grounds to change the model for calculating expected credit losses, including due to lack of credit losses.

sufficiently reliable data. The long-term perspectives and potential effects on the collection and credit quality of the estimates are subject to constant monitoring and updating by the Management. The process also takes into account the fact that the existence of temporary liquidity problems of counterparties caused directly by Covid-19 are not considered indications of deteriorating credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements in regard to transactions.

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

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

## LIQUIDITY RISK

Liquidity risk is the risk arising from the Group not being able to meet its obligations. The Group 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 Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at 31 December 2024, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2024	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000
Borrowings	-	268	5 616	393
Finance lease obligations	197	197	707	-
Trade and other payables	14 140	-	-	-
Related party payables	1 473	-	245	-
<b>Total</b>	<b>15 810</b>	<b>465</b>	<b>6 568</b>	<b>393</b>

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

31 December 2023	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Over 5 years
	BGN'000	BGN'000	BGN'000	BGN'000
Borrowings	289	289	-	-
Finance lease obligations	305	305	1 304	12
Trade and other payables	3 682	-	-	-
Related party payables	530	-	328	-
<b>Total</b>	<b>4 806</b>	<b>594</b>	<b>1 632</b>	<b>12</b>

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

**Financial assets used for managing liquidity risk**

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group'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

## 12 OTHER INFORMATION AS PER APPENDIX 11 OF ORDINANCE 2 OF THE FSC

### 12.1 INFORMATION ABOUT EVENTS AND INDICATORS WITH UNUSUAL NATURE FOR THE GROUP, HAVING A SIGNIFICANT EFFECT ON THEIR ACTIVITY AND THEIR INCOME AND EXPENDITURE; EVALUATION OF THEIR IMPACT ON RESULTS IN THE CURRENT PERIOD

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

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

There are no transactions recorded off-balance sheet in the Group.

### 12.3 INFORMATION ABOUT THE USE OF FUNDS FROM THE NEW ISSUE OF SECURITIES, CARRIED OUT DURING THE REPORTING PERIOD.

The Group did not use funds from a new issue of securities in the reporting period.

### 12.4. ANALYSIS OF THE RELATIONSHIP BETWEEN THE FINANCIAL RESULTS ACHIEVED, REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR AND EARLIER PUBLISHED PROJECTIONS FOR THESE RESULTS.

The financial results of the Group correspond to the forecasts made in the Development Strategy of Sirma Group Holding, which is published on the company's website.

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

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

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

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

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



## 12.7 INFORMATION ABOUT OCCURRING CHANGES IN THE REPORTING PERIOD IN THE MAIN PRINCIPLES FOR THE MANAGEMENT OF THE GROUP AND ITS ECONOMIC GROUP.

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

## 12.8 INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL SYSTEM IMPLEMENTED IN THE GROUP IN THE PROCESS OF FINANCIAL REPORTING AND RISK MANAGEMENT SYSTEM

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

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

- accounts and the relevant reporting period so as to allow the financial statements to be prepared in accordance with the specific accounting framework;
- observance of the precautionary principle in the valuation of assets, liabilities, income and expenses;
- detection and termination of frauds and errors;
- completeness and regularity of accounting information;
- preparation of reliable financial information;
- adherence to international financial reporting standards and adherence to the going concern principle.

The consolidated financial statements have been prepared in accordance with the going concern principle, taking into account the possible effects of the emerging geopolitical situation and other risks accompanying the Group's activity.

During the reporting period, there were no changes in the main management principles of the Group.

## 12.9 INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY BODIES IN THE FINANCIAL YEAR.

There were no changes in the Group's management and supervisory bodies during the reporting period.

## 12.10 INFORMATION ABOUT THE KNOWN TO THE GROUP AGREEMENTS (INCLUDING ALSO AFTER THE CLOSING OF THE FISCAL YEAR) AS A RESULT OF WHICH CHANGES MAY OCCUR AT A FUTURE TIME IN THE OWNED PERCENT OF SHARES OR BONDS BY CURRENT SHAREHOLDERS OR BONDHOLDERS.

The Group has no information of agreements which may alter the owned percent of shares by current shareholders. The companies within the Group have not issued bonds.

## 12.11 CONTACT DETAILS OF THE DIRECTOR "INVESTOR CONNECTIONS", INCLUDING TELEPHONE AND ADDRESS FOR CORRESPONDENCE.

Stanislav Tanushev

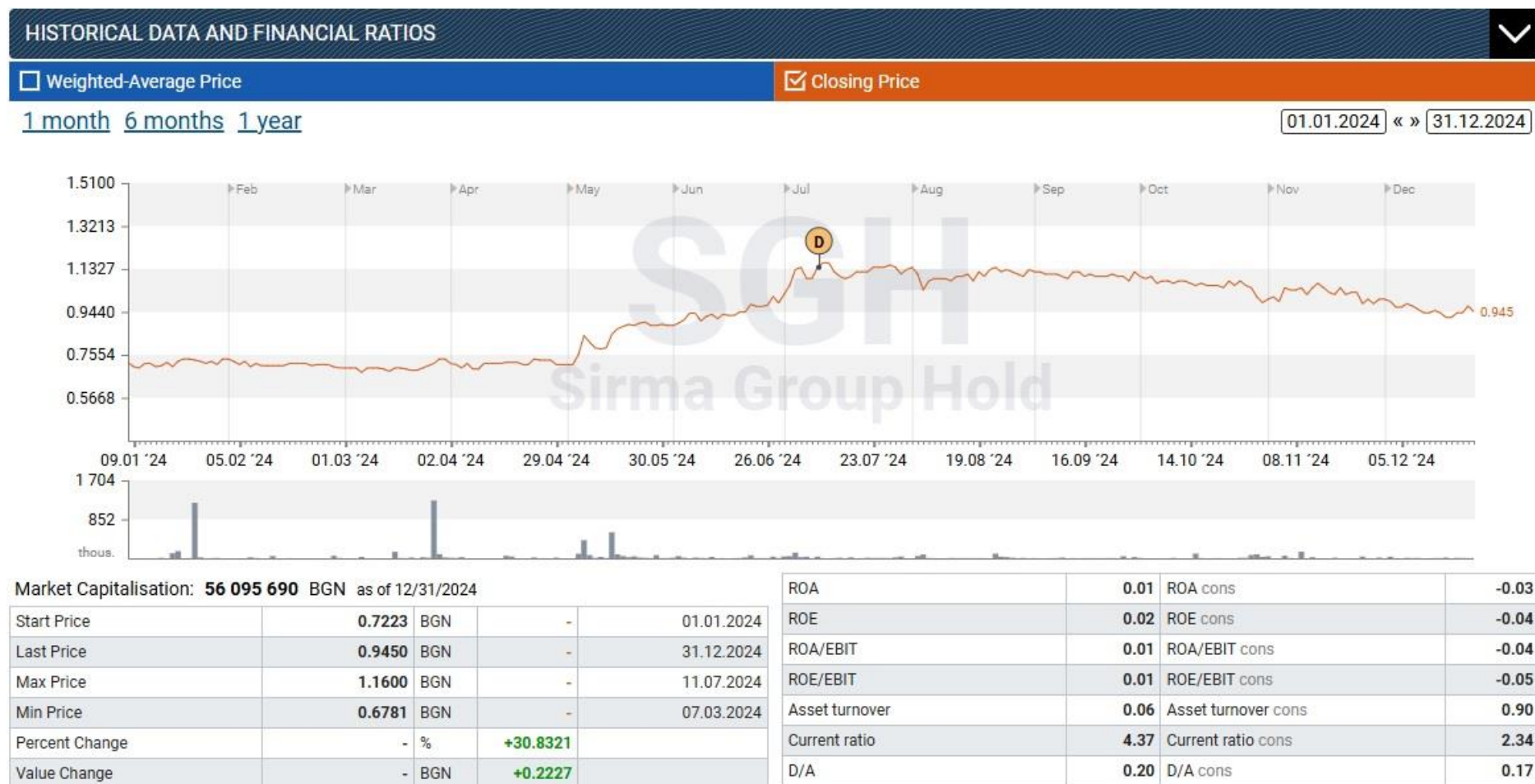
Bul. 135 Tsarigradsko shose, fl. 3

Sofia 1784

ir@sirma.com

Contact phone: +359 2 976 8310

## 13 CHANGES IN THE PRICE OF THE SHARES OF SIRMA GROUP HOLDING JSC



## 14 EVENTS AFTER THE END OF THE REPORTING PERIOD

### 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).

### Buyback of shares by the company

At the Extraordinary General Meeting of Shareholders of "Sirma Group Holding" AD held on 08.04.2025, a decision was adopted for the company to repurchase its own shares.

The Board of Directors must carry out the repurchase under the following conditions:

- The maximum number of shares subject to repurchase is 5 300 000.
- Minimum price 0.85 BGN per share and maximum price 4 BGN per share. Maximum total price for repurchase of shares - no more than 21 200 000 (twenty-one million and two hundred thousand) BGN. In the event of a change in the official currency in the Republic of Bulgaria, the price of a share will be calculated in the new official currency determined in accordance with the applicable legislation, applying the legally prescribed exchange rate.
- The redemption period is until 31.12.2028.
- Method of repurchase - through an investment intermediary.

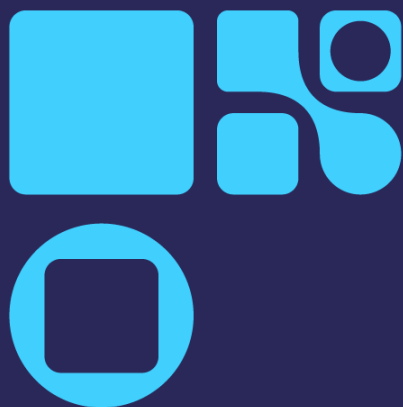
The General Meeting of Shareholders authorizes the Board of Directors to take all necessary legal and factual actions to implement the buyback.

### Sale of own shares by the company

On 09.04.2025, in implementation of its bonus policy, Sirma Group Holding JSC sold 400 000 of its shares at an average price of BGN 1.00 per share for a total value of BGN 400 000. The shares represent 0.67% of the company's capital. The sale was made on an unregulated over-the-counter market (Bulgaria).

**Sofia**  
**28.04.2025**

**CEO:**  
**Tsvetan Alexiev**



# **Consolidated non-financial information of “Sirma Group Holding” JSC for 2024**



**Consolidated non-financial declaration and sustainability report**  
**of “Sirma Group Holding” JSC for 2024**

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## Statement by Tsvetan Alexiev

*„In 2024, Sirma celebrates 33 years since its founding. Our long history is also proof of Sirma’s resilience in the face of various crises and challenges.*

*Sustainability has become a popular and controversial term in recent years. Today we publish our first CSRD-compliant Sustainability Report. However, 2024 is not the first year in which we have analyzed the footprint that our activities have on our environment and the impact that this environment has on us.*

*In 2022 and 2023, we published our “Non-Financial Declarations” in accordance with the then-current NFRD. But our attitude to “sustainability” dates back much earlier, although we did not disclose data about it at the time. Its genesis is in the business ethics we apply to our clients, the care for attracting and developing talent at Sirma, transparency towards our shareholders and investors, and last but not least—the care for nature and reducing the footprint of our activities on it. Sirma practices sustainable business not because it is fashionable or legally binding. We do it because it is the most logical business behavior.*

*Perhaps the most significant event in 2024 for Sirma was the merger of 6 subsidiaries into the parent company – “Sirma “Group Holding” JSC. This formal act strengthened the cohesion of our teams, made our work more effective, united and focused our strengths, and made the Group's activities more transparent and predictable for our investors.*

*2025 started turbulently, and the coming years are set to be filled with multiple global crises, changes, and challenges. What has always helped will aid us now—the cohesion of our team, the dedication of our clients, and a sustainable approach to business.”*

Tsvetan Alexiev

CEO

„Sirma Group Holding“ JSC

## Scope

### Definition of Sustainability

“Sirma Group Holding” JSC, and its subsidiaries (Sirma, the Group, the Company) consider sustainability as the basis for their activities.

Sirma adopts the definition of sustainability given by the United Nations World Commission on Environment and Development: "the ability to meet the needs of the present generation without compromising the ability of future generations to meet their own needs, through a balance between economic growth, environmental protection, and social well-being."

## Compliance with the Paris Agreement

Sirma's business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming to 1.5 C in accordance with the Paris Agreement to the United Nations Framework Convention on Climate Change, as well as with the objective of achieving climate neutrality by 2050 at the latest, as set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (OJ L 243/1 of 9 July 2021).

In recent years, Sirma has undertaken:

- Measurement and analysis of its Scope 1 and Scope 2 emissions;
- Installation of a photovoltaic system and start of renewable electricity production;
- Energy efficiency measures.

The goals that the Company sets for itself in the future (see below) aim to further reduce the carbon footprint of its activities in the coming years.

## Audit of the Sustainability Report

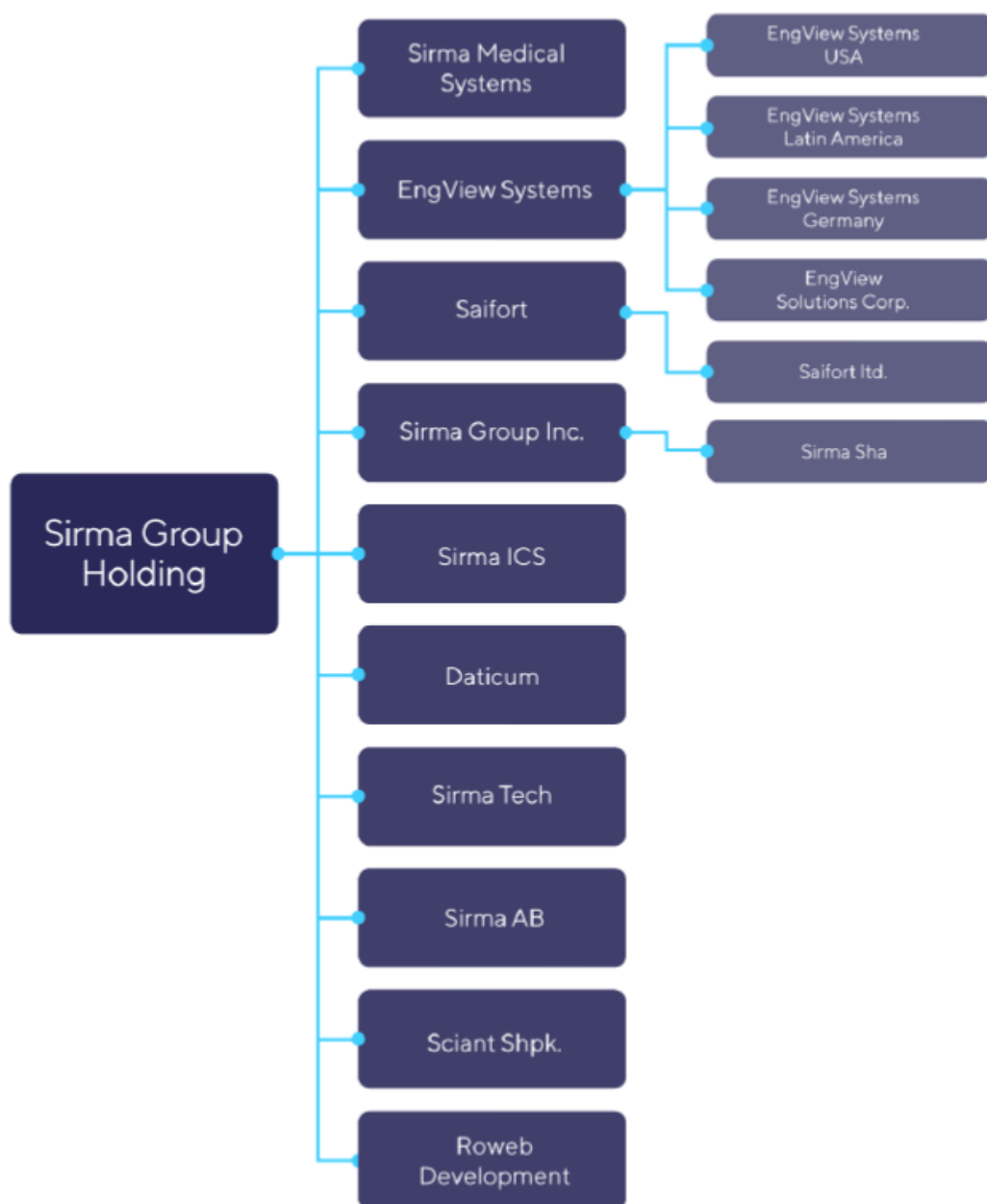
Following legislative changes by the Bulgarian Parliament in February 2025 and the postponement of the implementation of the transposed CSRD requirements into Bulgarian legislation by one year, this report has not been audited by an independent licensed auditor.

