



Sirma

Annual Consolidated Management Report

of "Sirma Group Holding" JSC
for 2021

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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 2021 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 2021;
- 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 31.12.2021. The report includes Sirma Group Holding JSC and all subsidiary companies of the group without Flash Media, EngView Systems Latin America, Eyeball Interactive, Excell Management and Sciant Software s.r.o, which are excluded from consolidation due to lack of relevance.

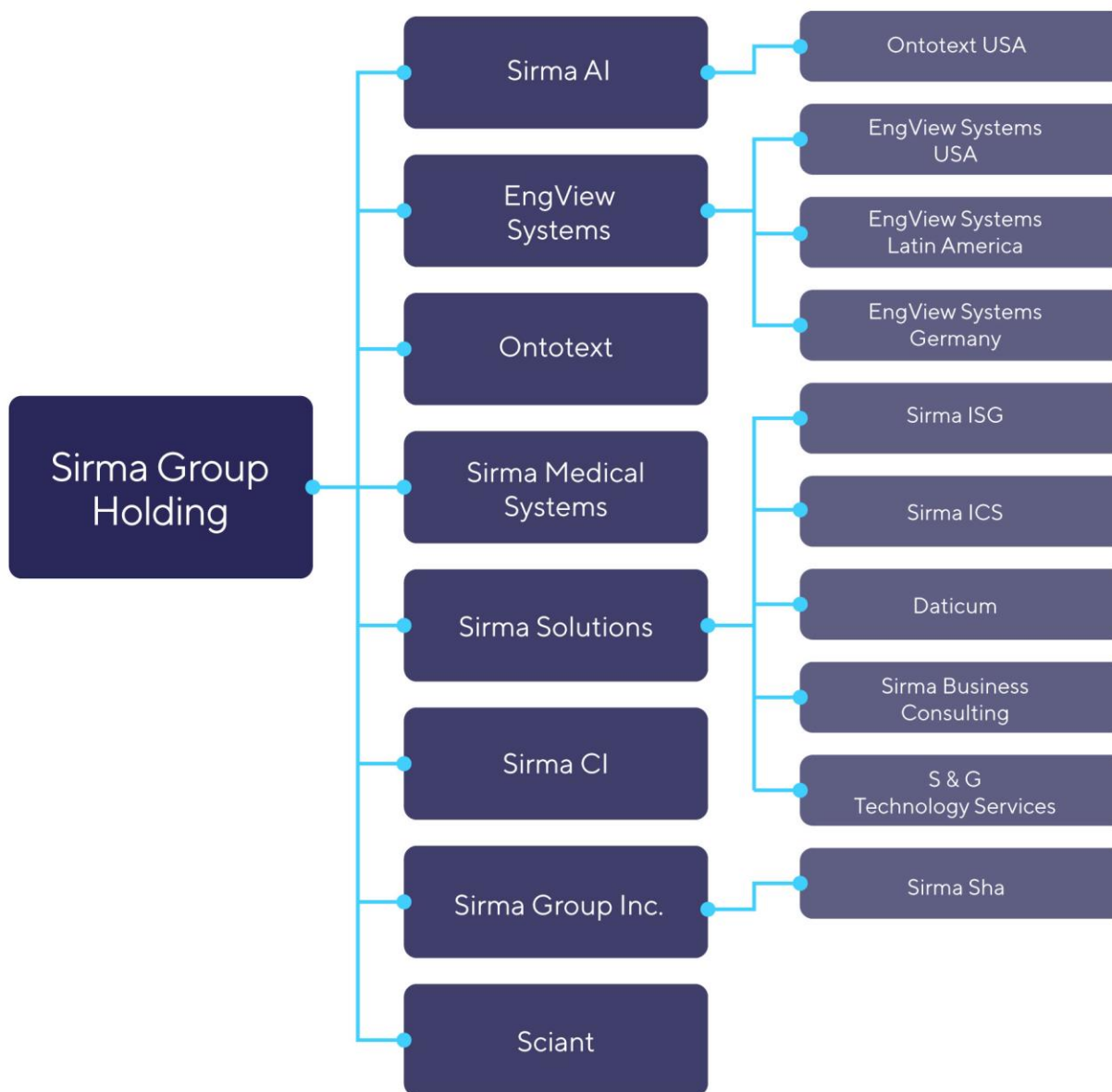
2 ORGANIZATION AND WAY OF PRESENTATION

"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.



Branches of the company

"Sirma Group Holding" JSC has no registered branches.

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, with head office: BULGARIA, Sofia (capital), Sofia municipality, City Sofia 1784, Mladost area, bul. Tsarigradsko Shosse, No 135. The name of the company changed on 23.03.2009 from "SGH" JSC to "Sirma Group Holding" JSC.

The object of the company is: acquisitions, management, evaluation and sale of participation in Bulgarian and foreign

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 changed its scope of activity as follows: Acquisition, management, evaluation and sale of participations in Bulgarian and foreign companies, acquisition, evaluation and sale of patents, surrender of licenses for use of patents 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

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.

Law for Accounting. The company may also carry out its own commercial activity, which is not prohibited by law.

From the establishment of the company until the date of this document, Sirma Group Holding JSC:

- is not the subject of consolidation;
- no transfer or pledge to the enterprise;
- No claims have been filed for the opening of insolvency proceedings of the company;
- There are no tenders from third parties to the Company or from the Company to other companies;
- Has carried out research and development activities.

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

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

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

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 31.12.2021 the distribution of the share capital of Sirma Group Holding is as follows:

	31.12.2021	31.12.2020
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	1 026	1 041
Including legal entities	45	47
Including Individuals	981	994
Number of shares held by legal entities	8 517 822	8 528 409
% of capital of legal entities	14,35%	14,37%
Number of shares held by individuals	50 842 696	50 832 109
% of capital held by individuals	85,65%	85,63%

Shareholders	Number of shares at 31.12.2021	Number of shares at 31.12.2020	Nominal value (BGN)	Nominal value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	9,19%
Tsvetan Borisov Alexiev	4 965 753	4 865 753	1	4 965 753	8,37%	8,66%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,29%
Veselin Antchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	8,20%
Ivo Petrov Petrov	4 500 000	4 400 000	1	4 500 000	7,58%	7,85%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,53%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	5,04%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,42%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,80%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,76%
Emiliana Ilieva Ilieva	1 925 820	1 925 820	1	1 925 820	3,24%	3,53%
Own shares	2 022 810	585 024	1	2 022 810	3,41%	3,36%
Yavor Liudmilov Djonev	1 392 746	1 392 746	1	1 392 746	2,35%	2,43%
UPF "Doverie" JSC	976 678	1 047 678	1	976 678	1,65%	1,70%
Peter Nikolaev Konyarov	870 665	870 665	1	870 665	1,47%	1,52%
"Mandjukov" Ltd.	860 000	860 000	1	860 000	1,45%	1,50%
UPF "DSK Rodina"	747 036	747 036	1	747 036	1,26%	1,30%
UPF "Pension Insurance Institute"	715 810	715 810	1	715 810	1,21%	1,25%
"First Financial Brokerage House"	677 368	437 422	1	677 368	1,14%	1,18%
Others	11 486 937	13 293 669	1	12 071 961	20,33%	16,51%
Total	59 360 518	59 360 518		59 360 518	100%	100%

The normalized equity interest rate is the equity interest in the company's netting of repurchased treasury shares.

As of 31 December 2021 the total amount of repurchased treasury shares is 2 022 810 shares in the amount of BGN 1 304 010 (2,20% of the share capital), distributed as follows:

- As of 31.12.2021 „Sirma Group Holding“ JSC holds 584 474 repurchased own shares at the total amount of BGN 584 474 (0,98 % of share capital). The Company has not acquired own shares during the period.
- As of 31.12.2021 "Ontotext" owns 550 shares of the parent company „Sirma Group Holding“ JSC with total value of BGN 643,50.
- As of 31.12.2021 "Sirma Solutions" owns 1 437 786 shares of the parent company „Sirma Group Holding“ JSC with total value of BGN 718 893.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY'S CAPITAL ARE:

Shareholders	Number of shares at 31.12.2021	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 965 753	8,37%	8,45%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 500 000	7,58%	7,66%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%

Shareholders	Number of shares at 31.12.2020	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	8,88%	8,97%
Tsvetan Borisov Alexiev	4 865 753	8,20%	8,28%
Chavdar Velizarov Dimitrov	4 750 786	8,00%	8,08%
Veselin Antchev Kirov	4 700 786	7,92%	8,00%
Ivo Petrov Petrov	4 400 000	7,41%	7,49%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%

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 has a one-tier management system - Board of Directors.

The Board of Directors as of 31.12.2021 includes the following members:

Chavdar Velizarov Dimitrov
Tsvetan Borisov Alexiev
Atanas Kostadinov Kiryakov
Georgi Parvanov Marinov
Petar Borisov Statev - independent member
Yordan Stoyanov Nedev - independent member

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

Current term of the Board of Directors is until: 02.07.2023

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 2021.
2. Does not own more than 25% of the capital of other companies in 2021.
3. Procurator/manager/member of a managing/supervisory body in 2021:
 - Executive director and Chairman of the BD of "Engview Systems Sofia" JSC;
 - Member of the BD of "Sirma Business Consulting" JSC;
 - Executive director and Member of the BD of "Pirina Technologies" JSC.

Chavdar Velizarov Dimitrov – Deputy Chairman of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2021.
2. Does not own more than 25% of the capital of other companies in 2021.
3. Procurator/manager/member of a managing/supervisory body in 2021:
 - Member of the BD of "Sirma Medical Systems" JSC;
 - Member of the BD of "Daticum" 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 2021.
2. Does not own more than 25% of the capital of other companies in 2021.
3. Procurator/manager/member of a managing/supervisory body in 2021:
 - Executive director and Chairman of the BD of "Sirma Solutions" JSC;
 - Chairman of the BD of "Sirma Business Consulting" JSC;
 - Member of the BD of "Ontotext" JSC;
 - Member of the BD of "Daticum" JSC;
 - Member of the BD of "Sirma AI" EAD;
 - Member of the BD of "Engview Systems Sofia" JSC;
 - Member of the BD of "Sirma" Sha., Albania.

Atanas Kostadinov Kirjakov - Member of the BD

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2021.
2. Does not own more than 25% of the capital of other companies in 2021.
3. Procurator/manager/member of a managing/supervisory body in 2021:
 - Executive director and Member of the BD of "Ontotext" JSC;
 - Member of the BD of "Sirma Solutions" JSC;
 - Member of the BD of "Engview Systems Sofia" JSC;
 - Executive director and Member of the BD of "Sirma AI" EAD.

Peter Borisov Statev – independent Member of the BD as per Art. 116a, Par. 2 of POSA.

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2021.
2. Owns more than 25% of the capital of:
 - „Smartcom Bulgaria“ AD - 50 % of capital;
3. Procurator/manager/member of a managing/supervisory body in 2021:
 - Executive director of "Smartcom Bulgaria" AD;
 - Chairman of the BD of "Barin Sports" AD;
 - Chairman of the MB of the Foundation "Cluster Information and Communication (ICT)".
 - Member of the BD of "Smart Networks" AD;
 - Member of the SD of "Sofia Tech Park AD.

Yordan Stoyanov Nedev – independent Member of the BD as per Art. 116a, Par. 2 of POSA.

Data for activities external to the issuer:

1. Does not participate as an unlimited liability partner in companies in 2021.
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 2021:
 - Member of the BD of MAC „Bushido“;
 - Trustee of the foundation „Alexander“.

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:

- | | |
|---|---|
| <p>1. Investment and Risk Committee, composed of:</p> <p><i>Yordan Nedev – chairman</i>
 <i>Tsvetan Alexiev – member</i>
 <i>Georgi Marinov – member</i></p> | <p>3. Information Disclosure Committee, composed of:</p> <p><i>Tsvetan Alexiev – chairman</i>
 <i>Stanislav Tanushev – member</i>
 <i>Chavdar Dimitrov – member</i>
 <i>Atanas Kiryakov – member</i></p> |
| <p>2. Remuneration Committee, composed of:</p> <p><i>Georgi Marinov – chairman</i>
 <i>Petar Statev – member</i>
 <i>Yordan Nedev – member</i></p> | <p>4. Audit Committee, composed of:</p> <p><i>Angel Petrov Kraychev – chairman</i>
 <i>Alexander Todorov Kolev – member</i>
 <i>Emilian Ivanov Petrov – member</i></p> |

Accepted internal normative documents

In 2015 the company adopts the necessary internal documents related to the company's working and management processes and fulfillment of its obligations as a public company:

- Good Corporate Governance Program;
- Operating Rules of the Board of Directors;
- Instructions and clarifications on the obligations and responsibilities of internal insiders;
- Special code of conduct for financial and accounting positions.

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

THE PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS IN THE CAPITAL OF THE COMPANY IS AS FOLLOWS:

Shareholders	Number of shares at 31.12.2021	Number of shares at 31.12.2020	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Atanas Kostadinov Kiryakov	5 269 748	5 269 748	1	5 269 748	8,88%	8,97%
Georgi Parvanov Marinov	4 965 753	4 865 753	1	4 965 753	8,37%	8,45%
Tsvetan Borisov Alexiev	4 750 786	4 750 786	1	4 750 786	8,00%	8,08%
Chavdar Velizarov Dimitrov	2 887 524	2 887 524	1	2 887 524	4,86%	4,91%
Petar Borisov Statev	10 100	10 100	1	10 100	0,02%	0,02%
Yordan Stoyanov Nedev	3 433	3 433	1	3 433	0,01%	0,01%
Total	17 887 344	17 787 344		17 887 344	30,14%	30,44%

During 2021 the member of the Board of Directors Tsvetan Borisov Alexiev acquired 100 000 additional shares of the capital of the company.

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE GROUP

	2021 BGN'000	2020 BGN'000
Short-term employee benefits:		
Salaries including bonuses	1 304	1 320
Social security costs	48	55
Total short-term employee benefits	1 352	1 375
Dividends	90	52
Total remunerations	1 442	1 427

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 Extraordinary General Meeting of the Shareholders of the Company held on 26.08.2019, 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
Emilian Ivanov Petrov – 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

Company	Value of the investment at 31.12.2021 (in BGN'000)	Percentage of capital at 31.12.2021	Percentage of capital with adjusted repurchased own shares at 31.12.2021	Value of the investment at 31.12.2020 (in BGN'000)	Percentage of capital at 31.12.2020	Percentage of capital with adjusted repurchased own shares at 31.12.2020	Changes (in BGN'000)
Sirma Solutions	39 311	77,71%	82,43%	39 311	77,71%	82,43%	-
Ontotext	17 865	87,65%	90,44%	17 865	87,65%	90,44%	-
Sciant	10 237	80,00%	80,00%	-	-	-	10 237
Sirma AI	7 035	100,00%	100,00%	7 035	100,00%	100,00%	-
Sirma Group Inc.	3 471	76,30%	76,30%	3 471	76,15%	76,15%	-
Sirma CI	106	80,00%	80,00%	106	80,00%	80,00%	-
Sirma Medical Systems	66	66,00%	66,00%	66	66,00%	66,00%	-
Engview Systems	50	72,90%	72,90%	50	72,90%	72,90%	-

Subsidiaries of "Sirma Solutions"

Company	Value of the investment at 31.12.2020 BGN '000	Percentage of capital at 31.12.2020	Value of the investment at 31.12.2019 BGN '000	Percentage of capital at 31.12.2019	Changes BGN '000
Daticum	1 394	60,50%	1 394	60,50%	-
Sirma Business Consulting	1 374	54,08%	1 374	54,08%	-
Sirma ICS	270	90,00%	270	90,00%	-
S&G Technology Services Ltd., UK	117	51,00%	117	51,00%	-
Sirma ISG	4	71,00%	4	71,00%	-

Subsidiaries of "Sirma AI"

Company	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020 BGN '000	Percentage of capital at 31.12.2020	Changes BGN '000
Ontotext USA	30	100%	30	100%	-

Subsidiaries of "EngView Systems Sofia"

	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020	Percentage of capital at 31.12.2020	Changes
Company	BGN '000		BGN '000		BGN '000
EngView USA	190	100%	190	100%	-
EngView Germany	157	100%	-	100%	157
EngView Systems Latin America	7	95%	7	95%	-

Subsidiaries of "Sirma Group Inc."

	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020	Percentage of capital at 31.12.2020	Changes
Company	BGN '000		BGN '000		BGN '000
Sirma Sha, Albania	25	55%	25	55%	-

Subsidiaries of "Sciant"

	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020	Percentage of capital at 31.12.2020	Changes
Company	BGN '000		BGN '000		BGN '000
Sciant Software s.r.o.	2	100%	2	100%	-

Associated companies of "Sirma Group Holding"

	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020	Percentage of capital at 31.12.2020	Changes
Company	BGN '000		BGN '000		BGN '000
E-Dom Management	-	-	-	35,00%	-

On 18 January 2021, the company released its investment in the associated company E-Dom Management OOD, selling its stake at a nominal value of BGN 7 thousand.

Associated companies of "Sirma Solutions"

	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Value of the investment at 31.12.2020	Percentage of capital at 31.12.2020
Company	BGN '000		BGN '000	
SEP Bulgaria	-	6,50%	-	6,50%
EyeBill Interactive	-	34%	-	34%
Excell Management	-	34%	-	34%
Sirma Group Inc.	916	23,71%	916	23,71%

On 24 November 2021, the company Flash Media AD, in which Sirma Solutions owned 50% of the capital, was finally liquidated and ceased its activities.

On 30 December 2021, the company Sirma Mobile AD, in which Sirma Solutions owned 40% of the capital, was finally liquidated and ceased its activities.

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.

The Company has no branches.

5 SIRMA GROUP IN 2021

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 products are concentrated in the most promising and high-tech areas - financial technology, semantics, industrial software, IoT, computer vision, medicine. In 2017, as part of its renewed strategy, the group began a focused effort to build cross-selling capacity, updated its sales and marketing model in line with the global trends.

Sirma is a globally recognizable company in semantic technology and among the top 10 worldwide in the areas of Graph Databases (GpahDB), Text Analysis, Data Detection, and Federationing (Bloor, 2016). One of Sirma's products - EngView Package Designer Suite CAD is part of the design and packaging solutions of world leaders in the printing industry. The Holding is one of the regional leaders of the IT market, with 60% of the operators in the financial sector being its clients. Sirma is a top class regional cloud service provider with Class 4 Data Center licensed to store data from the Bulgarian National Bank and other organizations requiring increased data security. Through one of its companies, the Holding is the leader in the SaaS delivery to insurance brokers. Sirma has a strong presence on the US market by running a huge number of IT consulting projects. The group has a broad partner and distribution ecosystem in over 50 countries around the world.

Some of Sirma's unique advantages are:

- The Best RDF Triplestore in the World;
- Top Text Analytics Engine for Business (used by BBC, AstraZeneca, Ministry of Defense USA);
- Face recognition technology - among the top 10 worldwide;
- Extensive expertise in news and social media analysis;
- Extensive expertise in creating Chatbot and AI Assistant applications.

In 2017, the group developed its 5-year "Sirma 2022 Strategy". Sirma focuses on the process of transforming organizations into "intelligent organizations." We have technology and know-how for all stages of this transition - from data collection - internal, external, structured, unstructured, open, connected, "dark" etc., through the development of models and knowledge repositories, the development of analytical models and predictive models based on artificial intelligence, to the provision of "human" interfaces of the next generation.

The main elements of the Strategy are:

- Technological transformation through concentration of R&D;
- Improvement of the commercialization of technologies;
- Expansion and technological leap in Sirma's product portfolio through:
 - o Cloud base;
 - o Development of new products with a cognitive element;
- Complementing the sales model - from predominantly on premise to SaaS sales;
- Significant expansion of the distribution network and partner ecosystem to improve the sales model - in addition to direct sales and sales through a major affiliate distribution network, including increasing OEM partnerships;
- Organizational restructuring to implement the strategy.

The transition to the SaaS sales model, the increase of cognitive sales, combined with planned marketing and sales investments will ensure a smooth and steady growth of Sirma to a global level and an increase in the value of the Group.

Our philosophy about our strategic technologies and products is that we embody the sense of human thought - perception, interpretation, forecasting and decision making.

By adopting the 2018-2022 Strategy, we began preparing for its implementation. We provided debt finance to eliminate minority holdings in Ontotext - a key company for the Strategy implementation. We have developed detailed development plans for the strategic verticals of the group. We have begun a process of organizational and technological restructuring.

5.2 ECONOMIC TRENDS

Summary

2021 was a year of recovery to growth. Most countries have restored their economies after the COVID pandemic. In 2022, Bulgaria will join this group (with a slight delay).

2021 was a year of increased growth in all ICT segments. The products and services of the industry were seen as the remedy to all ailments from the pandemic restrictions. In 2022, this growth is expected to slow down some and markets to return to normal.

There are still a number of risks that could stop or slow down the growth of both the ICT industry and the global economy as a whole - geopolitical tensions, inflation, logistical difficulties, rising interest rates, the "the great resignation" are just some of the looming risks.

Development of the economy in Bulgaria in 2021 and forecast for the future years

According to a report by the European Commission ([November 2021](#)), after a contraction in GDP of 4.4% in 2020, a recovery of 3.8% in 2021 followed. Despite a return to growth, Bulgaria has failed to recover its economy from before the pandemic crisis. This is expected to happen in 2022, when GDP growth is forecast to be 4.1%, which will subsequently decrease to 3.5% in 2023.

Bulgaria's GDP growth

	2020	2021	2022	2023
EU	-4,4%	3,8%	4,1%	3,5%
BNB	-4,4%	3,7%	3,6%	4,5%

The expectations for the development of the Bulgarian economy by the European Commission coincide with those of the Bulgarian National Bank ([December 2021](#)) for the years 2020 and 2021. The growth in 2021 is entirely due to the 7.5% increase in private consumption. All other components of GDP, except government consumption are expected to make a negative contribution, according to the bank. In 2022, private consumption is shrinking, government consumption is holding steady, which together with the private investments, and exports are expected to contribute to annual GDP growth. The BNB expects GDP to grow by 3.6% in 2022 (as opposed to the EC), and this growth will intensify in 2023 to 4.5% as a result of increased public and private investment supported by the Plan for Recovery.

The BNB expects increased inflation reaching 7.5% by the end of 2022. Inflation is driven by rising prices of major energy sources and electricity, which started in the end of 2021. It is also fueled by rising consumer prices in the euro area, as well as in other trade partners of Bulgaria. Inflation is expected to fall to 3.4% by the end of 2023. According to the BNB, the risks to the development of the Bulgarian economy in 2022 and 2023 are:

- Postponement of the implementation of investment projects;

- Slow pace of utilization of funds under European programs;
- Delayed implementation of the National Recovery Plan;
- Higher than expected inflation due to prolonged retention of high energy prices.

Development of the global economy in 2021 and forecast for the future years

Following COVID-caused decline in global GDP of 3.1% in 2020 (less than expected), the economy recovered rapidly in 2021. The IMF forecast expects 5.9% global GDP growth for the year and another 4.4 % in 2022 - about half a percent lower than expected at the end of 2021 ([World Economic Outlook Update, IMF, January 2022](#)). The recovery was rapid, but in early 2022 its momentum slowed, some risks surfaced (new variants of COVID, logistical problems, energy prices, shortages of goods, inflation) and uncertainty increased.

The risks to the world economy are increasing also due to growing geo-political tensions, as well as expectations of further climate crises due to global warming. These two factors alone have the potential to radically change growth expectations.

Recovery from economic downturns varies from region to region. Growth in 2021 is mainly due to the rapid recovery in only a few major economies (US 5.6%, China 8.1% and India 9%). The averages mask a great variety, both in the recovery and in the forecasts for future development.

Despite the rapid start of the recovery and optimistic expectations for continued growth, the World Bank ([World Bank Development Report](#), February 15, 2022) outlines some important risks. According to the bank, rising inflation and the associated rise in interest rates outline an increasing risk for the financial sector from a sharp increase in non-performing loans. This would reduce access to finance for small and medium-sized businesses. This, in turn, risks slowing or halting the economic recovery. These risks are particularly strong in developing countries and low to middle-income countries (including Bulgaria).

The Industry of Sirma

The companies from Sirma Group specialize in the information technology (IT) industry. Industrial data is usually combined with data for the "communication segment", as this segment depends entirely on information technology. Accordingly, the industry has acquired the name "Information and Communication Technologies" or ICT for short. Of all the variety of ICT segments, the companies in the Group work mainly in the segments "IT Services" (system integration, infrastructure as a service, software as a service, software support, consulting) and "Business Software" (various software products and services aimed at different business verticals and custom software development).

The two main segments (IT Services and Software) in which the Group operates were the fastest growing in the past ([Gartner, January 2022](#)). Both segments are seen as the solution to all the problems arising from the global pandemic. The mass digitalization that is unfolding relies on "Software" for the various technological solutions and "IT services" through which these solutions can be implemented. This led to a dramatic growth in both segments in 2021 by 14.4% and 10.7% respectively on an annual basis.

Expectations for 2022 are that the two segments will maintain their growth, albeit at a slightly slower pace - 11% for "Software" and 7.9% for "IT Services". The growth of these two segments is expected to be sustainable in the coming years with CAGR 2020 - 2025 of 12.18% and 9.07% respectively.

Geographically, Sirma is focused on the world's leading markets (USA, UK and Europe), which are also expected to recover their IT costs the fastest, to pre-COVID levels as early as 2021.