## Consolidated Basis

This Sustainability Report of "Sirma Group Holding" JSC has been prepared on a consolidated basis, with the scope of consolidation being identical to that for financial reporting, i.e., including all subsidiaries of Sirma, where "Sirma Group Holding" JSC has a majority stake in the capital. The financial information is included in Sirma's Annual Management Report, Consolidated Financial Statements, and Notes thereto, which are published together with this Sustainability Report.

The companies of the Group have a common strategic framework, corporate values, financial and accounting policies, a vision for good corporate governance, internal regulatory documents, and personnel policy.

Visualization of the organizational structure of “Sirma Group Holding” JSC as of the end of 2024:



## Legal Framework

This Consolidated Sustainability Report has been prepared following the guidelines and requirements of Directive 2022/2464 of the European Parliament and of the Council (the Corporate Sustainability Reporting Directive – CSRD), its transposition into Bulgarian legislation, and the European Sustainability Reporting Standards (ESRS). Information related to the requirements of Regulation 2020/852 (the

Taxonomy Regulation) is included in the Environmentally Sustainable Economic Activities section below.

The Consolidated Sustainability Report is an integral part of the Annual Consolidated Activity Report of the Group follows the requirements of Art. 51 of the Accounting Act.

Although Sirma will officially fall under the scope of the CSRD in 2026, we have chosen to adhere to the framework prescribed by the Directive since 2024, in line with our commitment to publicity and transparency.

## Value Chain

Sirma is a B2B company, i.e., the products and services that the company creates are primarily aimed at client companies (e.g., a bank client for an IT payment product). Accordingly, the value chain continues upstream after Sirma's clients to the end users (e.g., the end user-payer of a bank client for an IT payment product).

Although Sirma generates high added value in its products and services, the company also uses products and services from its suppliers. These are downstream participants in Sirma's value chain. These include:

- Energy suppliers
- Utility providers
- Subcontracted service providers
- External cloud infrastructure providers
- Hardware suppliers for Sirma's own use and for resale to customers
- Software suppliers for Sirma's own use and for resale to customers

The due diligence carried out in 2024 identified end users (upstream) and suppliers (downstream) as "stakeholders" of Sirma's activities and as sources of risks and opportunities for Sirma (see "Stakeholders" below). Some of these impacts, risks, and opportunities were also defined in 2024 (see "Dual materiality due diligence" below).

In 2025, Sirma aims to begin data collection and analysis along the value chain, and the inclusion of value chain stakeholders in Sirma's internal documents and objectives is to be completed, or:

Analysis of IRO of the value chain	Inclusion of the value chain in the internal documents of Sirma	Data collection on the sustainability of the value chain
2024	2025	2025

## Geographic Scope

All companies in Sirma are managed in the same way, use the same internal documents, and are often housed in the same office buildings. Therefore, a meaningful analysis of the Group's sustainability focuses the measurement and management of all indicators on the geographical offices of the Company.

## Exceptions

The materiality of measuring and managing sustainability is a function of the number of employees in each office. The Company's offices with less than 1% of the average number of employees in the Company (six in 2024) are not material for sustainability management. The reasoning for this decision of the Investment, Risk, and Sustainability Committee is the temporary office accommodation of these small organizational units, where often the costs of electricity, water, and waste are an integral part of the rent. Accordingly, in addition to the fact that the impact of these offices is insignificant, and measuring their indicators is difficult or sometimes impossible. Hence these smaller business units have been excluded from the sustainability analysis.

## Breakdown

For control and optimization purposes, Sirma monitors sustainability indicators by countries where it has one or more significant offices. These are:

1. Bulgaria - with 9 offices (4 in Sofia, 2 in Varna, 2 in Plovdiv and 1 in Ruse)
2. Albania - with 2 offices in Tirana
3. Romania - with 3 offices (in Bucharest, Pitesti and Craiova)

Any other breakdowns of sustainability data:

- By companies;
- By verticals;
- By cities;
- By offices or others

are not of material importance to Sirma. The reasons for this are:






- the lack of any differences in the performance of Sirma's business;
- the use of the same infrastructure by all Sirma teams;
- the impact on nature or the social environment is identical throughout all Sirma teams;
- environmental and social risks and opportunities are the same for all Sirma offices;
- teams from different Sirma offices/companies work on the same project;
- teams working on different projects/verticals are often physically located in the same office/room.

## Description of the Business Model of Sirma

The companies of the Sirma economic group form one of the largest ICT companies in Bulgaria, with over 33 years of history. Sirma is a regional leader in the field of IT services, software development, and system integration. The group has a set of its own innovative technologies, in-depth expertise in a number of economic verticals, a diverse product portfolio, and a growing market share in Europe and North America. Information on Sirma's financial performance in 2024 is included in the Consolidated Management Report, the Financial Statements, and the Notes thereto, which are published together with this report.

### Consolidated financial results for the period ending on 31.12.2024

Revenue compared with 2023	EBITDA	Net profit
<b>100,010</b> BGN mil.  <b>23,91</b> %	<b>5,788</b> BGN mil.  <b>129,96</b> %	<b>1,114</b> BGN mil.
Average price at closing session compared with 2023	Sales in Europe compared with 2023	Dividend paid in 2024
<b>0,9525</b> BGN share  <b>33,22</b> %	<b>71,531</b> BGN mil.  <b>28,54</b> %	<b>1,154</b> BGN mil.

Sirma is a B2B company, i.e., the company's clients are mainly other businesses. Sirma helps them on their path to digitalization by exercising its Mission:

**Mission**

**We help companies transition to intelligent enterprises, by rendering to them software technologies for digitalization and transformation.**

Digitalization, in turn, makes customers more competitive, more efficient, and faster.

“Sirma Group Holding” JSC is a holding company, and as such its main activity is related to the strategic and operational management of investments in companies developing information technologies and providing information services, to which it provides management, administrative-legal, marketing, and financial services. The responsibilities of the holding company can be considered in the following areas:

- Strategic management;
- Financial management;
- Legal and administrative services;
- General management of operations, including intellectual property management, human resources, marketing, and brand management.

Over the years, Sirma has created over 20 companies, investing in them huge financial and human capital. Our strategy is to create businesses, incubate them, and develop them. Generating stable growth, profitability, and consistent business results are among the main priorities of the Holding.

Sirma's activities are not without risks—financial risks, business risks, and risks related to sustainability. Information on the risks Sirma faces and its approach to their mitigation is included in the Consolidated Management Report, the Financial Statements, and the Notes thereto, which are published together with this report.

Sirma's sustainability largely stems from the strong diversification of the Company's activities—diversification in terms of the technologies offered, diversification of the verticals served, and diversification of geographical penetration. This flexibility and sustainability has been proven over the years in the face of various global, regional, and local crises, where Sirma and the products and services it offers, along with all other IT companies, have been seen not as victims but as solutions to the crises.

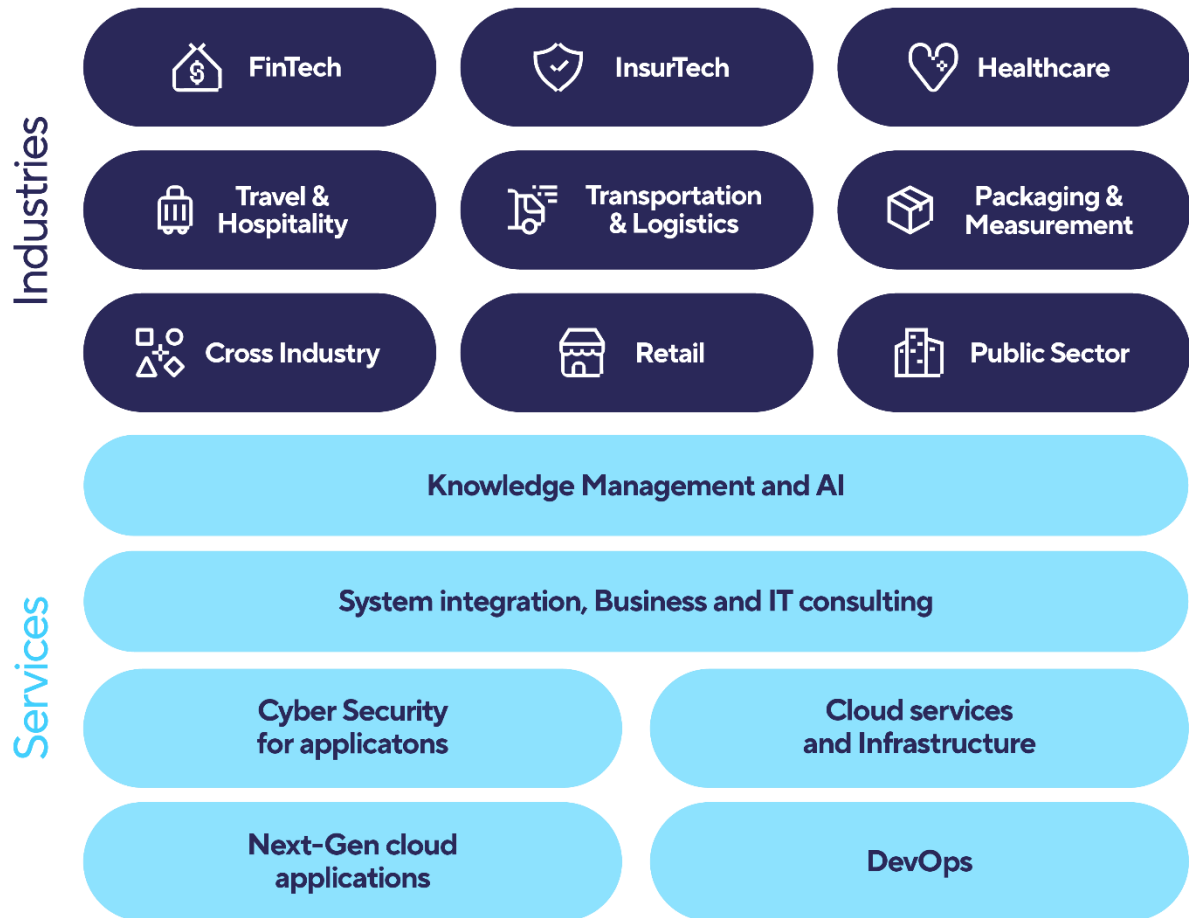
## **Offered Technologies**

The companies of Sirma Group offer the following technology solutions, and services linked with them to their clients:



## Serviced Client Groups

Currently, companies in the Group operate domestically and internationally in 6 client business groups, “sectors” or “verticals” : Financial Institutions and Fintech, Insurance Institutions, Industrial Software, Healthcare, Logistics and Transport, and Hospitality. Although Sirma offers similar IT products and services to each different vertical, over time the Company accumulates knowledge and expertise that are specific to the different client groups/verticals. This competence provides added value for clients from the different verticals and improves the results of the offered IT products and services.



Sirma's six main verticals of specialization are:

#### Financial Vertical

- Services for the banking sector in system integration and implementation of various solutions based on Oracle Corporation's FlexCube and Temenos' T24 Core Banking;
- Provider of a cloud-based platform for financial institutions;
- Software services and solutions for financial institutions.

#### Insurance Vertical

- Provider of a cloud-based platform for insurance brokers;
- Software services and solutions for insurance companies.

#### Industrial Vertical

- Provider of CAD/CAM solutions for the packaging industry;
- Provider of products and solutions for the measurement industry;
- OEM partner (factory software for machines) for the supply of machines for the measurement industry;

- Online platform for connecting users and manufacturers in the packaging industry, based on its own product, EngView Package Designer Suite

### **Healthcare and Life Sciences Vertical**

- Software applications for the management and control of chronic diseases;
- A product for monitoring a chronic disease – diabetes (Diabetes M);
- Analysis of reports from clinical drug trials and data integration for pharmaceutical companies and health insurers.

### **Hospitality Vertical**

- Custom software development;
- System integration.

### **Logistics and Transport Vertical**

- Custom software development;
- System integration.

## **Management System**

Since 2015, “Sirma Group Holding” JSC has been a public company and is owned by its shareholders, who exercise full control over the company. The holding, in turn, owns a controlling stake (over 50%) of the capital of its subsidiaries.

The holding, as well as its subsidiaries, has a single-tier management system.

Operational control is delegated to the Board of Directors and, respectively, to the Executive Director. The Board of Directors of “Sirma Group Holding” JSC as of 31.12.2024 includes the following members:

- Georgi Parvanov Marinov - Chairman
- Tsvetan Borisov Aleksiev - Executive Director
- Chavdar Velizarov Dimitrov – Member
- Atanas Kostadinov Kiryakov – Member
- Vesselin Anchev Kirov – Member
- Yordan Stoyanov Nedev – Member
- Yavor Lyudmilov Dzhonev - Independent Member
- Martin Veselinov Paev - Independent Member
- Peyo Vassilev Popov - Independent Member

The ratio of independent members to the total number of members of the Board of Directors is 33%, and the entire Board composition is male. All members of the Board of Directors are highly qualified

and competent to perform the tasks entrusted to them. Their qualifications have been reviewed and approved by the General Meeting of Shareholders when adopting the composition of the Board of Directors.

The mandate of the Board of Directors is set for 2 years from the date of registration. The mandate of the current Board of Directors expires in July 2026.

## **Bodies to the Board of Directors**

“Sirma Group Holding” JSC has established the following internal committees, which are assigned to manage the relevant activities at an operational level, as well as to propose decisions to the company's Board of Directors. As of 31.12.2024, their composition is:

### **1. Investment, Risk and Sustainability Committee composed of:**

- Yordan Nedev - Chairman
- Tsvetan Aleksiev - Member (until 20.03.2024)
- Stanislav Tanushev - Member (after 20.03.2024)
- Georgi Marinov - Member

### **2. Remuneration Committee composed of:**

- Georgi Marinov - Chairman
- Martin Paev - Member
- Yordan Nedev - Member

### **3. Disclosure Committee composed of:**

- Tsvetan Aleksiev - Chairman
- Stanislav Tanushev - Member
- Chavdar Dimitrov - Member
- Atanas Kiryakov - Member

### **4. Audit Committee composed of:**

- Angel Kraychev - Chairman
- Alexander Todorov Kolev - Member
- Veselin Anchev Kirov - Member

## Intra-company Documents

The company applies a score of internal documents aimed at regulating the work, ensuring transparency, and preventing abuse. The majority of these documents apply to both the Holding and its subsidiaries. A small part (strictly specific or valid for the public company) concerns only “Sirma Group Holding” JSC.

Each of the internal documents is controlled by a member of the Board of Directors (detailed in the material topics below), who makes annual reviews of the results of the implementation, reports to the Board of Directors, and, if needed, makes necessary changes to the relevant document.