Sirma is a B2B IT provider. Sirma's client portfolio - Digital Business (AI of Sirma, Consulting and Integration, Chatbots, IT Security and Software Development), Financial Institutions (AI of Sirma, Consulting, Integration, IT Security, Chatbots and products of Sirma Business Consulting JSC), Insurance (Sirma's Insurance Broker Platform), communication (AI of Sirma, GraphDB), publishing (AI of Sirma, GraphDB), media (AI of Sirma, GraphDB) and healthcare (AI of Sirma and products of Sirma Medical Systems AD) show a moderate reduction in IT spending levels in 2020, resilience during the COVID crisis, and a significant increase in their ICT investment is expected in the coming years (see Gartner below, ICT vertical spending). Sirma is not exposed to the verticals most affected by the COVID crisis - Transport, Entertainment and Tourism.

The global ICT market in 2021 and forecast for the future years

The COVID crisis has had a major impact on the ICT industry and its customers. The ICT market in 2020 experienced strong instability and has stopped growing (growth under 1% for the year). At the same time, in 2021 the ICT industry was identified as the solution to most difficulties resulting from the pandemic by all other industries. This led to a strong increase in ICT spending during the year. According to Gartner ([Gartner, January 2022](#)), the ICT spending in the world in 2021 has grown 9% y/y to \$ 4.2 trillion in current prices.

The recovery of the ICT sector was indeed V-shaped. Growth has affected all segments of ICT in 2021, and in almost all it is measured in double digits. As a result, the ICT market far exceeded 2019 before-COVID levels. The world has greatly accelerated the levels of digitalization, offices have become "home", online payments have increased by nearly 50% in just one year. Logically the segment "Software" is ahead of the other segments and has an expected growth of 10.4% in 2021. Immediately after it is the "Devices" segment, where growth is expected to be 13% for the year – a result from the delayed purchases from the pandemic year 2020. This growth was closely followed by the IT services segment by 10.7%. Total

ICT spending is expected to reach \$ 4.239 billion in 2021 and will continue to rise sharply in the coming years:

Global ICT Spending in Current Prices USD								
	2019	2020	2021	2022	2023	2024	2025	CAGR 2020-25
Data Center Systems								
Spending (\$B)	191	194	216	226	237	247	257	
Growth y/y		1.57%	11.34%	4.63%	4.87%	4.22%	4.05%	5.78%
Software								
Spending (\$B)	485	529	605	672	752	841	940	
Growth y/y		9.07%	14.37%	11.07%	11.90%	11.84%	11.77%	11.95%
Devices								
Spending (\$B)	708	697	787	814	804	824	843	
Growth y/y		1.55%	12.91%	3.43%	-1.23%	2.49%	2.31%	3.88%
IT Services								
Spending (\$B)	1 063	1 071	1 186	1 280	1 392	1 516	1 653	
Growth y/y		1.71%	10.74%	7.93%	8.75%	8.91%	9.04%	9.07%
TELCO								
Spending (\$B)	1 418	1 396	1 444	1 463	1 494	1 524	1 554	
Growth y/y		1.55%	3.44%	1.32%	2.12%	2.01%	1.97%	2.18%
All ICT								
Spending (\$B)	3 855	3 888	4 239	4 454	4 679	4 952	5 247	
Growth y/y		0.86%	9.03%	5.07%	5.05%	5.83%	5.96%	6.18%
IT w/o TELCO								
Spending (\$B)	2 437	2 492	2 795	2 991	3 185	3 428	3 693	
Growth y/y		2.26%	12.16%	7.01%	6.49%	7.63%	7.73%	7.21%

Recovery across countries, vertical industries and IT sub-segments still varies significantly, prompting a "K-shape recovery" when we view the uneven recovery for many sub-segments and geographies. The difference in 2021 ICT growth is linked, according to Gartner, to the different kind of support rendered by the governments. Countries which supported the individuals (USA, Canada, Australia) tend to have done better in 2021 compared to countries which have supported businesses and employment (Italy, Greece).

Looking at the various industries, "Manufacturing and Natural Resources", "Transport" and "Retail" have not yet reached the level of ICT spending of 2019. Peculiar with the "Retail" sector, which definitely has embraced digital sales during the pandemic, is that the infrastructure needed to do this was in place prior to the pandemic. Hence the sector is seeing less growth in 2021 in their ICT spending.

The other sectors of the economy are making extensive use of technology to deal with the effects of the pandemic – "Education" (9% growth), "Government" (7% growth), "Healthcare" (7% growth), "Insurance" (6.5% growth), "Banking and Investment Services" (6.7% growth) and "Media" (growth 6.7%).

The development of the different sub-segments of ICT varies greatly. "Infrastructure as a Service" (offered by Daticum) is undoubtedly the winner for 2021 (growth reaching 40% y/y) and in the coming years (CAGR above 30%). The other sub-segments, where Sirma specializes are clustered together:

- Infrastructure Software (offered by Daticum)
- Enterprise Application Software (offered by Sirma AI, Sirma Solutions and Sirma Business Consulting)
- Consulting (offered by Sirma Solutions and Sirma Business Consulting)
- Application Implementation and Managed Services (offered by Sirma Solutions)
- Business Process Services (offered by Sirma ICS, Sirma Medical Systems and Sirma Business Consulting)

and also enjoy strong growth of 7-14% in 2021 and CAGR 2020-2025 of 5-13%.

Cloud market growth is expected to be even more spectacular. The sub-segment "Desktop as a Service" will have outstanding growth above 65% in 2021 and a strong CAGR 2020-2025 exceeding 25%. This is followed by the emerging "Business Intelligence Applications" and the "Database Management Systems" and "Business Intelligence Platforms" where Sirma AI is specialized. All of them are expected to have 2021 growth between 25% and 50% and CAGR 2020-2025 ranging between 20% and 33%.

2022 is also emerging as a strong year for the ICT sector, although segment growth is expected to be a bit more moderate. The market volume is expected to reach USD 4.5 trillion, an increase of 6% on an annual basis in constant prices, or 5.1% growth in constant prices.

Leading the growth of the sector are again "Software" and "IT Services", which are expected to grow by 11% and 7.9% respectively during the year.

The analysis of the components of the different segments shows an extremely diverse picture. The picture of the growing gap between the desire for owning things to using things as a service becomes visible. The growth of the "Software"

segment in 2022 and the near future is mainly due to cloud technologies. Accordingly, "Infrastructure as a Service" (IaaS) is expected to grow by as much as 31% in 2022, and to maintain this growth until 2025. Other sub-segments of the "Software" segment also have dramatic and sustainable growth. "Infrastructure Software" and "Enterprise Software" are expected to grow by 11-12% in 2022 and maintain this growth in the coming years with a CAGR of around 12% by 2025.

From the "IT Services" segment, there are also several well-performing sub-segments that are somewhat interconnected and often offered together. "IT consulting", "Implementation and managed services" and "Business process services" are expected to grow between 6 and 11% in 2022, and this growth will be sustainable over time with CAGR to 2025 also between 7 and 11%. At the other end of the spectrum of the IT Services segment are the "Infrastructure Implementation" and "Hardware Support" sub-segments, which are growing poorly or shrinking altogether - clearly showing the sustainable transition of all businesses and users to the cloud environment. This assertion is reinforced by the shrinking "Fixed Services" market for both businesses and consumers.

When we look at the IT spending of the different industries, we see that in 2022 there are still four industries that have failed to recover their IT investments from the pandemic crisis - "Air Transport", "Heavy Industry" and "Online and Offline Entertainment". All other verticals increase their IT spending by an average of about 7% in 2022.

Risks

Inflation

2% per year is considered a normal inflation rate. At the same time, in 2022 and probably in 2023, most countries in the world are expected to experience higher than normal inflation, with levels in the United States alone expected to reach 6.56% in 2022.

According to Gartner ([Gartner, January 2022](#)), inflation, which is expected to sweep the world in 2022 and 2023, does not pose a threat to the ICT industry. The reason for this is the fact that the current inflation is driven by demand. This is an increased demand for goods that was diverted from the demand for services during the pandemic.

Lack of chips

A more serious risk for the ICT industry was the breakdown of logistic chains and the resulting - a shortage of chips. This shortage cost a number of problems in 2021. Gartner expects that by the end of the first half of 2022, the supply and inventory of microprocessors (MCUs), semiconductor disks (SSDs) and display drivers will be adjusted and returned to normal. The DRAM (dynamic RAM) and NAND markets are expected to remain tight within 2022, with supplies expected to return to normal by the end of the year.

The great resignation

Although the term "Great Resignation" is applicable to the United States and to some extent to the United Kingdom, it is beginning to appear in some other European countries. To

some extent, the large resignation wave is also a result of the rising inflation. If the current employer cannot provide an increase in wages commensurate with inflation, employees change jobs for higher wages. This is not difficult to do because there is currently a shortage in the labor market. Accordingly, employees who have changed their employer actually find themselves in a better position than those who have not. Hence the risk for ICT companies of not being able to retain employees or the need to increase wages above the inflation rates.

The ability of ICT companies to provide and present the motivators they offer can mean filling the necessary numbers and joining the growth of the industry in 2022 or missing opportunities and stagnation.

The ability of companies to attract and retain talent in 2022 will be key to maintaining competitiveness. In addition to increasing salaries, employers will need to look at other motivations of their employees to keep their jobs.

COVID-19 pandemic

According to IDC, the development of the ICT market in 2020 and 2021 experienced the greatest volatility in its history. The main reason for this was the COVID pandemic and related restrictions. Despite encouraging news of the lifting of restrictions in late 2021 and early 2022, the risks associated with COVID for the growth of the ICT industry remain. Some of the client-industries of the ICT sector would be more resilient to recovering new COVID restrictions, while for others. The division among the different sub-segments in the ICT sector is similar. Sub-segments such as "Business Services", "IT Services" and "Periphery" are highly dependent on the development of the economy and enterprises. A corresponding return to COVID restrictions would severely limit their growth. At the other end of the spectrum is "Cloud Infrastructure" and "Cloud Software", which will not only be unaffected by the return of restrictions, but are likely to achieve additional growth.

5.3. ADDITIONAL INFORMATION FOR 2021

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 2021

The following events and business news took place in 2021:

07.12.2021

Sirma Solutions JSC – a daughter company of Sirma Group Holding JSC, finalized its grant management system GRACE (Grant Administration and Collaboration Environment).

29.11.2021

Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 30.09.2021.

24.11.2021

Mr. Tsvetan Alexiev – Executive Director of Sirma Group Holding JSC and Evlogi Georgiev – Executive Director of SciAnt AD participated in the discussion in "The World is Business" on Bloomberg TV, Bulgaria.

16.11.2021

Disclosure of a finalized deal for the acquisition of the majority shares in the IT company SciAnt AD.

01.11.2021

Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 30.09.2021.

26.10.2021

Sirma Medical Systems JSC – daughter company of Sirma Group Holding JSC, launched a new telemedicine platform: Medrec:M Clinic.

26.10.2021

Engview Systems and their local partner Boxware Distribuidora de Software took part in the biggest wide-format print industry exhibition FESPA Brazil.

08.09.2021

Sirma is Showing off Melinda at the Biggest FinTech Event Money 20/20 in Amsterdam.

31.08.2021

Second consecutive disclosure of the consolidated reports of Sirma Group Holding JSC for the period ending on 30.06.2021 due to error in the Report for the Activity, established in the first publication.

30.08.2021

Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 30.06.2021.

28.07.2021

Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 30.06.2021.

25.06.2021

Disclosure of Minutes of the GMS of Sirma Group Holding JSC.

23.06.2021

Disclosure of the decision for distribution of the profit from 2020 as adopted by the GMS of Sirma Group Holding JSC.

23.06.2021

Sirma Group Holding's annual shareholding meeting is held in hybrid mode – in person and online.

19.06.2021

Interview with Sirma Medical Systems Executive director Rosen Varbanov in the new edition of "In spite of Diabetes with Marieta Kotova".

09.06.2021

Disclosure of information on the online GMS of Sirma Group Holding.

04.06.2021

Disclosure of purchase of shares from Sirma Group Holding JSC by Tsvetan Alexiev – Executive Director.

01.06.2021

The daughter company Daticum and CLICO Bulgaria collaborate to provide top-notch cybersecurity solutions.

31.05.2021

Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 31.03.2021.

21.05.2021

Publication of Invitation for General Annual Meeting of the Shareholders on 23.06.2021 and the relative documentation.

05.05.2021

Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 31.03.2021.

29.04.2021

Disclosure of audited annual consolidated reports of Sirma Group Holding JSC for the period ending on 31.12.2020.

29.04.2021

Article on Sirma in L'Europeo.

27.04.2021

The product EngView Package & Display Designer is now available through subscription plans.

16.04.2021

Launch of version 3.4 of the product Ontotext Platform with improved data processing and query functions.

07.04.2021

Disclosure of purchase of shares by the daughter company Sirma Solutions JSC.

02.04.2021

Launch of version 9.7 of Sirma AI's product GraphDB with enhanced capabilities.

31.03.2021

Sirma Group Holding is among the founders of the "Green Center" at BSE.

30.03.2021

Disclosure of audited annual individual reports of Sirma Group Holding JSC for the period ending on 31.12.2020.

24.03.2021

The daughter company Sirma Business Consulting becomes a member of the American Chamber of Commerce.

04.03.2021

The new version of the telemedicine product of Sirma Medical Services - Medrec:M offers vaccination plans.

28.02.2021

Disclosure of interim consolidated financial reports of Sirma Group Holding JSC as at 31.12.2020.

15.02.2021

The stock exchange code of the shares of Sirma Group Holding JSC was changed from SKK to SGH.

04.02.2021

Disclosed information for a big deposit opened by the daughter company Sirma Solutions JSC with Sirma Group Holding JSC.

03.02.2021

New partnership between the daughter company Sirma AI and the provider of semantic technology Eccenca.

29.01.2021

Disclosure of interim individual financial reports of Sirma Group Holding JSC as at 31.12.2020.

19.01.2021

The daughter company Sirma Medical Systems is certified with the international quality control certificate ISO 13485:2016 by Lloyd's Register.

5.5. MAIN LEGAL INFORMATION IN 2021

Transactions with shares for the period 01.01.2021 - 31.12.2021:

- **Sale of an investment in an associate**

On 18 January 2021, the company released its investment in the associated company E-Dom Management Ltd., selling its stake at a nominal value of BGN 7 thousand.

- **Purchase of shares**

On 7 April 2021 in the office of "Sirma Group Holding" JSC a letter-notification was received from Rosen Marinov - Executive Director of the subsidiary "Sirma Solutions" that it has acquired 1 437 786 shares from the capital of "Sirma Group Holding" JSC through 4 transactions made on a regulated market (Bulgarian Stock Exchange - Sofia) on 6 April 2021 for the amount of BGN 718 893.

- **Establishment of a new company in the Group**

On 21 July 2021 „EngView Systems Sofia“ JSC, part of Sirma Group established its subsidiary in Germany - EngView Systems GmbH. The new company is 100% owned by „EngView Systems Sofia“ JSC, with a capital of EUR 200 000. The CEO of the new company will be Peter Bernhard. He is a long-time partner of EngView in the German-speaking market and will manage operations in Germany, Austria and Switzerland.

- **Acquisition of a new company by "Sirma Group Holding" JSC**

On 16 November 2021, after receiving approval from the Commission for Protection of Competition, "Sirma Group Holding" JSC signed a contract with the shareholders of the IT company "Sciant" AD for the acquisition of a majority stake, as follows:

- Acquired share: 80% (eighty percent) or 200 000 (two hundred thousand) shares of the company;
- Option: the contract also provides for an option for „Sirma Group Holding“ JSC for subsequent acquisition of the remaining 20% of the company's shares on 01.04.2024.

With the implementation of this contract, "Sciant" AD officially became part of "Sirma Group Holding" JSC.

- **Liquidation of an associate of "Sirma Solutions"**

On 24 November 2021, the company "Flash Media" AD, in which "Sirma Solutions" owned 50% of the capital, was finally liquidated and ceased its activities.

On 30 December 2021, the company "Sirma Mobile" AD, in which "Sirma Solutions" owned 40% of the capital, was finally liquidated and ceased its activities.

Litigation for the period 01.01.2021 - 31.12.2021:

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

5.6 INFORMATION FOR CONTRACTED LARGE TRANSACTIONS IN 2021

In 2021, the company made several large contracts with customer and subcontracts, in connection with the new strategy of the Group:

Purchases:

- Deal 1 for BGN 6 728 thousand
- Deal 2 for BGN 3 498 thousand
- Deal 3 for BGN 2 198 thousand

Sales:

- Deal 1 for BGN 7 186 thousand
- Deal 2 for BGN 4 290 thousand
- Deal 3 for BGN 3 786 thousand

5.7 INFORMATION OF THE USED FINANCIAL INSTRUMENTS IN 2021

In 2021 the Group has not used any financial instruments.

5.8 R&D ACTIVITY OF THE GROUP IN 2021

The strategy for growth and development of Sirma Group Holding JSC 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. Implementation of this process started in 2018.

The total value of the investments made in research and development in 2021 amounts to BGN 3 197 thousand.

5.9 POSSIBLE FUTURE DEVELOPMENT OF THE GROUP

The forecasts for the development of the Information and Communication Technologies sector in 2022 and the following years are a function of the expected development of the health crisis, as well as of the effects caused by the ongoing military actions in Ukraine and the resulting economic crisis.

As of the date of this report, management continues to apply measures leading to a productive and continuous work process, in strict compliance with the regulations of the state authorities. The annual budget has been prepared taking into account the current situation and detailed analysis in order to minimize the effects of the coronavirus and military action in Ukraine and to maintain stable financial performance.

At present, the medical crisis is calming down and the introduction of new highly restrictive measures for a long period of time is not expected, which will significantly suppress the financial indicators of the Group. However, there are still a number of risks that could stop or slow down the development of both the ICT industry and the global economy - geopolitical tensions, inflation, logistical difficulties, rising interest rates, the "big exit" are just some of the looming risks.

In preparing its forecasts for the future development of the Group, management has made a number of assessments and assumptions that are associated with a high degree of uncertainty arising from factors and risks beyond the influence of management, such as the global health problem Covid-19, the military conflict between Russia and Ukraine, rising inflation and others. Their development in a direction different from that expected by the management may cause the need to reconsider some of the assumptions and judgments made regarding the expected future development of the Group, cash flows and results of operations. Despite the efforts of the management to identify the expected direct and indirect effects of their manifestation on the activity and their respective addressing, their specificity complicates their reliable assessment and accordingly they could cause significant adjustments in the carrying amount of assets determined in the consolidated financial statements. In making a number of judgments and assumptions by management and reporting the most reliable information available at the date of the estimates.

The Group reports liabilities on loans received. The Group does not expect its revenue to shrink to such an extent that it will affect its ability to repay its current borrowings.

5.10 CONTRACTS UNDER ART.240B OF THE COMMERICAL CODE IN 2021

During 2021 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 2021

„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 2021 amounts to BGN 147 thousand.

6 RESULTS BY COMPANY

DATICUM

- <https://www.daticum.com/>
- **Datium JSC is a subsidiary of Sirma Solutions AD**
- **Capital:** BGN 2 302 049 divided into 2 302 049 registered materialized shares with a nominal value of BGN 1 with the right to vote, the right to dividend and a liquidation share according to the participation in the capital. Sirma Solutions JSC holds 1 392 740 shares or 60.5% of the capital.

In the beginning of 2009, Daticum was transformed from a business unit of Sirma Solutions AD into an independent company, attracting financing from Asarel Medet AD.

The company operates as a center for reliable data storage from the highest possible generation. The main services it provides are cloud services, including public and private, colocation, hosting, virtualization, hardware rental, communications and network services, the construction and operation of backup data centers, archiving and storage of information, provision of services for building and maintenance of hardware and software systems, building of data centers, system integration, building of test environments, etc.

The robust expertise in the field of building and providing public and private cloud computing platforms has contributed to the growth of the company's business and has a positive impact on both revenue and profits. In 2018, Datium designed and successfully migrated computational activities from conventional architecture to cloud platforms for multiple customers, as well as customers who have decided to purchase the necessary computing equipment independently.

Daticum is certified by Microsoft and has the right for Bulgaria to provide the full range of Microsoft products, paid on a monthly basis according to the customer's requirement (Certified Microsoft SPLA Provider). All customers can rent any Microsoft product from Daccum for as long as they need this product and use storage volume and computational resources which they actually consume. This partnership opens the possibility for all developers and system integrators who operate on the territory of Bulgaria and use Microsoft products in their solutions to be able to provide these solutions to their clients as a service in the only legal way possible, namely through a Microsoft SPLA partner on monthly basis, without having to invest in tangible fixed assets for computational resources or purchase of licenses.

Daticum is certified as VMWare Service Provider, which also provides it with the only legal opportunity to provide public cloud services as well as private cloud rental solutions using the latest VMWare technology.

Daticum is increasingly reoriented from a company providing basic colocation services to client equipment, to a company providing services on a monthly basis with high added value.

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:

Neterra OOD, Evolink AD, Teleponet OOD, 3DC EAD and international companies providing cloud services such as Amazon, Rackspace, Microsoft, IBM and others.

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. In the next reporting period, we will develop and offer a Key Management Software as a Service in relation to meeting GDPR requirements. 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 2021

BUSINESS DEVELOPMENT IN 2021 AND REALIZATION OF THE INVESTMENT PLAN

- Datium began to recover the level of revenues from before the announcement of the epidemiological situation and the subsequent negative results for the economy.

- Despite the crisis, Daticum continued to invest in upgrading and improving the cloud infrastructure, as well as the data center in general, in order to provide even better services to its customers.

- We have continued our policy of supporting our clients whose businesses have been hit by the crisis and are in urgent need of cost cuts. Thanks to this, many of our clients had the necessary free resources to direct to the

implementation of projects stopped at the beginning of the epidemic, which will also use the services of Daticum.

- Daticum has made a major investment in the purchase of currently leased IP networks, thus gaining the freedom to completely independently manage the process of using and providing IP services. This allows in the future to implement additional services related to Internet services, which will reduce potential costs and improve their quality.

IMPORTANT EVENTS

- Daticum invests in an innovative storage platform that upgrades the functionality of the services provided. The storage platform entered the production environment in Q2 2021.

- A strategic partnership was reached with CLICO Bulgaria. The partnership opens new opportunities for the numerous Bulgarian and international clients of Daticum, offering access to the innovative software products of the leading provider of cybersecurity solutions SentinelOne. The software solution entered the production environment and began its active use by the company's customers.

- Significant investments have been made in the computing infrastructure with the purchase of additional physical server hosts.

- Daticum has become a LIR (Local Internet Registry) representative of RIPE and as such can now represent its customers through RIPE directly when announcing IP addresses and autonomous systems.

PERSPECTIVES AND FORECASTS FOR 2022

- Given the global economic situation created by the COVID-19 pandemic and the fact that we are a service industry of other industries where there were shrinking in sectors such as automotive, transport, retail and tourism, our business were affects in a negative direction in 2021. Economic growth in EU is expected to increase next year.

- Cloud services will continue to grow in volume, moving along with the expected global growth of the IaaS market for 2022.

- At the moment, Daticum plans increased company's revenues in 2022, according to the global economic situation.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	2 715	2 602	113	4,34%
EBITDA	936	1 018	(82)	(8,06%)
Depreciation	(253)	(365)	112	(30,68%)
Net Result	608	581	27	4,65%
EBITDA margin	34,48%	39,12%	(4,65%)	(11,88%)
Net Profit margin	22,39%	22,33%	0,07%	0,29%
Sales per share	1,1794	1,1303	0,05	4,34%
EPS	0,2641	0,2524	0,01	4,65%
ROE	0,1936	0,1866	0,01	3,75%
Total Assets	4 146	3 948	198	5,02%
Intangibles	313	-	313	n/a
Book value	2 828	3 114	(286)	(9,18%)
Equity	3 141	3 114	27	0,87%
Total Liabilities	1 005	834	171	20,50%
Interest bearing	498	566	(68)	(12,01%)
D/E	0,3200	0,2678	0,05	19,47%
ROA	0,1466	0,1472	(0,001)	(0,35%)

SIRMA SOLUTIONS

- <http://www.sirmasolutions.com>
 - **Sirma Solutions is a subsidiary of Sirma Group Holding JSC**
 - **Capital: BGN 35 370 800**
 - **Shares:**
 - Ordinary, Number: 3 444 366, Nominal: BGN 10 Rights: Every ordinary share entitles one vote to the general meeting of shareholders as well as a right to dividend and a liquidation quota proportional to the nominal value of the share.
 - Class A, Number: 15 000, Nominal: BGN 10 Rights: Class A shares are preferred non-voting shares with a guaranteed dividend amounting to 12% of the nominal value.
 - Class B, Issue: 77 714, Nominal: BGN 10 Rights: Class B shares are right and have a voting right and a liquidation quota in proportion to the nominal value of the share.
- The company owns 194 817 units. own shares with nominal value of each share BGN 10

SIRMA SOLUTIONS IN 2021:

General information

"Sirma Solutions" JSC is a global provider of complex software systems, IT consulting and system integration, in various industrial verticals. Founded in 1992, the company is the largest in Sirma Group Holding JSC. Since its inception, Sirma Solutions has developed organically, thanks to the unique combination of innovative spirit, solid technology expertise and business flair.

The company specializes in the creation of corporate software systems and solutions, system integration and IT consulting for both specific industries and multi-industrial solutions. Sirma Solutions JSC is among the leading Bulgarian software developers, thanks to its excellent reputation, proven expertise and comprehensive know-how used in software product development and the successful implementation of numerous complex projects for clients on a regional and global scale.