At the end of 2024, Sirma's internal documents are:

System of Corporate Governance	Description	Adoption	Latest review	Application
<b>Articles of Association</b>	The Articles of Association define the rules by which important decisions are made in the Company	2015	10.01.2025	SGH
<b>Decisions of the General Meeting of Shareholders</b>	The decisions of the shareholders are fundamental to the Company's activities	Minimum once per year	10.01.2025	SGH
<b>Dividend Policy</b>	Policy for the distribution of dividends of the public company		29.09.2022	SGH
<b>Rules for the operation of the Board of Directors</b>	Instructions and clarifications on the duties and responsibilities of the members of the Board of Directors		2015	All subsidiaries
<b>Remuneration Policy</b>	Remuneration policy for the members of the Board of Directors	2015	17.09.2024	SGH
<b>Instruction for the obligations and</b>	Instructions and clarifications on duties and responsibilities when			



<b>responsibilities of insiders</b>	accessing and working with inside information.	2015	30.08.2023	All subsidiaries
<b>Program for good corporate governance</b>	A system of rules that protects the interests of shareholders and other stakeholders	2015	2023	All subsidiaries
<b>Accounting Policy</b>	Policy which governs the accounting and control in the companies	2015	30.06.2023	All subsidiaries
<b>Anti-corruption Policy</b>	Policy against all corruption practices and related phenomena		2015	All subsidiaries
<b>Rules for the protection of whistleblowers</b>	Internal Rules for Submitting Signals and Protection of Persons Submitting Signals or Publicly Disclosing Information for Violations – “Whistleblowers”		04.05.2023	All subsidiaries
<b>Ethical code of conduct for employees</b>	The Code establishes the norms for ethical behavior of employees at Sirma Group Holding	2020	15.12.2024	All subsidiaries
<b>Data protection Policy</b>	Privacy and data protection policy for the clients of Sirma		2021	All subsidiaries
<b>Sustainability Policy</b>	Policy for the sustainable function and development of the companies in Sirma	2021	30.09.2024	All subsidiaries

<b>Human rights policy</b>	Policy, which determines attitude to human rights in Sirma	2023	25.03.2024	All subsidiaries
<b>CSR in procurement policy</b>	A policy that integrates CSR into Sirma's procurement practice	2023	25.03.2024	All subsidiaries
<b>Waste management policy</b>	The Policy which provides the guidelines for reduction of waste generation by Sirma and a transition to a circular economy.	2022	31.03.2024	All subsidiaries
<b>Health and safety policy</b>	The Policy for providing a safe and secure working space.	2021	25.03.2024	All subsidiaries
<b>Risk management policy</b>	The policy for identifying, measuring and managing of risks.	2020	25.03.2024	All subsidiaries
<b>Workplace regulation</b>	Defines the rules linked to the working process in Sirma	2015	25.03.2024	All subsidiaries
<b>Policy for information dissemination</b>	Policy for communication with investors and other stakeholders.	2015	25.03.2024	All subsidiaries

## Collaboration and Recognition

At Sirma, we believe that shared knowledge and experience make everyone stronger and more competitive. That is why Sirma is a founder and member of several leading industry and professional organizations. They reflect our commitment to sustainable development, innovation, and responsible corporate governance. Among them are the Bulgarian Association of Software Companies (BASCOM), the “Green Center” at the Bulgarian Stock Exchange (BSE), and the Association of Investor Relations

Directors in Bulgaria (ABIRD). Sirma's openness and efforts were rewarded in 2024 with an ESG rating from the internationally recognized London Stock Exchange Group (LSEG) and the prestigious ESG Contribution Award from PWC.

Membership in BASCOM connects us with the largest and most influential organization in the software sector in Bulgaria, which supports the development of the industry and promotes innovation and sustainable growth. This partnership allows us to actively participate in a dialogue with other leading companies and institutions, as well as to follow the latest trends and standards in the sector.

The "Green Center" at the Bulgarian Stock Exchange is an important platform for promoting sustainable development and the green transition in the corporate sector. Through its participation there, Sirma contributes to the development and implementation of policies and practices that support environmental responsibility and social engagement.

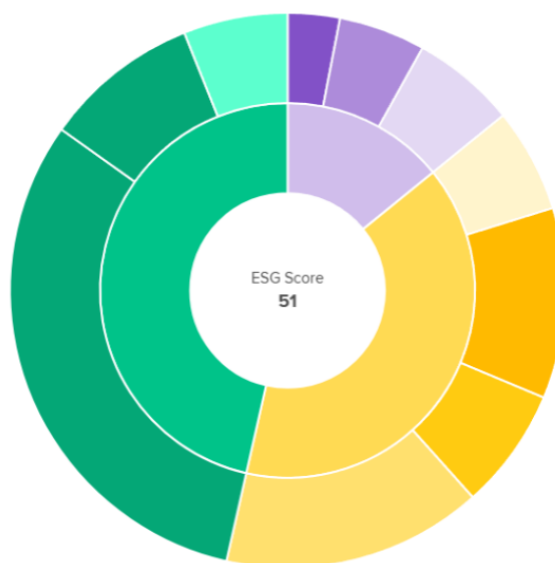
As members of ABIRD, we strive to increase professionalism in the field of investor relations and transparency in communication with the capital markets, which is key to the trust of our partners and shareholders.

Sirma is one of the first Bulgarian companies to receive an ESG rating from LSEG with an impressive score of 51 points, which positions us among the world leaders in the IT sector in terms of sustainability and corporate governance. This recognition is proof of our commitment to environmental, social, and governance standards.

## Sirma Group Holding AD ESG score: **51/100**

Based on Sirma Group Holding AD's self-reported  
FY 2023 data

<b>Environment</b> ⓘ	<b>29</b>
Emissions	60
Resource Use	48
Innovation	0
<b>Social</b> ⓘ	<b>38</b>
Human Rights	0
Product Responsibility	66
Workforce	51
Community	26
<b>Governance</b> ⓘ	<b>68</b>
Management	75
Shareholders	75
CSR Strategy	25



Source: LSEG

In addition, in 2024, the company was awarded the prestigious ESG Award by PwC Bulgaria, which recognizes innovative and sustainable business practices. These recognitions establish Sirma as a leader in implementing responsible and sustainable business models that have a positive impact on society and the environment.

## Awards

<ul style="list-style-type: none"> <li><b>PwC ESG Awards</b> - Special Prize for Outstanding Corporate Sustainability Among Public Companies - 2024</li> <li><b>B2B Media Awards</b> - Innovation in Talent Education - 2024</li> <li><b>B2B Media Awards</b> - Excellence in Coaching - 2024</li> <li><b>Tech Elite Technology &amp; Innovation Awards</b> - Tech Growth Business of the Year - 2024</li> <li><b>Tech Elite Technology &amp; Innovation Awards</b> - Technology for Good - 2024</li> </ul>	<ul style="list-style-type: none"> <li><b>Innovation in Talent Education</b>   Annual Employer Branding Awards 2023, B2B Media Group (<a href="#">Sirma Solutions</a>) - 2023</li> <li><b>"Top B2B Companies - IT Services, Systems Integration and MS"</b>   Clutch Global Award winner 2023 (Sciart) - 2023</li> <li><b>"European Public Sector Award (EPSA)"</b> at National Information System of Medicinal Products (<a href="#">Sirma Solutions</a>) - 2019</li> <li><b>"Best App for Healthy Living and Eating"</b> at Webit Festival Europe 2017 (<a href="#">Sirma Medical Systems /Diabetes-M</a>) - 2017</li> <li><b>Best IR Campaign</b> by the Association of Investor Relations Directors (<a href="#">Sirma Group Holding</a>) - 2016.</li> </ul>	<ul style="list-style-type: none"> <li><b>Two Best of show awards at CES 2015</b> for <a href="#">Energos</a> (NASDAQ:WATT) - embedded-cloud-mobile IoT infrastructure (<a href="#">Panaton</a>) - 2015</li> <li><b>Most Innovative Company</b>, Bulgarian Chamber of Commerce and Industry Innovations Competition 2018 (<a href="#">Sirma AI</a>) - 2018</li> <li><b>Top 10 Mobile Banking Solution Providers 2017</b>, by Banking CIO Outlook (<a href="#">Sirma Business Consulting</a>) - 2017</li> <li><b>Top ICT Employer by ICT Media</b> (<a href="#">Sirma Business Consulting</a>) - 2014, 2016</li> <li><b>Best Entity Extraction</b>, at BBC III News Hack Awards (<a href="#">Ontotext</a>) - 2014</li> </ul>
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The memberships and awards that Sirma holds are not only a sign of recognition but also an incentive to continue our efforts to be an example of sustainable and innovative business in Bulgaria and internationally.

# Sirma's Sustainability Team

## Emerging Organization

The implementation of sustainable practices has been inherent to Sirma long before the term “sustainability” came into circulation. A few examples: the support of various educational institutions began in the 1990s, the support of the home for disadvantaged children in Lesichevo began in 2007, the planting of the Sirma forest took place in 2019, and care for employees, inclusion, and diversity have been characteristic of Sirma throughout its existence. Despite these diverse ESG practices over time, Sirma has not had (there was no such requirement) a dedicated “Strategy”, “Plan” or dedicated employee. The spontaneity of ESG activities in Sirma does not diminish their importance, power, and effect. However, in 2021, with the entry of the requirements of the Non-Financial Reporting Directive (NFRD), Sirma gradually developed an internal organizational structure for the timely meeting of any compliance requirements in the non-financial sphere. This structure took shape with the preparation of the first two Non-Financial Declarations for 2022 and 2023.

## Sustainability Incentive Schemes

Incentive schemes and remuneration policies related to sustainability issues have been established for the members of the Board of Directors of Sirma. The “[Remuneration Policy for the Board of Directors](#)” (adopted by the General Meeting of Shareholders of Sirma) defines among the criteria for payment of variable remuneration to the members of the Board of Directors:

- Setting annual targets on sustainability topics and monitoring their implementation;
- Imposing high standards of corporate governance;
- Integrating corporate social responsibility into the daily management practice of the company;
- Stable and sustainable development of the company in economic, social, and environmental aspects;
- Compliance with applicable rules and procedures;
- Promoting cooperation with stakeholders.

Non-financial criteria for achieved results are determined annually by the Board of Directors of “Sirma Group Holding” JSC, in accordance with the short-term and medium-term development plans of the company. The assessment of the implementation of the non-financial criteria for achieved results is carried out annually, based on an analysis of the results achieved according to the non-financial criteria set for the previous year (text according to Art. 13 of the Remuneration Policy).

Reporting on the remuneration paid out to the members of the Board of Directors is carried out before, and adopted by, the General Meeting of Shareholders annually.

## Sustainability Director

In early March 2024, a new management position was created – Director Sustainability, to focus and coordinate all of Sirma’s activities in the area of sustainability and ESG, achieving full compliance with the relevant legal framework, monitoring progress, setting and implementing goals, strategies, and governance. Mr. Stanislav Tanushev was elected as Sirma’s first Director of Sustainability.

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*„Sirma has always had sustainable practices. These practices, for the most part, have been fully justified by business logic. What is new, of late, is the measurement of their results and the disclosure of what has been achieved. The results of the due diligence on sustainability topics carried out in 2024 gave us the framework for data collection, goal setting, and monitoring of what has been achieved. In this report, we share the first results.*

*Stanislav Tanushev – Sustainability and Investor Relations Director*

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## Sustainability Committee

Again, on March 20, 2024, the Board of Directors changed the name of the “Risk and Investment Committee” to the “Risk, Investment and Sustainability Committee” (Sustainability Committee for brevity in this document). This committee will manage all of Sirma’s sustainability efforts, analyze the impact, risks, and opportunities of sustainability-related topics. The Sustainability Committee will report to the Board of Directors. Its mandate was changed accordingly and was published on the company’s website in the Governance section. The Sustainability Director was accepted into the committee. The Chairman of the Committee remains Sirma’s CFO, thus ensuring good coordination between sustainability, risk management, and investments. The third member of the Committee is the Chairman of the Board of Directors of “Sirma Group Holding” JSC, which contributes to the excellent coordination of the activities of the Committee and the Board.

## CSRD competence

The volume of new regulatory requirements related to CSRD is significant. In parallel, the reporting requirements are new for the entire European Union, and good examples are lacking. To meet these

challenges, the Sustainability Committee has taken steps to ensure the necessary competence, as follows:

- The Sustainability Director has successfully completed the Sustainability & ESG Introductory Course of the Exponential Education Institute and
- A contract has been concluded with a specialized consulting company to obtain specific knowledge from the Sustainability Committee and assist in achieving compliance with the new regulatory requirements and preparing Sirma's first Sustainability Report.

These measures have yielded the necessary result, culminating in the current Sustainability Report.

## Sustainability Ambassadors

The CSRD and ESRS requirements necessitate the involvement of many of Sirma's employees and managers in the process of collecting ESG information, its analysis, and reporting. All ESG initiatives usually involve many of Sirma's team. Thus, the Risk, Investment and Sustainability Committee coined the title "Sustainability Ambassador" to recognize the most important and active participants in Sirma's ESG efforts. Some of the Sustainability Ambassadors are such due to their official positions (e.g., HR Director, Chief Accountant, etc.). Other Ambassadors are such due to their own desire and conviction (e.g., Chief Graphic Designer). In both cases, the Ambassadors contribute both to explaining sustainability topics among employees and to collecting data, setting goals, and monitoring their implementation.

Sustainability Ambassadors include, but are not limited to:

- The Chief Accountants of all Sirma companies
- HR Director
- Marketing Director
- PR Manager
- Head of Sirma Academy
- Chief Graphic Designer
- Employee engagement expert
- Facility Manager

## Due Diligence of the Sustainability Themes

The first due diligence on sustainability topics for Sirma was carried out in accordance with ESRS requirements in 2024. Although this is the first time such an analysis has been carried out, Sirma has always made serious efforts for its sustainable development.



## Due Diligence Process

### Definitions

With its activities, Sirma has an impact on the environment and communities on various sustainability topics. At the same time, the various sustainability topics have their financial impact on Sirma's activities, with risks and opportunities arising from them.

Topics that are material either in terms of impacts or financial influence, or both together (dual material), are defined as the material environmental, social, and governance topics for the company.

A sustainability issue/topic is material in terms of impact when it relates to the material actual or potential positive or negative impacts of Sirma on people or the environment in the short, medium, or long term. The impact is considered both from the Company's own operations and from operations upstream and downstream in the value chain. The materiality of the impact is measured by the probability of occurrence, the strength, the scope, and for negative impacts—the possibility of eliminating the negative consequences.

On the other hand, a sustainability issue/topic is material in terms of its financial impact if it causes or can reasonably be expected to cause material financial effects on the Company. This is the case when the sustainability issue generates risks or opportunities that have a material impact or can reasonably be expected to have a material impact on Sirma's development, financial position, financial results, cash flows, access to financing, or the cost of capital in the short, medium, or long term. Again, the financial impact, or risks and opportunities, are not limited to the scope of Sirma's activities but also encompass the Company's interactions along its value chain. The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial impact on Sirma.

Due diligence of the materiality of impacts, risks, and opportunities from/for Sirma's activities is the process by which actual and potential negative or positive impacts, risks, and opportunities on the environment and people are identified, prevented, mitigated, and accounted for. These include impacts related to the Company's own operations and its upstream and downstream value chain, including through its products or services, as well as through its business relationships.

### Base Year

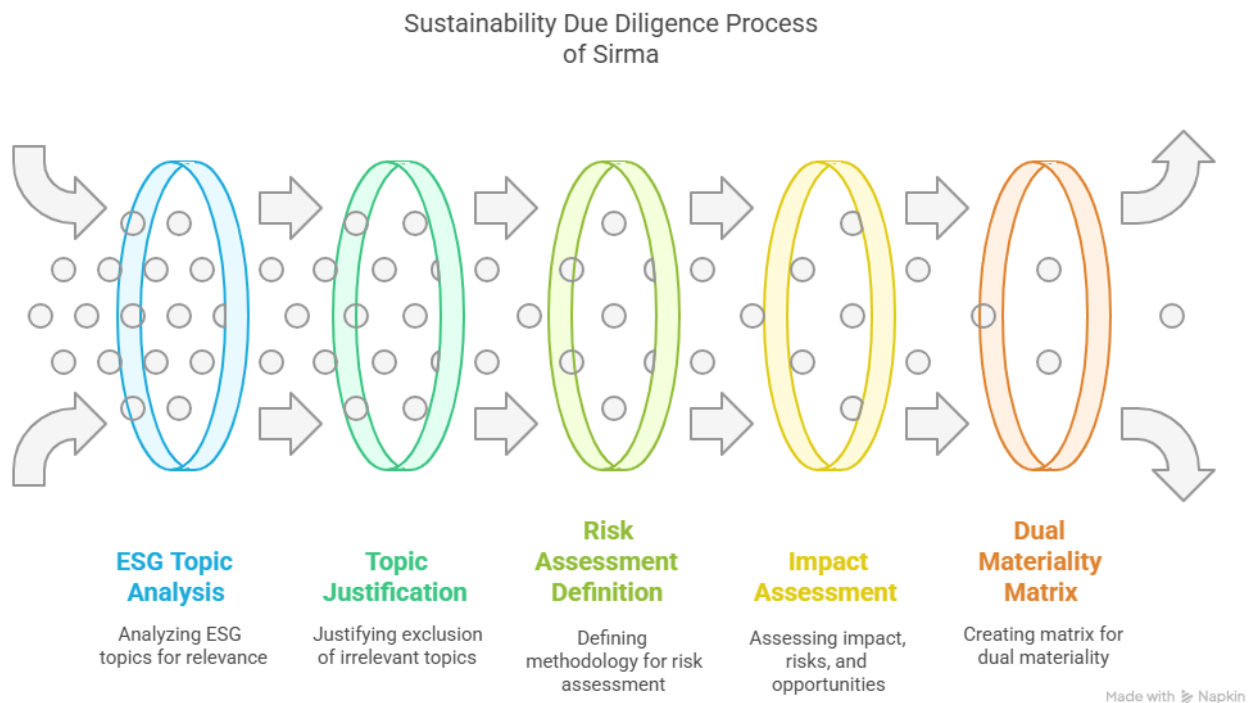
2024 is the year in which the CSRD requirements were transposed into Bulgarian legislation. Accordingly, this is also the first year in which Sirma performed its due diligence on sustainability topics. 2024 is set as the base year against which the objectives will be set and progress on sustainability topics will be measured in the future.

## Aim-setting and Strategy

2024 is the first year that Sirma has produced its Sustainability Report. The Due diligence has shown that Sirma has been devoting significant efforts and resources to progress on all material sustainability topics in recent years. The objectives related to the sustainability topics are listed below for each of them. A unifying goal for 2025 is the development of Sirma's Sustainability Strategy, which will help to focus work on achieving the goals in the coming years.

## Stages of the Due Diligence

Sirma's sustainability due diligence and dual materiality assessment (DMA) process consists of the following main stages:



- identification of stakeholders and their engagement;
- analysis of all ESG topics according to ESRS and determination of those not applicable to Sirma;
- justification of the reasons for excluding certain topics;
- definition of the risk assessment methodology;
- identification and analysis of applicable topics for Sirma - impact, risks, and opportunities;
- assessment of the impact, risks, and opportunities of each applicable topic;
- ranking of applicable topics and determination of those with dual materiality;
- preparation of a dual materiality matrix;
- definition of indicators for measuring material topics;
- collection and analysis of data on the indicators of material topics;

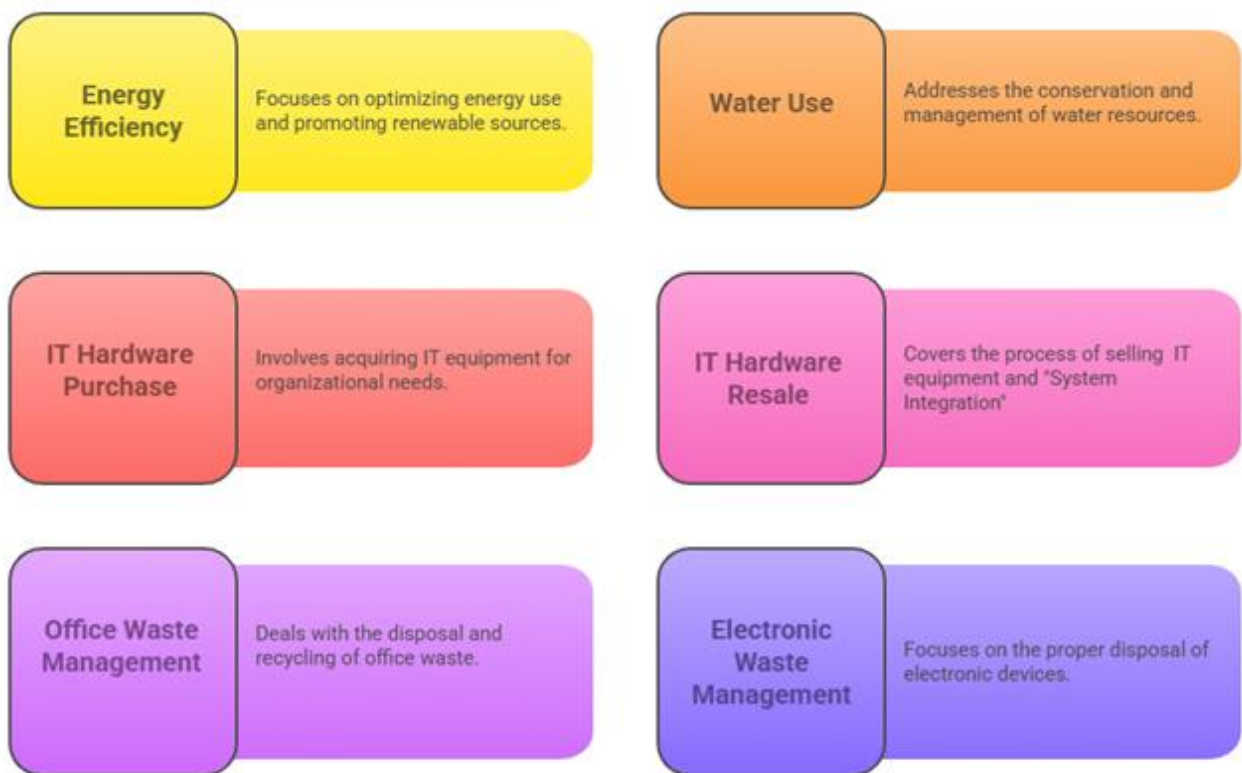
- verification of "Eligibility" and "Compliance" of Sirma's activities.

The due diligence methodology is documented in detail.

### Applicable Themes

Not all themes suggested by ESRS may be applied to Sirma and its activity. The themes and their sub-themes, which are applicable to Sirma, were identified by the Sustainability Committee as the following:

## Applicable environmental themes for Sirma



## Applicable social themes for Sirma 1/2

Characteristic	Description
 <b>Workplace security</b>	Security of work
 <b>Working time</b>	Time spent at work
 <b>Competitive remuneration</b>	Fair payment for work
 <b>Health and safety</b>	Being healthy and safe at work
 <b>Work-life balance</b>	Balancing work and life
 <b>Equal pay</b>	Equal payment for equal work
 <b>Inclusion of people with disabilities</b>	Including everyone at work
 <b>Safe working environment</b>	Safe place to work
 <b>Diversity</b>	Diverse people at work
 <b>Life long learning</b>	Learning new skills

### Applicable social themes for Sirma 2/2



### Corporate Governance, values and dialogue

#### Whistle-blowing

Protection for reporting illegal activities.



#### Procurement Policy

Guidelines for fair and ethical purchasing.

#### Anticorruption Measures

Upholding business ethics and integrity.



#### Data Protection

Ensuring the security of sensitive information.

#### Transparency

Openness and honesty in business practices.



#### Cyber-security

Protecting digital assets from online threats.

The full list of sustainability topics, subtopics, and sub-subtopics (according to ESRS) was analyzed by the Investment, Risk, and Sustainability Committee. Each topic was assessed simultaneously, whether:

- Sirma's activities have a significant impact on the elements of the relevant topic (e.g., carbon emissions, impact on society) and whether
- it carries risks and/or opportunities (e.g., operational, financial, reputational) for Sirma's activities.

To assess both the impact and the risks and opportunities, the 5-point scoring system that Sirma uses in its „Risk Management Policy“ was used, as follows:

### Methodology for evaluation of the strength of impact

The strength of the impact (from Sirma on the external environment) of all topics was assessed using a predefined scale as follows:

The following methodology was used to assess the strength of the impact:

Scale	Description	Social impact	Ecologic impact
1	Minor	Minor impact on the quality of life	Minor impact on eco-systems and climate change. E.g.: release of minimal quantities into the environment that do not cause significant impact.
2	Small	A small impact on the quality of life of those effected. E.g.: от на засегнатите. Напр. small inconveniences caused by a product or service.	Small impact, which does not change substantially eco-systems or the climate. E.g.: Напр.: increased use of air conditioning systems to cool servers in the summer.
3	Moderate	Impacts quality of life. E.g.: moderate health impact from working at night (serving US customers).	Impacts ecosystems. E.g.: dumping obsolete hardware in standard general waste landfills
4	Strong	Substantial and lasting impact on quality of life. E.g.:	Significant impact on the natural environment, leading to changes

		ensuring high wages that correspond to work results.	in ecosystems and climate. E.g.: dumping obsolete hardware in unregulated landfills.
5	Promising/ Severe	Prospective impact on quality of life. E.g.: providing training that leads to significant future consequences even with another employer.	Severe impact on the natural environment. Changes in ecosystems may be irreversible. E.g.: systematic and massive release of toxic gases.

### Impact Assessment Methodology

The following scoring system was used to measure the impact of each individual topic:

Scale	Description	Social impact	Ecologic impact
1	Individual	It affects a limited number of people (0-10 people).	Impacts locally within 1 office and is usually not related to the activity. E.g.: water consumption by Sirma office.
2	Limited	It affects a limited group of people (10-100 people).	Impacts affecting the wider surroundings of an operational office, related to specific stages of the activity. E.g.: a data center that uses a significant amount of electricity for AI.
3	Increased	It affects a large group of people (100 - 1000 people).	Impact spanning multiple operational offices in a specific geographic area, involving multiple core processes. E.g.: expansion of Sirma data centers and increased electricity consumption by them.
4	Broad	Affects communities of stakeholders (1000 - 10,000 people).	Impact covering large geographical areas, such as a municipality, city or region, at



			different stages of the value chain, related to suppliers, own operations or upstream. E.g.: implementing software that requires high electricity consumption from our customers.
5	Mass	Affects a large number of interested and uninterested parties (10,000 - 1 million and more).	Impact covering a significant geographical area, such as a country or continent, affecting multiple stages of (or the entire) value chain and involving key processes at suppliers, own operations and customers across the country/continent. E.g.: software implementation requiring mass replacement of existing hardware.

### Methodology for assessing repairability

To determine the possibility of **correcting a negative impact** (applicable only to topics with a negative impact), the following methodology was used:

Possibility of repair	Description	Social impact	Ecology impact
1	Easy to repair	One-time, episodic, and easily reversible. E.g., need for overtime to fix a problem with our software at a client.	The impact is short-lived and easily reversible. For example, a water supply failure and its removal.
2	Easy to repair, but through efforts	Short-term impact, but requires effort to overcome. E.g.: a defect with our hardware that requires its complete replacement.	The impact is short-term and requires some effort to eliminate. E.g.: increase in electronic waste during retrofitting.

3	Possible to repair, but through substantial efforts	An impact with potential for long-term consequences, but with the possibility of correction. E.g.: violation of the company's inclusion rules, which requires new mass training.	The impact has the potential for long-term damage, but is fixable with significant effort. E.g.: a bug in our software that leads to excessive paper usage by customers.
4	Hard to fix, with possibilities of lasting consequences	Impact with consequences that can be remedied within one year. E.g.: recovery of an employee after a work accident.	An impact that causes consequences that can only be resolved in a year. E.g.: excessive electricity usage by a data center.
5	Irreparable leading to lasting negative consequences	An impact with long-term consequences that is difficult or impossible to repair. E.g.: loss of personal customer data due to a successful hacker attack.	An impact with long-term consequences that are difficult or impossible to remedy. E.g.: a data center fire that releases toxic gases from burning hardware.

### Methodology for assessing financial impact (risks and opportunities)

The assessment of **risks and opportunities** that arise for Sirma are assessed **according to their potential impact** on the Group, as well as according to the **probability of their occurrence** (in accordance with Sirma's "Risk Management Policy").

When assessing the **impact of risks and opportunities**, the following scoring system was used:

Impact	Description	Of Risks	Of Opportunities
1	Insignificant  <1% of annual consolidated revenue	Minor impact, with minimal financial consequences. E.g.: a sanction imposed by the Financial Supervision Commission for an established irregularity.	Minor impact with minimal financial result. E.g.: one-time windfall revenue.

2	Small  <b>1% - 5%</b> of annual consolidated revenue	Weak effect without lasting impact on the activity. E.g. increased price of electricity, which takes up a relatively small part of the company's expenses.	Weak effect that does not significantly change the activity. E.g.: development and sale of a new product for digitization of sustainability reports.
3	Moderate  <b>5% - 10%</b> of annual consolidated revenue	It results in a significant but temporary financial loss and would impact the company's operations. E.g.: electricity supply regime imposed in the country.	It has a financially significant, but temporary, impact on the company's operations. For example: reducing employee turnover, absences, and sick leave.
4	Strong  <b>10% - 20%</b> of annual consolidated revenue	Significant and lasting impact on the company's operations. E.g.: disrupted hardware supply chains due to a pandemic.	Significant and lasting impact on the company's operations. E.g.: attracting many new customers, investors and employees who value sustainable practices.
5	Substantial  <b>&gt;20%</b> of annual consolidated revenue	Significant impact on the company's operations. For example: inability to hire or complete lack of the necessary IT experts to perform the activity.	Significant and irreversible impact on the company's operations. E.g.: reduced electricity costs due to an installed photovoltaic system.

### Assessment of the probability of occurrence

When assessing the **likelihood of impact, risks and opportunities**, the following scoring system was used:

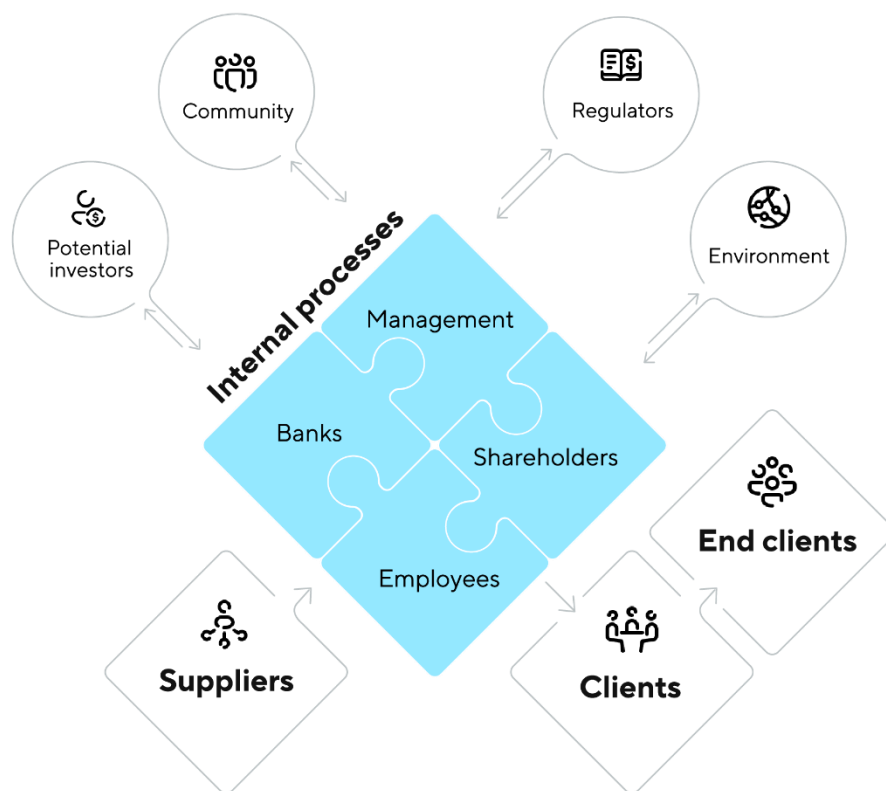
Probability	Description
<b>1</b>	0-20% low probability
<b>2</b>	20%-40% some probability
<b>3</b>	40%-60% probable
<b>4</b>	60%-80% highly probable
<b>5</b>	80%+ extremely probable, almost certain

## Stakeholders

Stakeholders are those individuals and organizations that can influence or be affected by Sirma's activities or its sustainability reports, both positively and negatively. Some stakeholders are affected by both Sirma's operations and reports.

### Identification of Stakeholders

Sirma is a B2B company. Its IT products, solutions, and services are sold primarily to other businesses. To do this, Sirma uses its internal capacity as well as external suppliers (e.g., Oracle, Temenos, Microsoft, hardware suppliers, etc.). Sirma's products are sold to its customers. They, in turn, use them to facilitate their own internal processes or to serve their "end customers".



The process map above outlines the 7 main operational stakeholders in Sirma. However, there are also 4 additional stakeholder groups that are both affected by and have an impact on the company's operations: regulators, the environment, communities, and potential investors.

This comprehensive list of stakeholders was determined after an analysis by Sirma's Investment, Risk, and Sustainability Committee, listed in descending order of their impact:

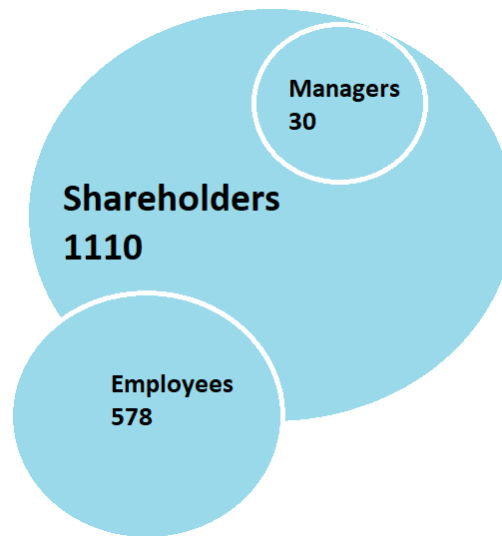
- Management (operations)
- Shareholders (operations and reporting)
- Employees (operations)
- Banks and other creditors (reports)
- Customers (operations)
- Suppliers (operations)
- Environment (operations and reporting)
- Regulators (reports)
- Communities where Sirma operates (operations)
- End-users of products and services produced by Sirma (operations)
- Potential investors (reports)

### **Stakeholder Research and Engagement**

After examining the importance and influence of each of these stakeholder groups, it was determined that the Employee, Management and Shareholder groups are the three main stakeholder groups. The reason for this decision is the fact that these three groups are critically important for the functioning of the Company and it would not exist without them.