Sirma Solutions also specializes in hardware delivery, infrastructure development, cloud services and virtualization.

The company maintains excellent relationships with leading software and technology vendors for the fastest growing industries, as well as independent software companies. Also, there are excellent interactions with the other holding company, which ensures the successful realization of projects, regardless of the degree of complexity. Depending on the size and complexity of a project, the company has access to an expanded range of resources from over 500 people.

Sirma Solutions is Microsoft Gold Partner, IBM Advanced Partner, Oracle Gold Partner, HP Preferred Gold Partner, and so on. The company is certified to ISO 9001: 2015 and ISO 27001: 2005 to meet the regulatory and contractual requirements in terms of security and data integrity and IT management.

BUSINESS ACTIVITY OF SIRMA SOLUTIONS IN 2021

Market in North America

Over the years, Sirma Solutions has managed to build an excellent name on the market for software services in the United States, as the teams in Bulgaria and the United States manage to deliver them efficiently and on time without a failed project. This leads to a high percentage of loyal sustainable business (over 80%). We believe that our existing contracts are low to medium risk for continuity or in other words, we do not expect existing customers to change our services with other competing companies.

As a result of the pandemic and the logistical problems that have arisen, some of our customers (especially in the automotive sector) are experiencing supply difficulties. However, orders for IT services and software development are increasing due to the general desire of enterprises to digitize. We believe that this market will remain strong in the coming years.

Based on our work in cloud platforms and real-time big data analysis Kanin.io, and collaboration with the American company PureInfluencer, we are in the process of delivering an optimized version of the PureInfluencer platform, which is powered by Kanin.io technology. The Kanin.io engine will collect and process real-time visitor data from over 1 000 car dealerships in the United States with the potential to scale x5-10 times.

Another project that the American division can boast of is the sale of a license for Bocore rapid development framework to the company Rafter Post, which will implement a type of business object (offer) with a related predictive model for machine learning and charts for analysis of offers and CCI optimization.

Another area in which the division generates business is the provision of consulting services, where we won a business with 1Healt.io to launch AWS Java-oriented architecture, to implement HL7, two-way integrations between 1health.io and their customers / suppliers / partners.

During the third quarter we have two new projects in the automotive industry. The first is for the development of software to track the process for car maintenance. The second is for the development of a universal (Omni-channel) communicator client-sales person.

In the fourth quarter, a major contract was signed with a Canadian payment system operator to build a new data center for his growing business in Asia.

European Market

The European part of the business of the professional services company in 2021 continued work on active projects from 2020 as well as contracted new ones.

In Q2 a contract was signed with the leading mining company to upgrade their cloud infrastructure.

In Q3 Sirma Solutions has successfully signed its first contract in the Nordics for software development services with a Danish game developer company, based in Copenhagen, creator of a series of highly successful puzzle mobile games.

During Q3 Sirma Solutions has successfully completed its first project for an Israeli start-up company Motiv8ai, which marked a promising start of company expansion to foreign markets for its managed services business.

In the financial sector, four main projects are being implemented:

- Implementation of an innovative chat bot solution in a large bank in Bulgaria;
- Implementation of a solution for regulatory reports;
- Delivered Oracle Financials module and Oracle Infrastructure for a major international payment services operator;
- renewal of a contract for maintenance of the IT equipment for the data center of one of the top 5 banks in Bulgaria
- development of the module for internet banking of one of the leading banks in Bulgaria;
- development of omni-channel solution for one of the leading banks in Bulgaria.

Outside of Bulgaria, the financial vertical is developing in our traditional partnership with Temenos, where Sirma is developing two strategic projects:

- Online portal for SaaS services of Temenos
- Virtual wallet

In the retail sector, the company managed to launch a project with one of the largest importers of sporting goods in Bulgaria, developing a comprehensive system for online communication with consumers, trading through mobile applications and chatbot.

During the period, marketing and sales departments have traditionally focused on financial services and artificial intelligence, where Sirma feels like a regional leader, and efforts have opened up several opportunities to launch new projects in this area.

Public sector

In the public sector during 2021 the active work on the long-term projects won in 2020 continued:

- building the overall IS for managing the activities of the Financial Mechanism Office (EEA Grants, Brussels),
- the gradual construction of the MusIT IS for managing the activities of MusicAuthor
- the gradual construction of CAIS EOP of PPA
- development of the system for electronic protocols at the National Health Insurance Fund

The provision of warranty and out-of-warranty support for all key state-owned state-owned IT systems continued:

- the complete operating system eBDZCargo of BDZ-Freight
- the overall IS of the NSCLC, maintaining the registers of health care and playing a key role in the field of e-health,
- IS of the Prosecutor's Office

During the period, a project was launched to update the application management system in kindergartens, and the project includes upgrading the system to manage the application process in first grade.

In the second quarter, a contract was signed with a large company in the aerospace industry to migrate their database from a heterogeneous environment to Oracle Cloud on Premise.

The rise of the IT industry has also affected many of the projects that were suspended or postponed due to the pandemic, with a focus on projects that are of great importance for the activities of the respective contracting authorities: NRIC, CCAMPR and others.

System integration

For 2021, the system integration team renewed its partnership status with suppliers such as:

- Cisco Systems
- PaloAlto Networks
- Acquisition of new competencies and expertise with Oracle

We highlight some of the more interesting projects in the range of BGN 0.5 - 2 million, implemented during the quarter:

- Project with our F5 partners in the field of information security in a corporate client
- Project with our partners from Veracode and Tufin, in the field of information security
- Project with Lenovo and Cisco for delivery of server and communication infrastructure to a leading ICT company
- Project with HPE for Supply of equipment and integration of geographic information system for transport safety
- Project with our partners from CyberArk in the field of information security in a corporate client
- Contract for maintenance of all Cisco devices in data centers in several countries on 3 continents for a large international company
- Sale and system integration of Oracle Exadata for more than BGN 2 million to facilitate increased demand of a client-operator of payment systems
- Sale and system integration of Cisco AppDynamics in order to improve real-time performance, user experience and target reach of a financial company
- Contract for system integration in the Bulgarian office of a large international company that offers services in the fight against financial crime.

Given the outbreak of the pandemic, and the associated with it logistic crisis, we see a global shortage of components needed (chips) to build computers, server and communication equipment. This leads to a large delay in deliveries and difficulties in the implementation of already concluded contracts. Orders for more than BGN 3 million were postponed for next year due to delivery problems.

Despite its difficulties, the goal for the business unit for system integration is to achieve the set goals for the year. These were achieved successfully in the end of 2021.

In 2021 in the division of European markets, marketing activities are actively carried out in several areas: financial products and services, and outsourcing services for startups in Israel. During the period, an ad hoc project was implemented in partnership with the System Integration Division to promote a new solution from the Oracle family - Oracle Database Appliance.

For the financial vertical, the product Melinda was chosen as a priority - a smart chat bot for banks and retailers. To promote Melinda, we created a detailed marketing strategy, refining focus market targets, creating content for publication and sharing, articles, interviews, social media posts, creatives for PPC campaigns in LinkedIn, Google and Facebook. During the period February-May, two TV appearances were made to present Melinda, several PR publications in renowned Bulgarian media, an active campaign to generate leads on LinkedIn, search and display campaigns on Google, and several small campaigns on FB. To generate quality leads, in March we started working with B2B sales agency, which helps us to make direct contact with targeted banks and design

makers. For a period of 2 months, this led to more than 7 quality inquiries and meetings.

The inquiries through the contact forms on the sites sirma.com and Melinda.sirma.com did not stop

In the field of managed services for startups, in March we started working with the Israeli Marketing Agency, which helps us to actively market the services in the Ln network in the local language. Booya Digital helps us reach a strictly targeted audience and create quality Hebrew posts.

The ODA marketing team actively participated in the promotion of the short-term strategy and its implementation. Our efforts generated 4 inquiries, 1 of which was qualified as a real opportunity for a deal.

During Q3 the company started execution of a lead generation campaign focused on yet another two focus markets – Nordics and Iberia. The first month into campaign shows well perception of our managed services offering in the Nordics, as well as excellent opportunity for our AI powered chat-bot Melinda for one of the biggest banks in the region.

Partnerships

The division has also made considerable efforts to conclude several key partnership agreements.

In 2021 two partnership agreements were signed, the strategic goal of which is to expand Sirma's business in Germany, Scandinavia, Spain and Portugal.

In January, a partnership agreement was signed with Bwcon GmbH, a regional partnership structure uniting institutions and private organizations for the development of global competitiveness of the Baden-Württemberg region - one of the strongest economic regions in Germany. As a partner in the organization, Sirma is positioned as a technology expert for many startups, part of Bwcon.

In the beginning of the year, Sirma's team was joined by a partner who will be responsible for developing Sirma's business in Scandinavia, Spain and Portugal. The main focus of the local partner are mostly financial institutions and startups in individual countries.

In the first half of the year, a strategic partnership was established with a leading South African company operating in South Africa, Nigeria, Kenya and Zimbabwe. The focus of this partnership is expected to be in the field of financial and banking institutions and specifically the offer of one of the flagships of Sirma - AI chat bot Melinda. In the third quarter, our partner in South Africa - Open Factor confirmed the establishment of a specialized sales team located in the countries where the company operates, and focuses on pre-sales and business development of the Melinda chat bot. Initial talks have begun with one of Ethiopia's leading players in the banking sector.

The campaign launched at the beginning of the year to promote Sirma's services in Israel, aimed exclusively at the startup community there, has yielded results. In the field of managed services for startups, in March, we started working with an Israeli Marketing Agency, which helps us to actively market the services in the Ln network in the local language. Booya Digital helps us reach a strictly targeted audience and create quality Hebrew posts.

This paid off when Sirma Solutions signed its first managed services contract with an Israeli startup, a pioneer in patented and proven behavioral prediction technology that uses psychological methodologies and advanced mathematical modeling to predict future actions of the individual.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	32 923	31 608	1 315	4,16%
EBITDA	3 354	3 250	104	3,20%
Depreciation	(2 253)	(1 998)	(255)	12,76%
Net Result	980	1 120	(140)	(12,50%)
EBITDA margin	10,19%	10,28%	(0,09%)	(0,92%)
Net Profit margin	2,98%	3,54%	(0,57%)	(15,99%)
Sales per share	0,9308	0,8936	0,04	4,16%
EPS	0,0277	0,0317	(0,004)	(12,50%)
ROE	0,0196	0,0229	(0,003)	(14,21%)
Total Assets	67 603	70 455	(2 852)	(4,05%)
Intangibles	6 459	7 358	(899)	(12,22%)
Book value	43 486	41 612	1 874	4,50%
Equity	49 945	48 970	975	1,99%
Total Liabilities	17 658	21 485	(3 827)	(17,81%)
Interest bearing	8 540	9 038	(498)	(5,51%)
D/E	0,1710	0,1846	(0,014)	(7,35%)
ROA	0,0145	0,0159	(0,0014)	(8,81%)

SIRMA AI AND ONTOTEXT USA

- **Sirma AI is a subsidiary company of Sirma Group Holding JSC**
- **Share Capital: BGN 1 410 460.**
- Shares:
 - **Ordinary Shares**, Number: 127 144, Nominal: BGN 10, available, with voting rights, dividend and liquidation share.

- **Class A**, Number: 13 902, Nominal: BGN 10

Sirma Group Holding owns 100% of the capital of the company.

Conditions for the business development in 2021

The main technology market on which Sirma AI's sales depend is that of graph databases (DBMS) and in general technologies based on graph data representation for integration and analysis. The search for both databases and complete solutions based on the so-called knowledge graphs (MHs) remained stable in early 2021, and research company Gartner expects "By 2025, graph technologies will be used in 80% of innovation in data management and analysis, up from 10% in 2021- helping to make instant decision-making across

the enterprise "(Top Trends in Data and Analytics for 2021: Graph Relates Everything, February 2021). An analysis by research firm Markets and Markets (Graph Database Market with COVID-19 Impact Analysis, September 2021) estimates the market at \$ 1.9B, with an expected average growth of over 20% over the next 5 years.

During the year, two companies that developed graph databases received significant investments: TigerGraph (\$ 105 million, February) and neo4j (\$ 325 million, June).

The main users of such DBMSs are large organizations in the following sectors: financial services, mechanical engineering and automation, publishers of business information, pharmaceuticals, medicine and the public sector. The largest

regional market of the company is the United States, where a high rate of economic growth is maintained after the crisis of 2020.

The leading product of Ontotext GraphDB maintains and develops its position as one of the global leaders in the market of graph databases, as evidenced by the popularity rankings of db-engines.com, where GraphDB is ahead of its direct competitors such as StarDog, AllegroGraph and even Amazon Neptune.

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

The company's main markets are the EU, the US and the UK. Over 90% of the company's revenues come from large multinational companies, which are weakly influenced by regional factors. During the period there were no significant effects of regional factors on business.

During this period, the Covid-19 crisis had a small impact on business, which was still reflected in reduced volume and delays in orders for complete data management and document analysis solutions.

Business development in Q4 2021 and realization of the investment plan

Revenues, following the consolidation of Ontotext USA, amount to over 95% of the target for the year - a result within expectations given the seasonal factors and the planned significant growth during the year.

101% of the target volume of orders has been reached.

Recurring revenues from licenses and maintenance increased by 49% compared to 2020. The trend of growth in total product costs (including the so-called "perpetual" licenses) continues - over 40% growth compared to 2020.

The operating profit for the exceeds planned for the whole year.

During the period, about 80% of the planned funds for product development for the year were invested, due to difficult recruitment.

New clients, projects, products and services in 2021

Clients:

- Large provider of information solutions in life sciences, USA;
- Large provider of healthcare software solutions, USA;
- One of the largest insurance companies in Switzerland.
- Large Japanese supplier of printers and multi-functional devices (MFP);
- Large European car manufacturer;
- Top 10 stock exchanges in Europe.
- Top 5 provider of building management systems and infrastructure.

- Large European provider of financial information.

Products:

- GraphDB 9.10, October: improvements in the methods for updating the information loaded into the database, including support for Kafka's "highway of communications"; improvements to the graph path search plug-in, including two-way search and significant speed improvements for large graphs;
- Ontotext Platform 3.7, December: added support for SPARQL federation through Semantic Objects;

Services: No new services were introduced during this year.

New contracts in 2021

- Contract for the development of a data analysis system for a large start-up company in the field of life sciences in the United States.
- Start of the AI4EU project for automatic classification of medical diagnoses related to cancer - a reference implementation for the Spanish language according to the ICD-10 classification.
- It was won and work began on the Transparency Energy Knowledge Graph project, aimed at improving the analysis of electricity market data in the platform of ENTSO-E - the Association of Electricity Operators in Europe.

Important events in 2021

- Joint webinar with partner metaphacts: Graph Path Search with GraphDB 9.9 and metaphactory 4.3
- Participation in the Semantics 2021 conference in Amsterdam
- Successful organization of the first own virtual conference Knowledge Graph Forum (KGF) at the end of October with over 800 participants. At KGF on two consecutive days and in two parallel streams, the company presented the new functionalities of its products, successful customer projects and proposals of the company's partners.
- Opening of a sales office in Basel, Switzerland.
- Participation in the Connected Data World conference in December

Perspectives and forecasts for 2022

Plans for 2022 envisage revenue growth of more than 15%, which will strengthen the transition to a larger share of product and recurring revenues. Lower operating profit is planned in connection with plans for higher marketing and business development costs.

The strategic goals build on those for 2021 as follows:

- Development of the network of partners and achieving revenues through partners of at least BGN 6 million;
- Increasing the share of product revenues to 80% of the total trade revenues and keeping them above this level;

• Increase in recurring revenues over 70% of total trade revenues.

• Increasing the percentage of new contacts (so-called leads), which are transformed into commercial opportunities;

• Shortening the sales cycle.

In 2022, the focus in sales and business development in the verticals of healthcare, financial services and industry will be strengthened.

FINANCIAL RESULTS

SIRMA AI

	31.12.2021	31.12.2020	Change	Change %
Revenues	11 625	9 779	1 846	18,88%
EBITDA	4 403	3 742	661	17,66%
Depreciation	(2 710)	(2 501)	(209)	8,36%
Net Result	1 498	982	516	52,55%
EBITDA margin	37,88%	38,27%	(0,39%)	(1,02%)
Net Profit margin	12,89%	10,04%	2,84%	28,32%
Sales per share	82	69	13,09	18,88%
EPS	10,6241	6,9645	3,66	52,55%
ROE	0,0215	0,0144	0,01	49,31%
Total Assets	80 661	80 934	(273)	(0,34%)
Intangibles	67 744	38 342	29 402	76,68%
Book value	1 931	29 854	(27 923)	(93,53%)
Equity	69 675	68 196	1 479	2,17%
Total Liabilities	10 986	12 738	(1 752)	(13,75%)
Interest bearing	6 629	8 429	(1 800)	(21,35%)
D/E	0,158	0,187	(0,03)	(15,58%)
ROA	0,0186	0,0121	0,01	53,06%

ONTOTEXT USA- subsidiary of Sirma AI EAD

	31.12.2021	31.12.2020	Change	Change %
Revenues	5 661	3 169	2 492	78,64%
EBITDA	98	61	37	60,66%
Net Result	94	58	36	62,07%
EBITDA margin	1,73%	1,92%	(0,19%)	(10,07%)
Net Profit margin	1,66%	1,83%	(0,17%)	(9,27%)
Sales per share	189	106	83,07	78,64%
EPS	3,1333	1,9333	1,20	62,07%
ROE	2,6111	(1,3182)	3,93	(298,08%)
Total Assets	2 400	1 493	907	60,75%
Book value	36	(44)	80	n/a
Equity	36	(44)	80	n/a
Total Liabilities	2 364	1 537	827	53,81%
D/E	65,67	(34,93)	100,60	(287,99%)
ROA	0,0392	0,0388	0,0003	0,82%

ENGVIEW SYSTEMS SOFIA

- **EngView Systems Sofia JSC 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 Sofia JSC is a joint-stock company, member of Sirma Group Holding JSC, 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 2021

CONDITIONS FOR BUSINESS DEVELOPMENT IN 2021

EngView Systems operates in two main markets - the software for video measuring machines and 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.

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.

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 continues to develop its main product for the Packaging Suite packaging market, the most important development being the development and launch of a subscription purchase option. 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. EngView Systems has managed to

respond to this pressure and is releasing the option to purchase on a subscription basis in the first half of 2021.

The company expects that an increasing number of customers will prefer this type of software use due to the small investment and the ability to install the latest versions of the products within the lease.

In 2021, the company released a beta version of the online product Dieboard Calculator, which is aimed at consumers and manufacturers of punch molds. Based on the product, end customers have the opportunity to choose a package, distribute it on a sheet size and calculate the price of the punch. The product is promoted to selected customers, which contribute to the development and help in the translation and accumulation of different interface languages. In several issues of Cutting Edge Magazine, an advertisement was launched, as well as an online demonstration in front of a selected audience - part of the participants in the Association of Daimers IADD, of which EngView is a member.

MCaliper conducts a massive marketing campaign, mainly in the markets of Europe and North America, to establish the brand and position the product as a quality management system aimed at small and medium customers. A marketing video has been produced, dubbed in several languages and published in several online publications specializing in the field of Quality (www.qualitydigest.com, www.mmsonline.com). A mass mailing campaign was conducted among the distribution networks of the main manufacturers of digital measuring instruments.

Online demonstrations of ScanFit & Measure are held, with several sales to customers in the USA, the Netherlands and Canada.

REGIONAL AND INTERNATIONAL FACTORS INFLUENCING THE BUSINESS OF THE COMPANY

The main factor influencing the development of business in all directions in 2021 is the development of the Covid-19 crisis and the closure of countries for travel, as well as the suspension of all business events such as exhibitions and conferences.

The Covid crisis is affecting in two opposite directions. On the one hand, many processes were significantly slowed down, the need to readjust the work of the teams led to a delay in many planned activities and even the complete cancellation of some. The traditional way of accessing the target markets has changed significantly, the ways of demonstrating the products have been limited to online presentations and this has led to a drop in sales.

On the other hand, the importance of digital technologies has increased, especially those that provide work without personal contacts, social distance, exchange and centralized access to information. In this regard, for many products developed by EngView Systems, a real chance has opened up.

Although we have witnessed the closure of the countries for travel, as well as the suspension of all business events such as exhibitions and conferences, from this year such events are already held in places. In September, a team from EngVue participated in an exhibition in Germany, where they presented two of their products for the measuring industry. EngView visited or took part in several other exhibitions - in the Netherlands, in

Brazil, where the meeting with businesses took place again in the traditional way.

Businesses are largely retuned to the new conditions and already have a lot of experience in digital marketing, online demonstrations, local webinars for a large number of participants. In August, such a webinar was organized in Sri Lanka, which showed the main functionalities of the CAD system and its integration with Adobe Illustrator.

The company develops all its products in Bulgaria, but has a network of distributors around the world, as well as its own offices in the United States and Brazil. The factors influencing the business are mainly related to the saturation of the market with competing products or the degree of development of the given market. A major share of software sales for the packaging industry is still generated in Europe, with 2021 showing growth compared to 2020 in sales of the company's licenses and products. As one of the leading names in the packaging industry, EngView 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, strengthening its position by providing quality and modern software for their customers. The company is investing in a new solution for QVI in 2019 and 2020 - Turn Check. The software controls a new type of QVI machine for measuring rotating parts and components. The first half of 2021 brought the first sales of this product, and more are expected by the end of 2021.

BUSINESS DEVELOPMENT AND INVESTMENTS IN 2021

Throughout 2021, the company continues to develop its products and prepare for more online services and developments. Working on the online product for diameters, as well as online protection, preparation of the next major version of the CAD product are activities that require constant attention from different teams. It is already a fact that new software rental plans have been implemented, which are published on the company's website, through which everyone can subscribe to basic CAD configurations and pay for the selected plan.

Marketing materials, videos, advertisements are developed, new contacts are made with potential partners and clients. During this quarter, the company signed a contract with a group of plants from Russia for the sale of licenses for its CAD system, as well as the provision of additional services for them.

The company is gradually increasing its capacity and resources for innovative developments in the two areas in which it operates. New employees were hired in the quarter, and this tends to continue in the following quarters.

mCaliper is positioned as a product for digitalization of quality control processes in small and medium enterprises and as such is registered on two platforms for b2b matchmaking with funding from the EC (www.ramp.eu, www.smm2021b2match.io), where there are already several launched partnerships with both end customers and potential distributors. EngView Systems has been selected as a Technology Provider in FundingBox.eu's Better Factory initiative to create consortia to transfer technology to end users in the industry. The mCaliper product was chosen as a quality management system for metalworking SMEs. Potential end users are over 25 companies from Europe registered in the platform www.ramp.eu.

PERSPECTIVES AND FORECAST FOR 2022

Revenues are expected to increase on an annual basis compared to 2021 due to the gradual opening of economies.

There is a moderate investment interest in all niches and industries in which the company operates, but nevertheless, EngView is working to successfully position and increase sales of its products in which it has invested in recent years

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	4 310	3 369	941	27,93%
EBITDA	1 860	1 836	24	1,31%
Depreciation	(710)	(746)	36	(4,83%)
Net Result	1 024	969	55	5,68%
EBITDA margin	43,16%	54,50%	(11,34%)	(20,81%)
Net Profit margin	23,76%	28,76%	(5%)	(17,40%)
Sales per share	62,4638	48,8261	13,64	27,93%
EPS	14,8406	14,0435	0,80	5,68%
ROE	0,2027	0,2354	(0,03)	(13,92%)
Total Assets	6 178	5 941	237	3,99%
Intangibles	3 216	3 090	126	4,08%
Book value	1 837	1 026	811	79,04%
Equity	5 053	4 116	937	22,76%
Total Liabilities	1 125	1 825	(700)	(38,36%)
Interest bearing	7	8	(1)	(12,50%)
D/E	0,001	0,002	(0,001)	(28,73%)
ROA	0,1657	0,1631	0,003	1,62%

SIRMA BUSINESS CONSULTING

- <https://sirmabc.com/>
- **Sirma Business Consulting JSC is a subsidiary of Sirma Solutions**
- **Capital: BGN 2 539 768**

Shares: Special conditions for transfer: the shares are vinculated and non-transferable for a period of three years from the incorporation of the company.

Classes of shares:

CLASS A: Number: 1 958 268, Nominal: BGN 1 Rights: regular, voting, right to dividend and liquidation share

CLASS B: Number: 581 500, Nominal: BGN 1 - Privileged, Non-voting, Entitled to Guaranteed Dividend

„Sirma Solutions“ JSC holds 1 077 048 pcs. Class A shares and 296 500 Class B shares or 54.08% of the company's capital and 55% of the voting shares.

Sirma Solutions JSC, which 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.

The company is practically free of debt, and presents itself solidly, with strong financial results.

CONDITIONS FOR BUSINESS DEVELOPMENT OF SIRMA BC IN 2021

The financial and banking sectors in the world and Bulgaria began to revive at the end of 2021 and to shake off the restrictive measures during the pandemic in the period from March 2020 to September 2021. This conclusion within the SBC is required by the double number of inquiries and small orders, which were created only for the last 3 months of 2021. All players in the sector have excess liquidity and lack of sufficient projects for financing and investment. On the other hand, all economic entities continue to have advanced or increased requirements for the use of digital instruments in their relations with financial institutions. These prerequisites are a catalyst for potential growth and generation of projects and orders in the sector.