Subsequently, a survey was conducted among these leading 3 stakeholder groups to determine the respective interest of each stakeholder group in Sirma's activities and their influence on Sirma's activities. The opinion of each participant was given equal weight. However, stakeholders who participate in two different groups (e.g., shareholders and management) are counted twice - once for each group—therefore having a greater influence on the outcome of the survey. Below is a graphical representation of the three main stakeholder groups in Sirma (with their number as of June 30, 2024) and their overlap.

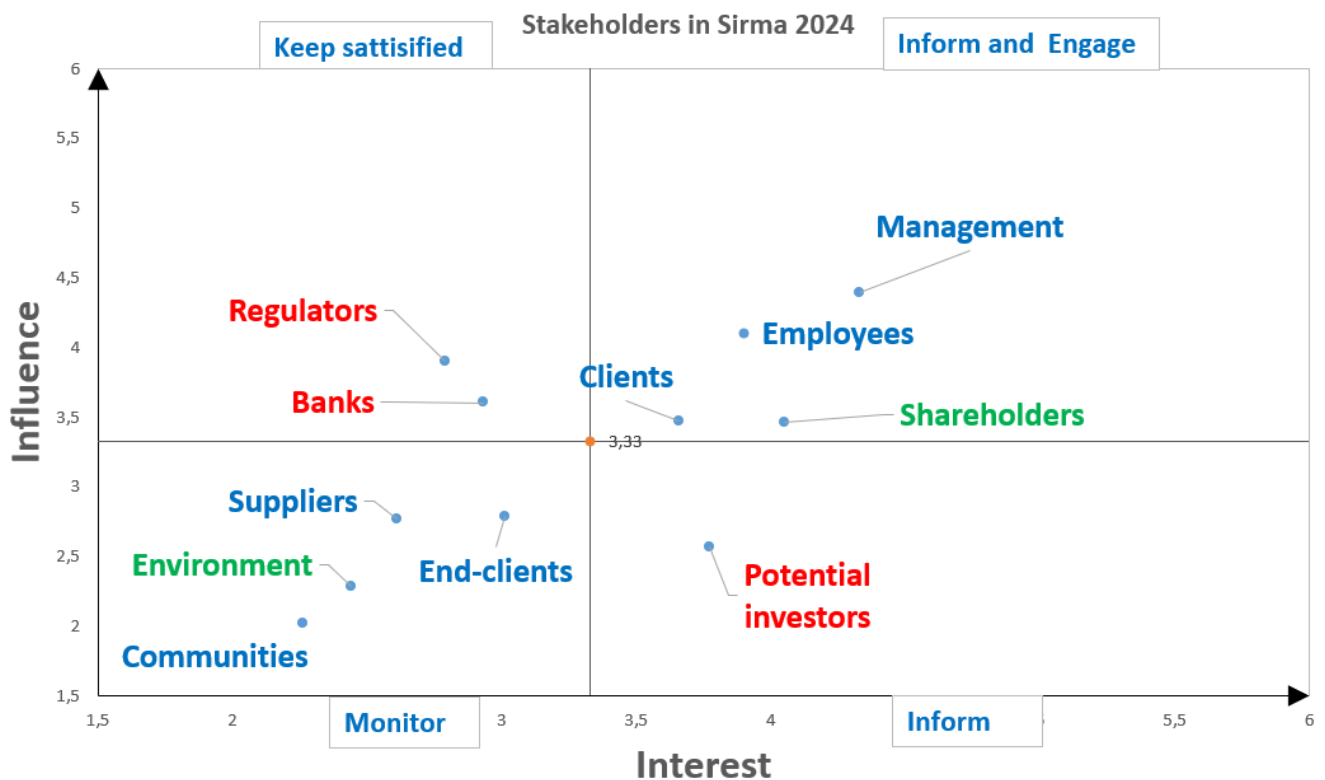
### **The three leading groups of stakeholders**



### Sirma's Stakeholder Matrix

Different groups of stakeholders have different influences on Sirma's activities and are themselves influenced in different ways by these activities. The stakeholder survey identifies and enables graphical expression.

The result of the stakeholder survey is as follows:



Sirma adopts the three-tiered approach, which is established in the Company's Risk Management Policy when grouping the different stakeholders. Accordingly, the weight of each stakeholder group is divided graphically into three segments, with only values above 3.33 (the upper third) being considered as material influence or interest.

Stakeholders are grouped into four quadrants depending on their individual influence/interest in Sirma, using the value 3.33 to distinguish the quadrants of materiality. The quadrant with the lowest interest and influence (bottom left) should be monitored by Sirma. The quadrant with high interest but low influence (bottom right) should be well informed about Sirma's activities. The quadrant with low interest but high influence (top left) should be fully satisfied with Sirma's activities. The quadrant with the highest influence and greatest interest (top right) should be fully informed and highly engaged with Sirma's activities.

It is also important to know what Sirma's output is of interest to each stakeholder group. The matrix above uses colors to indicate this. Red color denotes stakeholder groups that are interested in the reports that Sirma generates. Blue color denotes stakeholder groups that are primarily interested in the company's operations. The green color denotes stakeholder groups that are interested in both the reports and Sirma's operations.

### **Engaging Stakeholders in Stakeholder Mapping**

The Sustainability Team engages with stakeholders through explanatory content, surveys, interviews, and workshops to collect qualitative and quantitative data on sustainability topics (Sirma's stakeholder mapping is a prime example of this approach). Stakeholders are often asked to identify all of Sirma's significant impacts and the risks and opportunities the Group faces related to sustainability.

This information simultaneously:

- helps prioritize issues based on their importance, both to the business and to stakeholders
- Increases stakeholders' knowledge and awareness of sustainability issues and the steps Sirma is taking in this direction.

### **Value chain**

In due diligence on the material topics, impacts, risks, and opportunities related to the value chain of Sirma's activities, the company sticks to Tier I counterparties, i.e., suppliers and customers who are in contractual relations with Sirma. These are the partners that the Company has the opportunity to select and on which the Company has the opportunity to exert some influence with regard to sustainability topics.



### Consolidation of Topics

A large part of the topics proposed by ESRS are strongly related to each other. Their control and management are also the same (e.g., working hours, workplace security, and workplace safety). Moreover, groups of topics are regulated by national or European legislation (e.g., Labor Code, Waste Management Act, etc.). That is why Sirma groups related subtopics. As a result, the applicable topics for the Group are the following:

Consolidated theme	Impact on environment	Impact on Sirma	Overall score
Energy and climate change	9,78	10,50	20,28
Management of electronic waste	15,56	8	23,56
Fair employer	12,08	17,75	29,83
Preferred employer	12,92	17	29,92
Life-long learning	15	10,05	25,50
Employees in the value chain	2	2	4
Social contribution	10	5	15
Clients	12,89	14	26,89
Corporate governance	9,6	10,4	20
Shareholder care	10	13,33	23,33

To obtain an individual assessment of the impact on the environment and the impact on Sirma, the arithmetic mean value of the impacts of each of the included sub-themes (listed in detail below) is taken into account. Subsequently, to obtain an "overall assessment" of the given topic, the values of the assessments of the impact on the environment and the impact on Sirma are added together. The maximum total number (impact on the environment and impact on Sirma) reaches almost 30 points (29.92).

### Sustainability Themes that are Material for Sirma

After a detailed analysis of all topics and subtopics proposed by ESRS, those that are applicable to Sirma and its activities were screened out. Some of the topics were reasonably excluded. A scoring assessment of the impact (of Sirma's activities on them) and risks and opportunities (the impact of these topics on Sirma's activities) related to them was applied to the remaining topics (described in detail above).

Topics with a total score greater than 2/3 of the highest total score (in this case 20) are defined as the material topics for Sirma in 2024.

The due diligence of topics related to sustainability and the first dual materiality matrix includes sustainable topics with the greatest impact on the Group and/or with the most significant risks and opportunities for the Group in 2024:



The following double materiality themes for the Group's sustainable development, ecology, and society were identified:

#### Social sustainability

- Fair employer
- Preferred employer
- Lifelong learning
- Customer care

#### Environmental sustainability

- Energy and climate change
- E-waste management

#### Governance sustainability

- Corporate governance, values, and dialogue
- Shareholder care

Each material theme consolidates several material sub-themes, which will be discussed below. Other themes were also identified that have a relatively smaller impact on Sirma's sustainable development

and/or its impact on the environment and society: employees in the value chain and social contribution.

## Data Collection

Sirma collects data from all its geographical divisions. The Sustainability Director initiates the process by receiving the necessary information (see the different indicators) from the relevant responsible employees in the different offices. The line managers exercise control and support of the process.

Different Sustainability Ambassadors provide data for the different organizational units of Sirma. The data is provided in uniform templates, which, after being filled in, are sent to the Sustainability Director for summarization, analysis, and disclosure.

## Methodology and Features

The collection, summary, and analysis of data are carried out in compliance with the following methodology and specific approaches in certain specific cases:

- When collecting data, monetary values are reported without VAT in euros;
- When collecting data on consumed electricity, received subsidies/compensations are not taken into account;
- When collecting data on consumed electricity, in cases of re-invoicing of a value by a landlord and failure to mention the kWh used, prices per 1 kWh are used to establish consumption;
- If a landlord, when re-invoicing used energy, omits an invoice due to receiving compensations, for reporting purposes Sirma will use the data from the previous month;
- If there is no invoice for water/electricity/heating, for reporting purposes, Sirma will use the data from the previous month.

## Offices of Sirma

For sustainability purposes, Sirma collects data from its divisions where more than 1% of the company's employees work (for 2024, 6 employees).

## Social Impact of Sirma's Activity

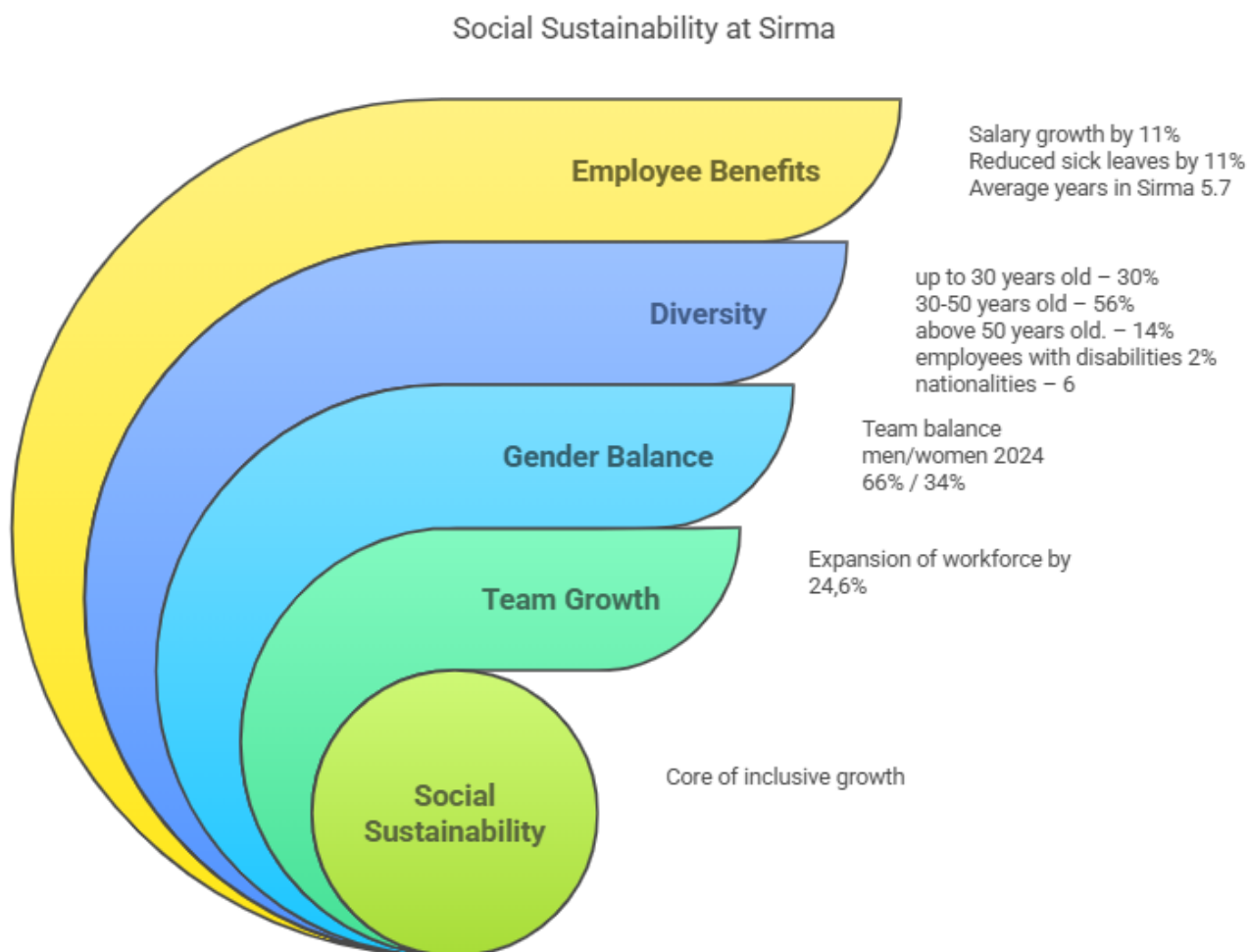
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*„People – they are the engine of Sirma Group. Taking care of their qualifications, motivation, and well-being directly affects the economic achievements of the companies and the satisfaction of our clients.“*

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Chavdar Dimitrov – CTaO of Sirma Group Holding JSC

## Social Highlights



## Main Social KPIs

Social KPIs	2024
<b>WHO ARE WE – THE DEMOGRAPHICS OF SIRMA</b>	
Number of employees as at 31.12.	740
Including number of employees with civil service contracts as of 31.12.	44 (5,9%)
Including number of employees with employment contracts and part-time work as of 31.12.	2 (0,3%)

<b>Including managers as at 31.12.</b>	26
<b>Including number of employees with employment contract and full-time work as of 31.12.</b>	694
<b>Average number of employees and managers</b>	714
<b>Male/female ratio</b>	66% / 37%
<b>Share of employees with disabilities out of the total number of employees</b>	2%
<b>Employees under 30 years of age (% of all)</b>	30%
<b>Employees aged 30-50 (% of all)</b>	56%
<b>Employees over 50 (% of all)</b>	14%
<b>Average length of service in the company</b>	5 years
<b>New employees during the year - men</b>	53 (64%)
<b>New employees during the year - women</b>	31 (36%)
<b>Employees who left during the year - men</b>	69 (76%)
<b>Employees who left during the year - women</b>	22 (24%)
<b>Ratio men/women - Albania 31.12.</b>	45 (51%/49%)
<b>Ratio men/women – Bulgaria 31.12.</b>	518 (64%/36%)
<b>Ratio men/women – Romania 31.12.</b>	131 (89%/18%)

Additional indicators are published under the relevant topics below.

Due diligence places social sustainability-related topics at the forefront of the material topics. Four out of seven material topics are socially focused. Three of them are related to the employee stakeholder group and one to the customer and end-user stakeholder group. Here is a brief description of each topic and the subtopics included, the identified impacts, risks, and opportunities, the actions taken, and the relevant indicators for measuring and controlling each of them:

## Fair Employer

The management of the social topics described in ESRS S1 – Own Workforce, in Sirma are united in the company's efforts to be a “Fair Employer” and always to be a “Preferred Employer”.

The topic “Fair Employer” summarizes all social subtopics that are regulated by law in Bulgaria and the European Union. The topic ranks second (after „Preferred Employer”) in materiality for Sirma with a total score of 29.83 points found in the due diligence process. In addition to being legally mandatory, the subtopics included here are of utmost importance for Sirma employees:

### Workplace Security

Workplace security has a strong **impact** on every employee. Workplace security is fundamental to the peace of mind and the ability to focus on the work of every employee. The **risks** associated with an unsafe work environment are both fines and sanctions from regulatory authorities and poor motivation and concentration of employees. The lack of or high turnover of employees poses a serious threat to the sustainability of a company specializing in IT services. Conversely, good workplace security is an **opportunity** to create a basis for strong employee motivation and talent retention.