On the other hand, budgeting at the end of 2021 is still conservative and frugal, except for those driven by regulations or market mergers. At the end of the year, our expectations and forecasts are that new "big" projects in the IT field will appear in the middle of 2022.

Meanwhile, the search for new solutions and opportunities for innovative forms of offering distance services and convenient and secure methods of "onboarding" continues. The demand for tools and system solutions for "tocanization" remains, although it is dictated by "legality" rather than realistically trying to impose a high standard of security in which to train their customers. Demand for software robots to reduce costs, train machines, analyze large data sets and automate business processes is growing.

The demand for tools and system solutions for "tocanization" remains, although it is dictated by "legality" rather than realistically trying to impose a high standard of security in which to train their customers. Demand for software robots to reduce costs, train machines, analyze large data sets and automate business processes is growing.

The expectations of the mass consumer for medium-term inflation are growing, which expectations and moods are supported by the growth of basic necessities, energy and energy-dependent products and the price of skilled labor. In any case, all companies that provide solutions and services to financial players face several serious challenges:

- Adjustment in the prices of the offered services and products.
- Finding and retaining highly qualified staff within the Bulgarian market.
- Adaptation of existing solutions to meet new trends in the direction of robotization of digital operations and processes and the introduction of artificial intelligence and machine knowledge to optimize delivery times for end customers.

SBC continues to provide its own services and products, which are focused only on the financial sector. In 2021, in

addition to active actions for research and planning for the transition to FlexCube 14, as the main version that will be offered to new customers, will be subject to upgrade existing ones. All the presented novelties and innovations for the 2FA / MFA solution Up2Seal continue to generate great interest, as well as all solutions that enable financial players to provide conditions for API-based services and develop their strategies in the direction of "Open Digital Business".

REGIONAL AND INTERNATIONAL FACTORS, INFLUENCING THE BUSINESS OF THE COMPANY

The biggest factor for everyone is the Covid-19 pandemic, which blocked travel opportunities and easy communication with customers and completely stopped everyone's opportunities for public organized trade and marketing events. Despite the partial and not so effective measures of the government in Bulgaria and the united management in Europe on the labor market and purely in the labor relations between the companies, there is uncertainty, tension and preparation for inflation in the global economy. Which can lead to an increase in interest rates and depreciation of some of the major currencies in which the company's revenues are. In Bulgaria, the appetites, intentions and real actions for consolidation of the Banking and Financial Market continue, which on the one hand determines the competition between the many relatively small players and on the other hand provokes an active dialogue for consolidation of companies in the market. The lack of regular government, budget and a realistic vision for the development of the economy in Bulgaria for most of 2021 in addition puts pressure on all companies in the IT industry. One part of which is directly affected and dependent on government procurement and projects and the other part due to the tension of the public climate and ambiguity about the tax and fiscal policy of the regular government.

On the other hand, the trend continues to create new companies and support centers with investments and employers from the United States, Canada, Germany and England, which significantly raise the average salary in the industry and further pump resources into projects focused on other markets. The problems with this defocusing of the workforce are invisible at the national level, but they significantly exhaust the nationally oriented players in which category the SBC falls. In the long run, we will have to completely change the final price for customers or seek entry into foreign markets by providing toll or rental services.

RISKS AND THREATS IN 2021

All risks and threats to the company are related to the cost of labor, respectively the average salary in the IT sector and the growing shortage of manpower with programming skills. On the other hand, the uncertain economic situation without long-term planning and short contract terms allows for renegotiation of some of the company's commitments, but also the loss of some of the projects or prepaid support.

Despite the difficulties caused by the pandemic, the company maintains a focus on staff training and training of SBC employees as a means of retaining staff. In the plans for 2022, all the company's reserves will be addressed to increase salaries and attract new employees.

MAIN EVENTS IN 2021

The company became a member of AMCHAM Bulgaria and is actively involved in the business and professional development of BFA (Bulgarian Fintech Association). Also SBC registered several participations in local digital events and took an active part in Money 2020 in Amsterdam.

NEW CLIENTS, PROJECTS, PRODUCTS AND SERVICES IN 2021**- Clients**

All customers of the company show and declare that they are partially or severely affected by the pandemic and the various financial measures to overcome it. In practice, the new projects and revenues for the company are 3%.

- Projects

The implementation of started projects continues, including the two parallel implementations of major banking systems and several projects for the implementation of payment and other satellite solutions, which cover: "RepXpress", "ceGate" and "UBX Suite", DIGI Bank.

- 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.

- 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.

PERSPECTIVES AND FORECASTS FOR 2022

Despite some positive signals for the improvement of the economic climate and the easing of the strict panemic measures, the stagnation and inertia of the financial players does not presuppose a rapid recovery and revival of the market. The uncertain environment in the country, as well as the main demand of clients for resources to work for rent, makes it difficult to predict the financial framework and business development for 2022. The expected revenue growth in 2022 will rather be catching up with one of the company's goals in a medium-term horizon of 2-3 years.

Retaining all employees and customers will be key to the successful implementation of all plans of the company, which must go with a clear policy and communication to raise the prices of solutions and services for all areas in the company's portfolio.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change BGN '000	Change %
Revenues	3 327	4 369	(1 042)	(23,85%)
EBITDA	268	290	(22)	(7,59%)
Depreciation	(353)	(253)	(100)	39,53%
Net Result	(83)	24	(107)	n/a
EBITDA margin	8,06%	6,64%	1,42%	21,36%
Net Profit margin	(2,49%)	0,55%	(3,04%)	n/a
Sales per share	1,3098	1,7201	(0,41)	(23,85%)
EPS	(0,0327)	0,0094	(0,04)	n/a
ROE	(0,0289)	0,0081	(0,04)	n/a
Total Assets	4 513	4 035	478	11,85%
Intangibles	628	286	342	119,58%
Book value	2 245	2 665	(420)	(15,76%)
Equity	2 873	2 951	(78)	(2,64%)
Total Liabilities	1 640	1 084	556	51,29%
Interest bearing	180	287	(107)	(37,28%)
D/E	0,0627	0,0973	(0,035)	(35,58%)
ROA	(0,0184)	0,0059	(0,02)	n/a

SIRMA GROUP INC./DBA PANATON

- <http://panatonsoftware.com/>
- Sirma USA is a subsidiary of Sirma Solutions

General Business Conditions in 2021

In 2021 Sirma Group Inc. (SGI) business expanded with projects in semiconductor design automation and clinical medical testing management systems. For the last two years of the COVID-19 pandemic, remote work has become a widely accepted practice, which benefits our ability to offer remote outsourcing services and to expand our staff by recruiting not only from Eastern Europe but world-wide. At the end of 2021 our team included engineers from Albania, Macedonia, Egypt, India, Pakistan, the UK and Ethiopia. Our ability to deliver turn-key systems much faster than most of

our competitors allowed us to win and deliver some small but profitable government and commercial projects.

Forecast for 2022

In 2022 we will be expanding our penetration in the medical clinical laboratory vertical, with a particular focus on medical information and healthcare records integration. We expect to continue to expand our business, however the uncertain and developing political and economic situation in Europe which has an impact on the public markets in the United States may present both unanticipated opportunities as well as challenges for us and our clients.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	9 212	8 774	438	4,99%
EBITDA	2 188	1 914	274	14,32%
Depreciation	(8)	(19)	11	(57,89%)
Net Result	2 169	1 871	298	15,93%
EBITDA margin	23,75%	21,81%	1,94%	8,88%
Net Profit margin	23,55%	21,32%	2,22%	10,42%
Sales per share	0,4269	0,4066	0,02	4,99%
EPS	0,1005	0,0867	0,01	15,93%
ROE	0,2870	0,6342	(0,35	(54,75%)
Total Assets	9 768	9 605	163	1,70%
Intangibles	1 634	1 508	126	8,36%
Book value	5 923	1 442	4 481	310,75%
Equity	7 557	2 950	4 607	156,17%
Total Liabilities	2 211	6 655	(4 444)	(66,78%)
Interest bearing	19	10	9	90%
D/E	0,0025	0,0034	(0,001)	(25,83%)
ROA	0,2221	0,1948	0,027	13,99%

SIRMA ICS

- <http://sirmaics.com/>
- **Sirma ICS is a subsidiary of Sirma Solutions**
- **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 270 000 number of shares or 90% of the capital

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

Conditions for Business Development in 2021

The company operates in the insurance sector with target clients insurance brokers and insurance companies. Both segments marked a decline in revenue. The reason for this is the economic and health crisis, respectively the declining revenues from non-compulsory insurance, which in turn causes a reduction in the spending for software and services. However, the company was able to enter into contracts with insurance brokers and insurance companies for product development and sales.

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.

Regional and global factors influencing the business of the company

The company has business only in Bulgaria at the moment.

Business Development in 2021 and Investment plan

In 2021 Sirma ICS continued with the execution of its strategic objectives:

- Development of new portals and mobile applications, including portals for clients of insurance companies and insurance brokers.
- Increasing the product range of the software for insurance brokers and optimizing the product and its functionalities
- Attraction of new insurance broker-clients.
- 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.

New:

- Customers

The Company concluded into new contracts with insurance brokers.

- Projects

- Customization of the Sirma Insurance Enterprise Platform,
- New products in the portal of an insurance company
- Improvements in mobile applications;

- New Contracts

Termination of contracts with 2 clients and attempts to terminate or reduce the fee by more than 6. Through commercial talks we manage not to cause a change or termination. Only 1 customer is offered lower prices.

Work to attract a new client - Insurance Company.

Customer service information

The customers are served professionally and the product they receive is constantly evolving, as the customers receive new modifications and at the same time all the necessary regulatory changes are implemented.

Perspectives and forecasts for 2022

We anticipate that the pressure to reduce the monthly fees of the Sirma Insurance Enterprise Platform will continue from individual small brokers due to dismissed broker employees (respectively licenses for the platform). In general, every effort will be made to retain them as well as the clients of Sirma Insurance Enterprise Web Calculator.

We expect the inclusion of a Casco insurance product in 2 more insurance companies and separate integration for third-party liability insurance with another for Sirma Insurance Enterprise, as well as the conclusion of a contract with a new insurance company.

We will work on the sale of new services for existing brokers, increase of the functionalities in Sirma Insurance Enterprise, as well as development of individualizations for brokers in the broker system.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	1 056	840	216	25,71%
EBITDA	138	162	(24)	(14,81%)
Depreciation	(79)	(123)	44	(35,77%)
Net Result	47	28	19	67,86%
EBITDA margin	13,07%	19,29%	(6,22%)	(32,24%)
Net Profit margin	4,45%	3,33%	1,12%	33,52%
Sales per share	3,5200	2,8000	0,72	25,71%
EPS	0,1567	0,0933	0,06	67,86%
ROE	0,0577	0,0365	0,02	58,17%
Total Assets	1 294	1 239	55	4,44%
Intangibles	963	951	12	1,26%
Book value	(149)	(184)	35	(19,02%)
Equity	814	767	47	6,13%
Total Liabilities	480	472	8	1,69%
Interest bearing	194	237	(43)	(18,14%)
D/E	0,2383	0,3090	(0,07)	(22,87%)
ROA	0,0363	0,0226	0,014	60,72%

S&G TECHNOLOGY SERVICES

- <http://www.sngservices.co.uk/>
- **S & G Technology Services operates in the Financial Segment**

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.

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.

SIRMA CI

- **Sirma CI** is a subsidiary of Sirma Group Holding
- **Capital:** BGN 133 000. **Sirma Group Holding** owns 80% of the capital.

Conditions for Business Development in 2021

In 2021 we continue to adapt the business to new rules (digital transformation is already everyday), for which we believe we are prepared and we will take adequate measures based on short-term and long-term goals.

In addition to the adaptation of the business, we already have diversification of revenues from additional IT activities.

We already have a regular government, which brings the preconditions for the rise of economic development.

In 2021, our focus remained on the trends defined by Gartner and internal analysis of the market and our customers.

According to Gartner 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

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 continue our active activities regarding partnerships with German companies to enter the DACH market. At this stage we have advanced negotiations with partners from Austria and Germany. At the beginning of September 2021 at the Munich Motor Show with our partner, where we develop software for driving electric cars (with B2B focus) we will partner for sales of our software products in the cars themselves at the production level, including software integrations of 3rd parties.

We have provided a marketing budget for PR materials to advertise our new concept in the "retail" vertical, with the aim of redirecting advertising to Sirma.com.

Update of a completely new solution for eCommerce (B2B and B2C), ie. the rewriting of our platform continues to develop according to a plan on a market basis. Fully focused on unified commerce trends, which will unite our implementation solutions for large retailers: e-shop, loyal mobile application program, chatbots, real-time behavior analysis system (SFS) and more.

We have planned to hold a seminar in the fall in Serbia for our client, where we have integrated and maintained a loyal program.