Actions taken: In order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma, as an employer, strictly adheres to the labor legislation in the countries where the Company's offices are located.

Workplace security is measured and managed with the indicator of the ratio of employees employed with regular employment contracts to those who perform their activities under civil contracts.

### Working Time

The length and flexibility of working hours have a strong impact on employees. Working hours also have a strong impact on the work-life balance of the experts in the Company.

**Actions Taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma complies with the legal requirements for the length of working hours, with employees largely employed on a full eight-hour working day. In parallel, the majority of employees have the opportunity to work remotely for 25% of the total working hours. In 2024, the employee administration system was expanded with a module for requesting and approving remote work.

The **risks** of non-compliance with labor legislation regarding working hours are both fines and sanctions from regulatory authorities, as well as poor motivation and concentration of the company's own employees. In turn, flexible working hours provide an opportunity for strong employee motivation and the opportunity to achieve a balance between work and personal time.

An **indicator** that controls this sub-theme is the ratio of full-time employees to part-time employees or less. Another indicator for measuring working time flexibility is the percentage of teleworking to office-based work.

## Safe Working Environment

Sirma strives to provide a comfortable and safe working environment for its employees. The **impact** that a safe working environment has on employees often goes unnoticed. At the same time, the absence of incidents in the workplace is essential for the smooth running of the work process. The **risk** associated with this sub-topic is injury to employees at the workplace and their reduced working capacity as a result. Conversely, ensuring a safe working environment provides the **opportunity** for a smooth and efficient work process.

**Actions taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma complies with the legal requirements regarding the provision of a smooth and safe working environment. Sirma also adheres to its Internal Rules and Health and Safety Policy.

The **indicator** by which the safety of the working environment is measured is the number of recorded work accidents and the number of lost working hours as a result of work accidents. The goal is for these two indicators to be equal to zero.

## Diversity and Inclusion

Diversity among Sirma employees is a major source of innovation and rapid adaptation to the rapidly changing environment in the IT sector. The Company does not discriminate against its employees based on age, gender, religion, ethnicity, nationality, or disability. This lack of discrimination ensures the **impact** of including a wide range of diverse talents. This in turn ensures the ability for the Company to quickly adapt to the dynamic business environment. The **risks** of non-compliance with labor legislation regarding diversity and inclusion are both fines and sanctions from regulatory authorities, as well as weakened motivation, employee uniformity, and reduced adaptability of the Company.

**Actions taken:** in order to reduce (or completely eliminate) the risks associated with this subtopic and take advantage of the opportunities, Sirma strictly complies with legal requirements, its Human Rights Policy, and its Code of Ethics.

The company measures and controls diversity and inclusion through a number of **indicators** that measure the distribution of employees by gender, newly hired employees by gender, employees who left by gender, age mix of employees, and percentage ratio of employees with disabilities to the rest. Sirma monitors these indicators and takes action when significant discrepancies are found.

## Preferred Employer

The leading theme identified by the due diligence process, with a score of 29.92, is the theme of „Preferred employer” . It again includes the social sub-themes described in ESRS S1 – Own Workforce. Sirma does not settle for compliance of its policies and practices with labor legislation. The Group



strives to be an “Employer of Choice” for its employees. The theme of „Employer of Choice” encompasses social sub-themes that contribute to job satisfaction and remuneration, professional development, and work-life balance for our employees and thus contribute to Sirma being an employer of choice for them.

### Pay Equality

Remuneration should be the result only of the results achieved from the work done and not be influenced by the gender, age, or other differences of the employees. The **impact** that this subtopic has on our employees is motivation that the remuneration is determined solely and exclusively by the results of the work done. The **risks** associated with this subtopic are demotivation of the unequal group of employees and their potential departure. The **opportunity** that this subtopic provides is high motivation to achieve even better results among all employees.

**Actions taken:** To ensure objectivity and equality of remuneration, the Company has introduced six-monthly appraisals, which provide the opportunity to increase remuneration (when deserved) and receive bonuses (related to the achieved results), as well as feedback and dialogue between the employer and each employee. Through appraisals, employees themselves can control the equality of their remuneration and its functional dependence on the achieved results. Furthermore, Sirma, as an employer, strictly adheres to the Group's Code of Ethics, which eliminates any form of inequality or discrimination within Sirma.

An **indicator** by which this is controlled is a comparison of the average salaries of male employees with those of female employees. If significant deviations are found, the company analyzes the reasons and takes measures to overcome them.

Social KPIs	2024
FAIR AND COMPETITIVE REMUNERATION	
Average monthly salary in EUR as at 31.12. for men	EUR 3.149
Average monthly salary in EUR as at 31.12. for women	EUR 2.927
Deviation of the average monthly salary of men/women.	7%
Average salary level compared to <a href="#">average in the IT sector</a>	-5,5% from max

Employees who have passed attestation at least once a year	100%
Increase in average monthly salary during the year	11,5%
Employees with social security	100%
Employees with health insurance	100%

### Competitive Remuneration

The IT sector is a highly competitive market for talent. In this environment, to attract quality employees, Sirma must also provide competitive remuneration. The **impact** that this sub-theme has on employees is most easily visible – it increases the standard of living of each employee. The **risks**, in turn, are also easily predictable: loss of quality employees, low motivation, high turnover, and the financial losses resulting from this. The **opportunities** that this sub-theme provides are significant: high motivation, reduced turnover, talent retention, and increasing knowledge and specialization in the Company.

**Actions taken:** The main expense of the Company is the cost of salaries and bonuses. Sirma carefully controls this main economic expense, as well as the ratio of individual remuneration to the average for the country of operations.

The **indicator** by which the competitiveness of remuneration in Sirma is measured is the ratio of the average remuneration in Sirma and the average remuneration in the IT sector of the relevant market. The average salary in Sirma should be higher than the average salary in the market (for 2024, it nears the maximum within the range of the average remuneration in the IT sector).

### Employee Healthcare

Maintaining and improving health is the **impact** that this sub-theme has on employees. The **risks** associated with the sub-theme are: reduced work capacity, distraction and low efficiency, absenteeism, turnover, and the associated financial losses. The **opportunities** are significant: high efficiency, few absences, motivation, innovation, and attraction of talent.

**Actions taken:** Health is the most important thing for every person and the basis for their well-being. Accordingly, Sirma applies various practices to maintain and improve the health of its employees:

- Annual medical examinations conducted in the work offices;
- Providing a free card for visiting sports facilities and training;
- Providing additional medical insurance with maximum coverage;
- Providing informal teambuilding events.

The **indicators** through which Sirma controls and manages this subtopic are related to the number of sick leaves lost working days due to illness, as well as the funds invested in additional employee health care.

Social KPIs	2024
HEALTH	
Number of sick leaves	324
Number of family leaves	156
Number of maternity leaves	48
Employees who have undergone an annual health check-up	91%
Number of work accidents during the year	0
Employees with the right to remote work	93%
Employee engagement costs	EUR 215.741
Employees with additional health insurance	77%

### Work-life Balance

Sirma's management understands that over-motivation and dedication to work also come with a negative price. The lack of work-life balance poses a risk to employees' physical, mental, and social health.

**Actions taken:** Sirma makes efforts to help employees achieve a balance between their work commitments and their personal lives. All employees are entitled to family leave and remote work. Ensuring this balance for employees is the main positive impact sought. The **opportunities** that the achieved balance provides are numerous: attracting talent, few absences from work, low turnover, and high motivation and efficiency.

In addition to the significant organizational measures taken during the year, Sirma took a step forward in caring for its people by appointing an employee engagement specialist. The main mission of this key professional is to create an inspiring and supportive environment in which every employee feels valued, listened to, and motivated to unleash their potential, all with a smile. This is further proof that Sirma believes in the power of the team and places the well-being of its people at the foundation of its success.

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*„During the year, we organized over 30 engagement-related events and initiatives. The goal of these activities was to foster a cohesive, inclusive and engaging workplace culture that contributes to improving employee well-being and developing corporate identity. ”*

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*Ivona Boneva - Employee Engagement Specialist*

The **indicators** through which the company tracks the development of this subtopic are the number of days of leave taken for family reasons and maternity, the number of working days from home office of its employees, as well as the average length of employment of employees in Sirma.

## Life-long Learning

The IT sector is extremely dynamic and competitive. The ability to provide adequate and quality IT services and create competitive IT solutions is a function of the continuous additional qualification of each of its employees. Sirma makes serious efforts and invests significant funds in training and additional qualification of all its employees. The **impact** that this topic has is highly positive and twofold: on the one hand, Sirma ensures continuous maintenance and improvement of the professional qualification of each of its employees and the provision of increasing remuneration, and on the other hand, this qualification makes Sirma's services and products highly competitive. Accordingly, the **risks** associated with this topic are lagging behind the knowledge of employees from the rapid progress of the market, a decline in the efficiency and motivation of employees, and loss of talents and the resulting financial losses.

**Actions taken:** Sirma invests in the additional qualification of its employees. The forms of training are diverse: from webinars, seminars, and symposiums to thematic courses leading to the relevant graduation. In order to support the culture of "Lifelong Learning," Sirma has also created "Sirma Academy" - a center for additional IT qualification, both for Sirma employees and for students external to the company. The new innovative form of training was launched in 2024 - a podcast by the main lecturer of "Sirma Academy" on technological topics, which in the second half of the year alone has over 10,000 views. Sirma controls the number of employees who have attended various courses and seminars during the year, as well as the funds invested for this purpose.

Social KPIs	2024
<b>DEVELOPMENT</b>	
Expenses for training through the year	EUR 142.403
Employees who attended courses, seminars and symposiums during the year (other than those organized by Sirma Academy)	1017
Employees who attended Sirma Academy courses during the year	338
External students at Sirma Academy during the year	1.229
Visits to Sirma Academy's YOUTUBE channel during the year	10.300
Hours of viewing on Sirma Academy's YOUTUBE channel during the year	3.245 hours

## Clients and End Users

Sirma is a B2B company, i.e., the company's IT services and IT solutions are aimed at other companies - clients. The latter, in turn, use these services and solutions to carry out their activities and serve their end users. Three directions (respectively three subtopics) can be highlighted as the most important:

### Personal data security

All of Sirma's services and solutions are in the digital space. Hence, Sirma's **impact** on personal data protection and digital security is of paramount importance for the protection of customers and end users. In recent years, digital security risks have been increasing. The **threats** of cyberattacks, theft and misuse of personal data, and various other cyber threats are increasing. A breach in Sirma's security systems would lead to the compromise of customer data, loss of customer trust, loss of reputation, and possible loss of customers. The **opportunities** that enhanced personal data protection and security provide are increased competitiveness, customer satisfaction, and the attraction of new ones.

**Actions taken:** Due to the extremely high materiality of the topic, Sirma has developed and implemented the necessary internal documents and is certified under three ISO standards related to data security:

- ISO 27001:2022–Information Security Management System
- ISO 27018:2019 - Information technology. Security methods. Code of good practice for the protection of personal data in public clouds acting as personal data controllers
- ISO 27701:2019 - Guidance on the management of personal data in the context of information security management systems (ISMS)

Sirma **measures** and monitors the development of this subtopic by monitoring the number of signals received for misuse and lack of security of personal data during the year.

### Digital Inclusion

Sirma's IT services and IT solutions contribute either to increasing the competitiveness and efficiency of customers or to the digital inclusion of customers and their end users. The impact of including customers and end users in the digital society is extremely positive. Sirma's products and services lead to both the digital inclusion of previously undigitalized groups and the inclusion of already digitalized customers in new technologies entering the market. The **risks** associated with this subtopic are the loss of customers and their end users. The opportunities that this sub-theme provides are related to the growing need and correspondingly solvent demand for digital inclusion due to:

- increased need for inclusion due to extreme weather events
- continuous rapid progress of IT technologies and the need for new waves of digital inclusion

- continuous innovation and improvement of the technologies applied by Sirma

These **opportunities** have been recognized by Sirma and lead to action in two directions: on the one hand, training clients and end users about the various opportunities that digitalization provides (through consultations and through Sirma Academy), and on the other hand, providing IT solutions whose functionality ensures the inclusion of previously unserved users (for example, providing online banking to users who did not have this opportunity or providing control of the condition of users suffering from diabetes remotely through our application).

Additional **actions taken** in this direction include

- Expanding the coverage of Sirma Academy
- Creating a blog to explain various IT topics
- Certification according to ISO 20000-1:2022- IT Service Management

Digitalization and digital inclusion are at the core of Sirma's Mission. All IT products and services that the Company sells lead to digital inclusion in one aspect or another. Accordingly, the main indicator for measuring the scope of digital inclusion is Sirma's sales volume. Data on the development of this indicator is disclosed in the Company's financial statements.

### Remote Healthcare

“Sirma Medical” JSC is the only company in Sirma that is B2C, i.e., the company provides IT services to end users. The solutions that the company offers are aimed at providing remote monitoring of the development of various diseases and digitalization of healthcare. The **impact** that these solutions have is highly positive in the years during which there is an acute shortage of physical medical personnel. The digitalization of healthcare and its remote implementation make physical medical personnel much more effective in providing the necessary care for the sick. The risks of the lack of remote healthcare are visible - a shortage of physical medical workers and delays or lack of service to sick patients. There are also other types of risks - those that are related to the possibility of popularizing the various applications that have been developed by “Sirma Medical” JSC. The healthcare sector is highly regulated, and often already developed technological solutions have to wait a relatively long time for the appropriate licensing by the authorized bodies. Multiplying these risks by the number of countries where Sirma sells its applications sometimes represents a barrier to achieving positive impact.

The **actions** that Sirma is taking to limit risks and seize opportunities are:

- Improving telehealth products
- Increasing sales and reaching an increasing number of users
- Working on certifying Sirma products before the relevant regulators in the healthcare market

Sirma measures its progress in providing telehealth by reporting the number of users of the relevant applications developed by “Sirma Medical” JSC.

## Applicable Policies

Applicable policies	Description	Adoption	Found at:	Responsible manager
<a href="#">Ethical code of conduct for employees</a>	The Code determines the norms for ethical conduct of employees of Sirma	2020	Online	CTaO
<b>Personal data protection policy</b>	Policy for protection of the personal data of the cliets of Sirma	2021	online	COO
<a href="#">Sustainability policy</a>	Policy for sustainable functioning and development of the companies in Sirma	2021	Online	CFO
<a href="#">Policy for human rights</a>	Policy which determines the approach to human rights in the companies of Sirma	2023	Online	CTaO
<a href="#">Policy for health and safety</a>	Policy for creating a safe and healthy working place	2021	Online	CTaO
<a href="#">Workplace regulation</a>	Defines the rules for the working process at Sirma	2015	online	CTaO

## Social Goals for 2025

As the most important pillar of Sirma's sustainability, social goals occupy a leading place in the Company's activities. They are also the first to have their own separate budget, which is part of Sirma's general budget for 2025. In this way, the Group guarantees the achievement of the set social goals:

- Reducing the imbalance between the average salaries of men and women within Sirma;
- Maintaining proximity (up to 5%) to the maximum average salary values in Sirma;
- Maintaining good indicators in all sub-themes of "Fair Employer";



- Inclusion of newly acquired companies in all sub-themes of "Preferred Employer";
- Collection of data on the number of hours allocated for training of each employee in 2025 and inclusion of this information in the goal setting for 2026.

## Achievements in the Social Sphere in 2024

- Updating all internal documents of Sirma
- Building an online system for servicing employees in Sirma [www.staff.sirma.com](http://www.staff.sirma.com)
- Introducing 360 digital attestation for each employee in Sirma
- Appointing an employee engagement specialist and organizing over 35 events during the year
- Maintaining a high level of employee remuneration, the average levels of which approach (5%) the maximum average remuneration in the IT sector
- Collecting information on the diversity of employees in Sirma - by gender, age, and nationality
- Collecting information on various external trainings of Sirma employees, which reach 1017
- Collecting information on Sirma employees who use corporate additional health insurance, which reaches 77% of employees
- Involving Sirma employees in courses organized by Sirma Academy with 1,229 participants
- Creating a Sirma Academy YT channel with 3,245 hours of viewing
- Monitoring the Group's training budget, which reached EUR 142,403 during the year

## Ecological Footprint of Sirma's Activities






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*"Sustainability does not have to come at the cost of slowed growth and reduced profits. On the contrary, sustainability reduces both risks and costs for the company. At Sirma, we are fully aware of this."*

*Tsvetan Trenchev, Chief Operating Officer of Sirma Group Holding JSC*

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## Ecological Highlights

Clean Energy and Carbon Footprint: 2023 vs. 2024		
Characteristic	2023	2024
 <b>Clean Energy Produced</b>	17 MWh	73 MWh
 <b>Clean Energy Usage</b>	1.05%	3.82%
 <b>Activity Carbon Footprint</b>	839 tCO <sub>2</sub> e	727 tCO <sub>2</sub> e
 <b>Carbon Intensity</b>	10.36 kgCO <sub>2</sub> e/BGN '000	7.21 kgCO <sub>2</sub> e/BGN '000
 <b>Carbon Footprint per Employee</b>	1.58 tCO <sub>2</sub> e	1.02 tCO <sub>2</sub> e

## Main Ecological KPIs

### Scope 1

Fuel for own auto-park 2024	Number of cars	Benzine in liters	Diesel in liters
Quantity	11	7.282	5.456
Cost in EUR		8.562	6.853
tCO <sub>2</sub> e*		15,18	13,71

\* for conversion into CO<sub>2</sub> equivalent the platform of Defra GHG Conversion Factors for Company Reporting na <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2024>

## Scope 2

Ecological KPIs	2024	2024 tCO <sub>2</sub> e*
Heat consumption	286 MWh	51,31
Electricity consumption	1910 MWh	646,69
Total energy in MWh	2196 MWh	698,07
Per employee	3,08 MWh	0,98
Generated renewable electricity in MWh **	73 MВт	24,72

\* for conversion into CO<sub>2</sub> equivalent the platform of Ember Climate 2025 at <https://ember-energy.org/>

\*\* which is part of the "Electricity consumed", and accordingly the above factor was used, reflecting saved energy tCO<sub>2</sub>e

## Other ecological KPIs:

Ecological KPIs	2024
Water consumption m <sup>3</sup>	2620
Average hardware usage time	7,65 years
Recycled hardware in 2024	4.255 kg.

## Energy and Climate Change

The review of the topics related to sustainability found that electricity is of leading importance for Sirma's activities while also having a negative impact on the environment and climate. The **risks** for Sirma's activities related to energy and climate change are significant:

- lack or interruption of electricity supply;
- increase in the price of electricity (similar to the price of electricity in Bulgaria in 2022);
- financial costs related to the transition to a low-carbon economy;
- changes in regulations and increased administrative burden and costs (e.g., costs related to CSRD);
- lack of water and the challenges arising from this.

The topic of "Energy and Climate Change" presents, in addition to risks, a number of **opportunities** for Sirma:

- Potential for new software solutions and services related to sustainability among Sirma's customers;

- Production of own renewable energy and reduction of electricity costs;
- Attracting investors who, like Sirma, are concerned about protecting nature;
- Reduction of costs from reduced energy and water consumption.

The **actions taken** to adapt to these risks, reduce their impact, and realize the opportunities include

- improving operational sustainability;
- changing business practices;
- measures for energy efficiency of own offices;
- certification according to ISO 14001:2015–Environmental Management Systems;
- production of renewable energy;
- measures to reduce overall greenhouse gas emissions and align with global climate goals.

In order to support its activities regarding environmental sustainability, in October 2024 Sirma was certified to ISO 14001:2015–Environmental Management Systems. This is an internationally recognized standard for environmental management systems designed to help organizations improve their environmental performance, comply with legal requirements, and achieve sustainability goals. It follows a structured framework that outlines specific requirements such as understanding the organizational context, demonstrating leadership, planning to address risks and opportunities, providing resource support, operational control, performance evaluation, and continuous improvement. The standard emphasizes risk-based thinking, integrating environmental management into business processes, and identifying environmental aspects and compliance obligations. ISO 14001:2015 promotes accountability, transparency, and proactive environmental management while enabling continuous improvement of environmental practices.

## Management of Electronic Waste

The topic „Energy and Climate Change“ was identified as doubly material after due analysis (described above). The topic covers subtopics of ESRS E1 and E3.

Electronic waste, or e-waste, refers to discarded electrical and electronic devices, including equipment such as computers, servers, and peripherals. The rapid pace of technological innovation and shorter product life cycles have significantly increased the global generation of electronic waste, which reached an estimated 59.4 million metric tons in 2022. This growing problem poses serious environmental and health risks due to the presence of hazardous materials such as lead and mercury while also representing a missed opportunity to recover valuable resources such as gold, copper, and rare earth elements. Despite its recycling potential, only about 22% of electronic waste is formally collected and treated globally, with much of it ending up in landfills or exported to regions with inadequate waste management systems. Effective management of e-waste is crucial to minimizing environmental damage, promoting resource recovery, and advancing global sustainability efforts.

Sirma's core business is directly dependent on the use of electronic equipment. This unfortunately eventually may generate e-waste. In parallel, Sirma often equips its customers with various electronic system components (the System Integration service). This may generate additional e-waste. This is why the due diligence identified "E-waste Management" as a material topic for the Group.

The sustainability **risks** related to e-waste for Sirma include:

- Environmental pollution: Incorrect disposal of IT equipment such as computers and servers can release hazardous substances such as lead, mercury and cadmium into the environment, contaminating soil, water, and air.
- Health risks: Workers in informal or hazardous recycling operations can be exposed to toxic chemicals, leading to health problems such as respiratory problems, neurological damage, and hormonal disruptions.
- Loss of valuable resources: E-waste contains valuable materials such as gold, cobalt, and rare earth elements. Inefficient recycling practices lead to the loss of these resources and increase the dependence on environmentally harmful mining.
- Non-compliance with regulatory requirements: Failure to comply with e-waste regulations, such as the Bulgarian Waste Management Act and the EU WEEE Directive, can lead to legal sanctions and hinder compliance with sustainability goals.
- Reputational damage: Improper handling of e-waste can damage Sirma's reputation, especially as customers and stakeholders increasingly demand responsible environmental practices.
- Contribution to climate change: Improper disposal of electronics contributes to greenhouse gas emissions both through direct emissions and through the need to extract new raw materials.

To mitigate these risks and realize opportunities, Sirma has adopted sustainable e-waste management practices, such as:

- Compliance with its Waste Management Policy;
- Prevention: Some waste is inevitably generated by every business. Sirma strives to prevent the disposal of non-biodegradable waste. Avoiding plastic, using glass, and reducing packaging are routine projects in the company.
- Reduction: Efforts to reduce the waste generated by Sirma are at the heart of our waste management.
- Recovery: The biggest impact on the waste generated by Sirma is electronic waste (e-waste). Electronic equipment can be repaired and refurbished to extend its usefulness. Sirma does just that. We measure this by monitoring the average age of the electronic equipment we use.
- Reuse: Even when electronic equipment cannot properly fulfill its function in the demanding environment of IT professionals, it can still be useful for personal or educational use. Sirma organizes auctions for the resale of older IT equipment and actively donates to educational organizations – from kindergartens to the Technical University.

- **Recycling:** If the equipment becomes completely useless, Sirma hands it over to licensed recycling companies who will extract all useful materials and dispose of the rest in a safe manner.
- **Disposal:** Finally, after recycling any useful materials, what is left is disposed of in the safest possible way at designated licensed locations.

## Applicable policies

Applicable policy	Description	Adoption	Available at	Responsible manager
<a href="#">Remuneration policy</a>	Policy for the remuneration of the members of the Board of directors	2015	online	Chairman of the BD
<a href="#">Ethical code of conduct for employees</a>	The Code determines the norms of ethical behaviour of the employees of Sirma	2020	online	CTaO
<a href="#">Sustainability policy</a>	Policy for sustainable functioning and development of the companies in Sirma	2021	online	CFO
<a href="#">Waste management policy</a>	Policy which provides the guidelines for decreasing of the generated waste and transition to a circular economy.	2022	online	COO
<a href="#">Workplace regulation</a>	Defines the rules for the working process at Sirma	2015	Online	CTaO








## Ecological Goals for 2025

Sirma has always had a responsible attitude towards the environment, the energy used, and the ecological footprint of its activities. For the needs of the process of setting reasoned and scientifically based decarbonization targets, from 2023 and subsequently in 2024, the foundations were laid for collecting information and measuring the ecological footprint of the Group's activities under Scope 1 and 2, as defined in the Greenhouse Gas Protocol. As a result of the work carried out in 2024, we already have data on the impact on nature for three years. Using this data in 2025, Sirma will be able

to correctly determine its next steps to reduce the negative impact on the environment and specific decarbonization targets.

The direct environmental goals that the Group sets for itself in 2025 are:

#### Ecological aims for 2025

 Definition and adoption of science-based aims for decarbonization of the activity of Sirma	 Limiting the use of paper in Sirma's operations only to legally needed documents	 Continuation of the practice of zero electronic waste	 Increase of the use of renewable energy in the energy mix of Sirma, by doubling the production of the photovoltaic system
 Analysis of the components of Scope 3	 Launch of data collection of ecological data from the value chain	 Increase of the charging stations for EVs around the offices of Sirma	

## Ecological Achievements in 2024

### Ecological Data

#### Environmental results of Sirma for 2024



Data collection on the carbon footprint from the activity of Sirma under Scope 1 & 2 during the year



Data collection on recycling of IT equipment by Sirma during the year



Data collection on water use in Sirma's offices during the year

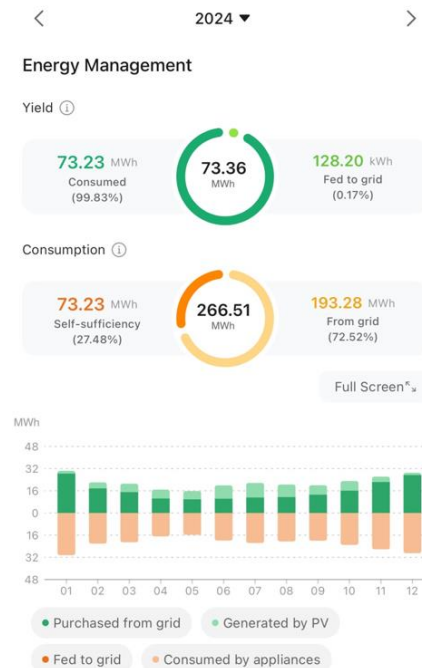


Launch of material production of renewable electricity by Sirma

### Photovoltaic System

The photovoltaic system, which was installed at the end of 2023 on the central building of Sirma, has been operating successfully throughout the year. The system generated 73 MWh of renewable energy during the year, thus meeting 27.5% of the building's energy needs.





In line with its goal of increasing the share of renewable energy in the energy mix, Sirma continued its investments in the photovoltaic project. In 2024, a special substation for the system was built (with an investment of BGN 211,000), which is expected to increase the renewable energy generated and reach 1/3 of the building's energy needs. In 2025, Sirma plans to double the installed capacity and the amount of renewable energy produced from it.

### Charging Electric Cars

In addition to the production of renewable electricity, in 2024 Sirma laid the foundations for supporting the use of electric cars. Since the Company Car Policy assumes the maximum possible long-term operation of the existing fleet, Sirma does not yet have any company electric cars. At the same time, more and more employees of the company have electric cars. In fulfillment of both its environmental goals and social care for its employees, in 2024 Sirma installed the first electric car charging point next to its office in Plovdiv.



After a consumption analysis, an expansion of the network of charging points around Sirma's offices is planned for 2025.

## Corporate Governance at Sirma

*"We uphold the highest ethical standards in our management and operations, ensuring transparency, accountability, and integrity. Our governance framework is built on the principles of responsible business conduct, ensuring that our clients can trust us not only for cutting-edge technology but also for ethical business practices."*

*Georgi Marinov – Chairman of the Board of Directors of "Sirma Group Holding" JSC*

### Applicable Governance KPIs

Governance KPIs	2024
Revised and updated internal documents	all
Cybersecurity incidents detected in Sirma during the year	0
Received reports of irregularities in Sirma during the year	0

<b>Cases of corrupt practices identified in Sirma during the year</b>	0
<b>Shareholder participation - voting shareholders % of capital</b>	65,86%
<b>Violations and fines found by supervisory authorities</b>	0
<b>Payment of dividends on each share</b>	BGN 0,02
<b>Change in the price of SGH shares in 2024</b>	+43,66%

The due diligence identified two essential topics that are related to sustainable governance:

## Corporate Governance, Values, Dialogue and Culture

Sustainable corporate governance is the means of embedding environmental, social, and governance (ESG) principles into Sirma 's operations, ensuring transparency, accountability, and long-term value creation. The corporate governance system has an impact on all stakeholders. The impact includes:

- integrating sustainability into existing corporate structures;
- aligning business strategies with environmental and social objectives;
- promoting transparency in decision-making processes;
- preventing any corrupt practices;
- providing opportunities and protection for whistleblowing;
- developing and harmonizing corporate culture and values;
- developing responsible procurement and payment practices;
- ensuring sustainable cybersecurity.

Effective governance frameworks enable Sirma to manage sustainability-related risks and comply with existing regulations and meet stakeholder expectations while driving innovation and operational efficiency. By establishing clear roles, responsibilities, and performance indicators throughout the organization, sustainable management not only supports ethical practices but also positions the company for sustainability and growth in a rapidly changing global landscape.

The due diligence identified the following **risks** associated with the corporate governance system:

- weak or wrong management decisions leading to financial losses;
- low employee morale and motivation;
- reputational risk;
- risks of cyber-attacks and breaches of digital security systems;
- difficult procurement.

At the same time, the development and improvement of the corporate governance system brings significant **opportunities**:

- harmonized corporate culture;
- high employee morale and motivation;
- digital security;
- rhythmic procurement;
- excellent reputation.

To mitigate potential risks and maximize opportunities, Sirma has taken the following actions:

- strict compliance with Sirma's corporate governance policies (see below);
- events to strengthen corporate culture and team cohesion;
- maintaining open channels for signals and communication in the Company and conducting regular attestations with two-way dialogue;
- certification according to ISO 9001:2015 - Quality Management System;
- certification according to ISO 27001:2022 - Information Security Management System;
- certification according to ISO 27018:2019 - Information Technology. Security Methods. Code of Good Practice for the Protection of Personal Data in Public Clouds Acting as Personal Data Administrators

#### Applicable Governance Policies

Applicable governance policies	Description	Adoption	Available at	Responsible manager
<a href="#">Articles of Association</a>	The Articles of Association define the rules by which significant decisions are made in the Company.	2015	<a href="http://www.sirma.com">www.sirma.com</a>	BD
<a href="#">Decisions of the General Shareholders' Meeting</a>	Shareholders' decisions are fundamental to the Company's operations.	Minimum once per year	<a href="http://www.sirma.com">www.sirma.com</a>	GSM
<a href="#">Rules for operation of the Board of Directors</a>	Instructions and explanations on the duties and responsibilities of the members of the Board of Directors	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chairman of the BD
<a href="#">Remuneration policy</a>	Remuneration Policy for Members of the Board of Directors	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chairman of the BD

<a href="#">Program for good corporate governance</a>	A system of rules that protects the interests of shareholders and other stakeholders	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<a href="#">Accounting policy</a>	Policy governing accounting and control	2015	<a href="http://www.sirma.com">www.sirma.com</a>	Chief Accountant
<a href="#">Anti-corruption policy</a>	Policy against corrupt practices and related phenomena	2015	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Whistle-blowing policy</a>	Internal rules for reporting and protection of persons reporting or publicly disclosing information about violations - "whistleblowers"	2023	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Ethical code of conduct for the employees</a>	The Code establishes the norms of ethical behavior of employees at Sirma	2020	<a href="http://www.sirma.com">www.sirma.com</a>	CTaO
<a href="#">Risk management policy</a>	A policy that outlines the methodology for managing different types of risk	2019	<a href="http://www.sirma.com">www.sirma.com</a>	CFO
Personal data protection policy	Privacy Policy and Protection of Personal Data of Sirma clients	2021	<a href="http://www.sirma.com">www.sirma.com</a>	COO
<a href="#">Sustainability policy</a>	Policy for sustainable operation and development of the companies in Sirma	2021	<a href="http://www.sirma.com">www.sirma.com</a>	CFO

## Care for Shareholders

The first company in the Group – Sirma AI was established back in 1992. In 2015, “Sirma Group Holding” JSC – the holding company of the Group went public after a successful initial public offering of shares. Since then, Sirma has had a new and significant group of stakeholders – its shareholders. This was also proven by the due diligence conducted in 2024. Thus, the topic of „Care for shareholders” was determined to be doubly significant for Sirma.

Sirma has a strong impact on its shareholders:

- The Company distributes part of its annual profit as a cash dividend among its shareholders. Since 2022, Sirma has also had its „Dividend Policy” – a means by which shareholders have certainty about the amount of profit that will be distributed as a dividend;
- The value of the Company’s shares directly affects the profitability of shareholders’ investments;
- Providing reliable and timely information about the Company’s development;
- Preventing unregulated leakage of inside information.

The **risks** associated with this topic are also significant:

- Misuse of inside information and harm to shareholders;
- Shareholder dissatisfaction and shrinking of their investments;
- Difficulties in raising additional capital from Sirma;
- Poorly informed shareholders who do not understand Sirma's activities;
- Regulatory sanctions and fines.

The topic of "Caring for shareholders" also provides significant **opportunities**:

- Building and maintaining shareholder trust through transparency of information about Sirma;
- Attracting new investors and increasing investments in Sirma;
- Informing and motivating existing shareholders to maintain and increase their investments in Sirma.

Recognizing the materiality of the topic, Sirma has taken significant **actions** to limit risks and seize opportunities:

- Creating a comprehensive corporate governance framework;
- Compliance with strict rules and policies for the dissemination of information about the company's activities in accordance with regulatory requirements;
- Prevention of abuse of inside information;
- Ensuring predictability of each corporate event;

- Ensuring excellent, timely, comprehensive, and transparent information about Sirma's activities;
- Strict compliance with the regulatory conditions, deadlines, and format of information about the company;
- Attracting an external PR consultant in order to correctly formulate the Company's messages.

#### Applicable Governance Policies

Applicable governance policies	Description	Adoption	Available at	Responsible manager
<a href="#">Decisions of the General Shareholders' Meeting</a>	Shareholders' decisions are fundamental to the Company's operations.	Minimum once per year	<a href="http://www.sirma.com">www.sirma.com</a>	GSM
<a href="#">Divident policy</a>	Policy for distribution of dividends of the public company	2022	<a href="http://www.sirma.com">www.sirma.com</a>	CFO
<a href="#">Insiders' instruction</a>	Instructions and explanations on the obligations and responsibilities when accessing and working with inside information	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<a href="#">Program for good corporate governance</a>	A system of rules that protects the interests of shareholders and other stakeholders	2015	<a href="http://www.sirma.com">www.sirma.com</a>	CEO
<a href="#">Policy for information disclosure</a>	A policy that sets out the rules, restrictions and responsibilities for disclosing information	2016	<a href="http://www.sirma.com">www.sirma.com</a>	CEO

## Corporate Governance Goals for 2025

### Corporate governance targets for 2025



## Achievements of Corporate Governance in 2024

### Results 2024

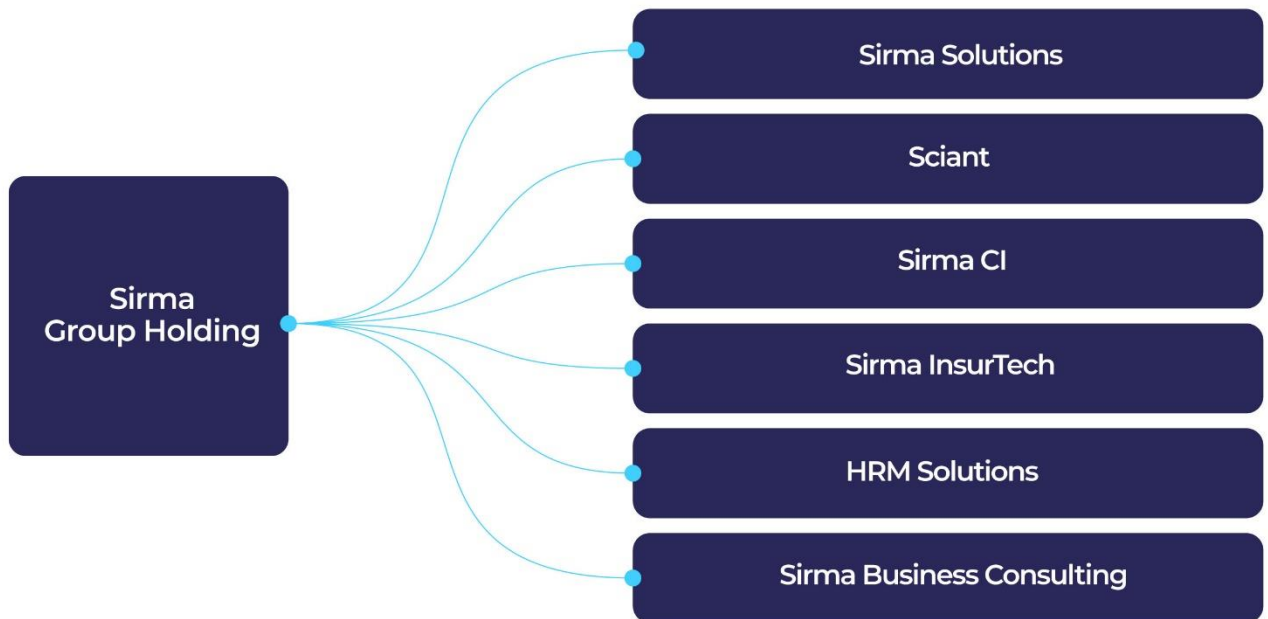
### Achievements of corporate governance in 2024





### Consolidation

During the year, Sirma undertook and successfully completed a significant project in the field of corporate governance - consolidation of 6 of its subsidiaries into the parent company: "Sirma CI" EAD, "Sirma Insurtech" EAD, "Sirma Solutions" EAD, "Sirma Business Consulting" EAD, "Sciant" EAD and "HRM Solutions" EAD merged into "Sirma Group Holding" AD.



The consolidation enhances the positive **impact**, reduces **risks**, and realizes some of the opportunities on both essential themes for Sirma:

- The consolidation unites the management, culture, goals, and values of the merged companies, which enhances the positive impact of the theme "Governance, Values, Dialogue, and Culture", reducing risks and realizing some of the opportunities;
- The consolidation concentrates the activity, ownership, capital, results, and profit from the activity and improves transparency and predictability, which is positive for the theme "Shareholder Care".

In the fourth quarter of 2024, the consolidation project was successfully completed after the entry of the merger of the companies in the Commercial Register. The effects of the consolidation are:

- alignment of the interests of minority shareholders in the subsidiaries with those in the SGH;
- consolidation of ownership, activities and profits;

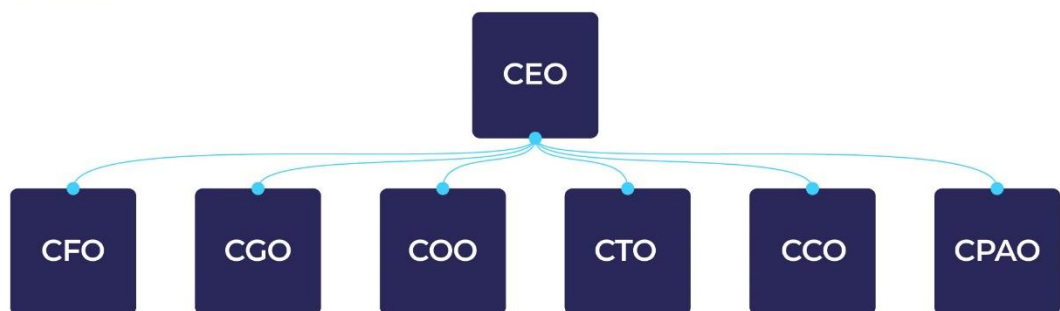
- improved focus of operations;
- elimination of internal competition and improvement of cooperation;
- improving cross-selling;
- increasing transparency.

The consolidation project was positively received by both employees and shareholders – the two main stakeholders involved. A direct result of this approval is reflected in the controlled indicator of the appreciation of the shares of Sirma Group Holding AD. In 2024, the shares of SGH appreciated by 43.66%.

### New Management Structure

The consolidation, carried out in 2024, was accompanied by the renewal of the management structure of the Group.

Corporate Governance



Vertical Governance



The new management structure is in line with Sirma's strategic goals. The members of the Board of Directors are responsible for specific aspects of the company's operations, while the vertical management focuses the Group's activities in the various sectors of specialization and is responsible for achieving the business results of the respective vertical.

# Checking the Eligibility and Compliance of the Activity with the Taxonomy in 2024

## Legal Framework

In this section, we disclose information in relation to Article 8 of Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment (Taxonomy Regulation) and its supplementing Commission Delegated Regulation (EU) 2021/2178.

The [EU Taxonomy Compass](#) и [EU Taxonomy Calculator](#) were used in the verification and subsequently in the annual consolidated Sustainability Report.

An in-depth analysis of all economic activities carried out by the Company was carried out for eligibility under the taxonomy and for compliance with Annexes I and II to Delegated Regulation (EU) 2021/2139 (Climate Delegated Act). The Climate Delegated Act focuses on those economic activities and sectors that have the greatest potential to achieve the climate change mitigation objective - i.e., the need to avoid the production of greenhouse gas emissions, to reduce those emissions, or to increase removals of greenhouse gases and long-term carbon capture and storage.

## Activities of the Company

### Main activity: Activity in the field of information technologies

The main activity of all companies in Sirma Group Holding AD is the development and implementation of products and services in the field of information technology, IT consulting, and related activities.

Description of the activity: Provision of expert knowledge and skills in the field of information technology: writing, modifying, testing, and maintaining software products; planning, and designing computer systems that integrate hardware, software products and communication technologies; management and on-site operation of computer systems or data processing facilities of clients; and other professional and technical activities related to computers.

The economic activities of this category are assigned to code J62 under NACE - the statistical classification of economic activities established by Regulation (EC) No 1893/2006 and item 8.2 of Annex II to Delegated Regulation (EU) 2021/2139.

**Secondary activity: Ownership of real estate**

Description of the activity: Purchase of real estate and exercise of ownership rights over it. The economic activities of this category are referred to as code L68 under NACE - the statistical classification of economic activities established by Regulation (EC) No. 1893/2006 and point 7.7 of Annex I to Commission Delegated Regulation (EU) 2021/2139. The activity - purchase of real estate and exercise of ownership rights is not a core activity for Sirma Group Holding AD and the companies in the holding. At the same time, Sirma Group Holding AD owns the building of its Head Office, as well as an office in the city of Plovdiv, where a large part of the subsidiaries are registered and operate.

**Eligibility of the Activity****KPIs for the results of the activity**

Key performance indicators (KPIs) include KPIs on turnover, KPIs related to capital expenditure (CAPEX) and KPIs related to operating expenditure (OPEX). For the reporting period 2024, KPIs must be disclosed in relation to the economic activities eligible under the taxonomy and the economic activities not eligible under the taxonomy (Article 10(2) of the Delegated Act referred to in Article 8).

The key performance indicators are determined in accordance with Annex I to the Delegated Act referred to in Article 8 of the Taxonomy Regulation. The Group determines the KPIs consistent with the taxonomy in accordance with the legal requirements and presents its accounting policy in this respect as follows:

**KPI linked to turnover**

The share of turnover that results from products or services related to economic activities that qualify as environmentally sustainable, in accordance with Articles 3 and 9 of Regulation (EU) 2020/852, is calculated as the share of net turnover that results from products or services related to economic activities that comply with the taxonomy (numerator) divided by net turnover (denominator). The denominator of the turnover KPI is based on our net turnover determined in accordance with Article 2, point 5 of Directive 2013/34/EU (amounts received from the sale of products and the provision of services, after deducting trade discounts, value-added tax, and other taxes directly related to turnover) and including revenue included in the scope of IFRS 15 and IFRS 16. For more details on the accounting policies regarding the Company's net turnover, see note 4, Accounting policies, 4.10 Revenue, to the annual consolidated financial statements for 2024.

The Company's net turnover for the purpose of determining the KPI can be compared with the revenue stated in the annual consolidated financial statements by summing the revenue under items Revenue from contracts with customers (note 27) and Other revenue (note 28, line Other revenue) from the consolidated statement of profit or loss and other comprehensive income for 2024.

Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria							DNSH criteria ("Does Not Significantly Harm")					Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Acquisition and ownership of buildings		0,00	0%														0%		
Computer programming, consultancy and related		0,00	0%														0%		
			0%														0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Acquisition and ownership of buildings		307,00	0%																
Computer programming, consultancy and related		100 422,00	100%																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		100 729,00	100%																
Total (A.1+A.2)		100 729,00	100%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		0,00	0%																
Total (A+B)		100 729,00	100%																

## KPI linked to capital expenses

The capital expenditure-related KPI is defined as the capital expenditure attributable to economic activities in line with the taxonomy (numerator) divided by the total capital expenditure (denominator).

Total capital expenditure consists of the added values of acquisition of fixed tangible and intangible assets during the financial year, before depreciation, amortization, and any additional valuations, including those arising from revaluations and impairments. These include acquisition of property, plant, and equipment (IAS 16) and intangible assets (IAS 38). For more details on the accounting policies of "Sirma Group Holding" JSC regarding capital expenditure, see Note 4, Accounting policies, 4.14. Intangible assets, and 4.15. Property, plant, and equipment in the annual consolidated financial statements for 2024.

The Group's total capital expenditure can be compared to the annual consolidated financial statements by determining the sum of the items for newly acquired assets under Note 11, Property, Plant, and Equipment and Note 12, Intangible Assets.

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>				100%															
<b>A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)</b>																			
Acquisition and ownership of buildings		0,00	0%														0%		
Computer programming, consultancy and related		0,00	0%														0%		
			0%														0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) [A.1]		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																			
Acquisition and ownership of buildings		500,00	38%																
Computer programming, consultancy and related		804,00	62%																
			0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [A.2]		1 304,00	100%																
Total [A.1+A.2]		1 304,00	100%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Capex of Taxonomy-non-eligible activities		0,00	0%																
Total [A+B]		1 304,00	100%																

### KPI linked to operating expenses

The operating cost-related KPI is defined as the operating costs related to economic activities that comply with the taxonomy (numerator) divided by the total operating costs (denominator).

Total operating costs consist of direct non-capitalized costs related to research and development, building renovation and refurbishment costs, short-term leases, maintenance and repairs, and any other direct costs related to the day-to-day servicing of property, plant and equipment assets. This includes:

- The amount of costs related to non-capitalized leases determined in accordance with IFRS 16 includes costs for short-term leases and low-value leases (note 31, External service costs to the annual consolidated financial statements for 2023). Although low-value leases are not explicitly mentioned in the Delegated Act under Art. 8 of the Taxonomy Regulation, management interprets the legislation in a way that also includes these lease contracts.
- Costs related to maintenance, repairs, and other direct costs associated with the day-to-day operation of property, plant, and equipment assets, determined on the basis of maintenance and repair costs. The related expense items can be found in various lines in the annual consolidated statement of profit or loss and other comprehensive income, including costs of

materials (note 305, Costs of materials) and costs of external services (note 31, Costs of external services). This also includes costs for renovation of buildings.

This does not include costs associated with the day-to-day operation and maintenance of property, plant, and equipment assets, such as: raw materials, costs of employees working with the assets, electricity, and others that are necessary for the operation of these assets.

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Acquisition and ownership of buildings		0,00	0%								Y	Y	Y	Y	Y	Y	0%		
Computer programming, consultancy and related (CapEx C)		0,00	0%								Y	Y	Y	Y	Y	Y	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%	0%
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Acquisition and ownership of buildings		1 832,00	3%																
Computer programming, consultancy and related (CapEx C)		64 223,00	97%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		66 055,00	100%																
Total (A.1+A.2)		66 055,00	100%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		0,00	0%																
Total (A+B)		66 055,00	100%																

## Minimum social requirements

As a Company with a core business in the services sector, employees are the Group's main asset. Accordingly, Sirma has an extremely strong social policy towards its employees. In its organizational framework for corporate governance, the Group applies all the recommendations of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. These recommendations are reflected in Sirma's internal documents, which are available [online](#).

## Taxonomy Eligibility

The main activity ("Information and communication" and the sub-category "Computer programming, consultancy, and related activities") and the secondary activity (Management of owned buildings falls under the category "Construction and real estate activities" and the sub-category "Acquisition and ownership of buildings") are eligible under the EU taxonomy.

## Compliance of the Activity

### Main activity of Sirma

The analysis of Sirma's core business examined the data center and the cloud services it offers. The taxonomy compliance criteria were not met in 2024.

### Secondary activity of Sirma

Despite the progress of energy efficiency in Sirma's offices (which were built before 2020) and the start of its own renewable energy production in the Company's central building, the buildings that the Company owns are not yet certified with category A for energy efficiency. Accordingly, Sirma's secondary activity is not in line with the taxonomy.

## Perspective

Sirma expects to achieve taxonomy compliance in the coming years as we work to meet the technical criteria for this. An additional opportunity that may support Sirma's efforts are the regulatory changes expected in 2025 in the Omnibus Directive.

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