We expect to be invited to a large marketplace competition for four countries by the end of September.

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)
- 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

New contracts during 2021:

- The contracts we signed in the past 2020 are already under implementation, and some of them have been completed and new opportunities have opened up. They are long-term and include maintenance.
- Our current customers continue to be active with orders for new features to their current solutions in order to sell more to end customers.
- In 2021 we have signed a new contract with a clients with who we will work in the long term. We start with the implementation of one of our products, and we have planned to introduce two more in stages.
- We have signed a contract with a real estate and construction company that has ambitions to sell services and products to end customers and businesses through a platform that we implement on the basis of ciCommerce.
- We have signed a contract and work with a company that produces B2B electric vehicles aimed at the DACH market, where we develop management software, and we will work for a "channel partnership" on the development and integration of additional software integrated in cars.

- We have a contract with an American company, which we consult and provide them with IT experts for their internal refinements. The goal is to develop in 2022. a new product for them aimed at direct sales.
- New contract with a large company to which we provide IT expertise.

Perspectives and forecasts for 2022

We are in negotiations with several international clients, expecting developments in potential deals 2022.

Positive business development is expected for 2022, because Covid-19 forced large companies to digitalize their processes,

which increased the interest in online sales, ie. the search for B2B and B2C solutions to generate direct sales with integrations to ERPs, virtual POSs, logistics solutions and others.

- We expect to keep revenue growth in the range of 20-35% compared to 2022.

- eCommerce sales services and loyalty modules will continue to grow in 2022.

- Retains interest in additional sales channels (digital transformation) such as mobile applications, chatbots, real-time analysis, etc.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	1 011	190	821	432,11%
EBITDA	135	16	119	743,75%
Depreciation	(2)	(1)	1	100%
Net Result	116	10	106	1060,00%
EBITDA margin	13,35%	8,42%	4,93%	58,57%
Net Profit margin	11,47%	5,26%	6,21%	118,00%
Sales per share	3,3700	0,6333	2,74	432,11%
EPS	0,3867	0,0333	0,35	1060,00%
ROE	6,1053	(0,0847)	6,19	n/a
Total Assets	388	182	206	113,19%
Intangibles	30	-	30	n/a
Book value	(11)	(118)	107	(90,68%)
Equity	19	(118)	137	n/a
Total Liabilities	369	300	69	23,00%
ROA	0,2990	0,0549	0,24	444,12%

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.

Key trends in 2021

In 2021, there has been a rapid increase in remote patient monitoring services and the use of mobile applications across the healthcare sector, mainly due to the ongoing COVID-19 pandemic. Long-established practices for physical meetings with medical professionals have given way to digital ones. Both physicians and patients already recognize the use of mobile and software solutions as a viable replacement for outdated and often unnecessary physical services.

Combined with an even faster growing mobile market and the widespread adoption of 5G technology, this provides a number of opportunities for growth and development of our product range.

A new type of medical service is gaining momentum on the market - Managed and On-demand Healthcare. They represent a new service from a variety of healthcare solutions and ecosystems, including mobile self-management applications, remote patient monitoring, assistance and training. Independent aggregators of health services provide a new opportunity to expand our customer base and penetrate new and hard-to-reach markets.

Governments around the world have been forced to accelerate new e-services regulations to cope with the changing marketplace of modern medical practices.

In response to the growing interest in solutions for remote monitoring of patients due to the pandemic, in the first half of the year the company successfully launched a new set of subscription packages for Diabetes: M Monitor. These packages offer medical professionals and hospitals an expanded set of tools for monitoring the condition of patients in real time, as well as the opportunity to attend a list of specialists in the mobile application. At the beginning of the third quarter, a mass mailing campaign for nutritionists was launched and in parallel calling potential customers for this service in the UK.

During this reporting period, in order to develop the popularity of the telemedicine product Medrec: M Clinic, a partnership was agreed with a Bulgarian PR agency specializing in the promotion of products and services in the field of healthcare.

The second half of the quarter was spent planning the company's participation in one of the largest digital health events in the UK - HETT (Healthcare Excellence Trough

Technology), which took place on September 27-29 in London. There were presented both our main products - Diabetes: M and Medrec: M, which deservedly aroused interest.

Over 15 pre-planned meetings with potential partners and clients were held during the event.

In October, a seminar on "Digital solution for management of health facilities and medical practices Medrec: M" was organized and held. The Medrec: M platform was presented to Bulgarian doctors, journalists and IT specialists in health facilities. Ivan Asen Shishmanov, PhD, cardiologist from Pirogov and member of the Medical Board of Sirma Medical Systems, who shared his experience from working with Medrec: M. The seminar was held at 100% full capacity, with high interest and active participation in the discussion by the participants.

Additionally, the participation of the Executive Director of Sirma Medical Systems - Mr. Rosen Varbanov was organized as a lecturer at the seminar "Creative technologies and their applications in e-health in Bulgaria" in Sofia Tech Park, where a short presentation of both products.

The active work on the development of the profiles in the social networks of Diabetes: M and Medrec: M continued. In order to promote the products through these channels, live videos and webinars were planned and realized with the participation of various popular Bulgarian doctors. Also, two presentations of the products (for each one) by Code Health TV were filmed, in the format of interviews with a manager, a doctor and a patient for the show "Innovation and Technology".

For Diabetes: M in November a campaign was organized and implemented to collect short user stories about the benefits of the application. More than 20 winners were announced, and the texts and photos they sent will be used in the coming months in various marketing materials to promote the product. He continued to publish his own information articles and materials from influencers in the field of diabetes.

Product development in 2021:

Diabetes: M

The started update of the monitor and the mobile applications so that different specialists can independently register and subscribe to the service through different types of plans on a monthly and annual basis, was successfully implemented and put into operation.

The contract with Nipro is about to be renewed, which has been extended to include a paid annual license for the use of the monitor by their doctors. To

at the moment the use of the monitor by all doctors was free.

Inquiries for the use of the monitor were received from Dubai and Indian companies to which bids were submitted.

An active campaign has been launched to market the Diabetes: M Monitor in the UK.

As a result of the launch of new subscription packages for Diabetes: M Monitor, the product also won its first US-based customer - Jackson State University, who will use the platform in its research project related to the monitoring of patients with diabetes.

The subscription lasts 6 months, with an option to extend up to 2 years.

Throughout the period, planning and clarification of the issues for the inclusion of the Diabetes: M platform in the list of DiGA digital healthcare applications approved by the German government continued.

In October, the license agreement for the mobile application Diabetes: M was renewed with one of the largest companies, manufacturers of glucometers, based in England - Nipro Diagnostics.

A new 3-year contract was signed with Nipro Diagnostics for the hospital platform - Diabetes: M Monitor. As a result, the patient monitoring platform is used in public hospitals in England.

Innovation Zed

The development of the test application of InnovationZed for iOS has been successfully completed. It is expected that possible future improvements will be made again by our team.

Medrec:M

There have been several meetings with specialists about Medrec:M and there is interest, but it is still viewed with reservations about the possibility of remote examinations.

MPI-2

Talks have started with NBU for cooperation and opening of MPI-2 speech therapy center in their base. The legal and financial details are yet to be clarified.

Perspectives and forecasts for 2022

Revenues are expected to increase on an annual basis compared to 2021. There is an increased investment interest in all products of the company. Sirma Medical Systems is working to successfully position and increase sales of its products in which it has invested in recent years.

FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues	363	267	96	35,96%
EBITDA	94	57	37	64,91%
Depreciation	(56)	(54)	(2)	3,70%
Net Result	4	1	3	300,00%
EBITDA margin	25,90%	21,35%	4,55%	21,30%
Net Profit margin	1,10%	0,37%	0,73%	194,21%
Sales per share	1,2100	0,8900	0,32	35,96%
EPS	0,0133	0,0033	0,01	300,00%
ROE	0,0460	0,0120	0,03	281,61%
Total Assets	1 408	1 168	240	20,55%
Intangibles	1 131	918	213	23,20%
Book value	(1 044)	(835)	(209)	25,03%
Equity	87	83	4	4,82%
Total Liabilities	1 321	1 085	236	21,75%
Interest bearing	250	-	250	n/a
D/E	2,87	-	3	n/a
ROA	0,0028	0,0009	0,002	231,82%

SCIANT

- **Sciant is a subsidiary of Sirma Group Holding JSC**
- **Capital: BGN 250 000. Sirma Group Holding owns 80% of the capital.**

Sciant has been part of Sirma Group since November 2021, with the main goal to concentrate in itself the technological and business knowledge of Sirma Group, related to the development and export of software products and services specialized in the following industries: Hospitality, Logistics and Transport, Finance and Banking.

Conditions for business development in 2021

Sciant provides software services in the following industries: Hospitality, Logistics and Transport, Finance and Banking. In 2021 there was a strong post-Covid return of customers from the Hospitality. The other two industries continued to stand firm in the market, with Logistics and Transport growing significantly, driven by global trends.

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 smaller, 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 that influenced the Covid-19 pandemic. There is a strong return of customers from the Hospitality sector in 2021. Customers from the Logistics and Transport sector have significantly increased orders, there is strong business development there. The Finance and Banking sector remained with a relatively constant number of orders in 2021.

- In 2021, Sciant continued to fulfill its strategic goals:
- Attracting new customers in Western Europe, North America and Bulgaria.
- New clients from the existing verticals have been attracted: Hospitality, Logistics and Transport, Finance and Banking.
- Increase the number of staff by 30% by the end of the year due to the expansion of existing and launch of several new projects in the field of process optimization and automation and providing comprehensive solutions in the field of transport and logistics and financial services

- Building new integrations into systems and products of external companies, established in the respective industry.
- Continue to build its own system for support of Integrated Adapters Managed Integration Services (MIS).
- The company continues to rely on a stable and sustainable sales model of software development services and services for maintenance of integration adapters.

New clients:

In 2021 the company signed new contracts with Walle AG, Atomize AB, Centelli Ltd, Impala Travel Technology Ltd, BRUIT Radisson Hospitality Belgium BV / SRL, Quincus, Red 61, Advantage Route Systems, Shift4 Payments, LLC, Northwind, Inc., Right Revenue Ltd, Sysdat Turismo Srl, Neuhouse, Firstclassset Inc., Warner Leisure Hotels.

Important events:

- A contract for purchase of shares was concluded with Sirma Group Holding JSC, with which the Company became part of Sirma Group and thus new financing options and new market niches were opened.

- Contract for BOT (Build-Operate-Transfer) with Re Solutions Shpk, based in Tirana, Albania. It is planned to merge Re Solutions Shpk with the Company and structure it as a new office in Albania.
- Significant increase in orders from customers Protel Hotelsoftware GmbH and Ligentia Group.

Solved and unresolved issues in the implementation of the business plan for 2021

The company exceeded the plan for 2021 by 10%. A major factor in business growth is the post-Covid recovery in the global economy. The main limiting factor for growth at the moment is the situation on the labor market. The company manages to hire and train new employees more successfully than competing companies, but nevertheless the speed of hiring new employees is lower than the speed of sales. To address this issue, the Company plans to open a new office in Tirana, Albania and other non-EU countries.

Perspectives and forecasts for 2022

The company plans to increase the number of employees and revenues in 2022 by 10%. Revenues may increase more, and this additional impact could be due to the continuing post-Covid economic recovery and rising inflation.

SIRMA GROUP HOLDING – INDIVIDUAL FINANCIAL RESULTS

	31.12.2021	31.12.2020	Change	Change %
Revenues*	4 631	4 534	97	2,14%
EBITDA	2 000	2 121	(121)	(5,70%)
Depreciation	(567)	(753)	186	(24,70%)
Net Result	1 034	995	39	3,92%
EBITDA margin	43,19%	46,78%	(3,59%)	(7,67%)
Net Profit margin	22,33%	21,95%	0,38%	1,73%
Sales per share	0,0780	0,0764	0,00	0,21%
EPS	0,0174	0,0168	0,00	3,92%
ROE	0,0139	0,0135	0,00	2,47%
Total Assets	106 561	93 789	12 772	13,62%
Intangibles	9 664	9 653	11	0,11%
Book value	64 812	63 787	1 025	1,61%
Equity	74 476	73 440	1 036	1,41%
Total Liabilities	32 085	20 349	11 736	57,67%
Interest bearing	15 990	10 707	5 283	49,34%
D/E	0,2147	0,1458	0,07	47,26%
ROA	0,0097	0,0106	(0,001)	(8,54%)

* according to the FSC's instructions, the dividend income is included in the income from the main activity of "Sirma Group Holding" JSC

7 RESULTS BY SEGMENTS

THE GROUP DEFINED OPERATION IN SEVERAL SEGMENTS:

Segment INTELLIGENT EVOLUTION OF ENTERPRISES

Companies of Sirma Group operating in the segment are: EngView Systems, Sirma AI, Sirma Solutions, Sirma Medical Systems, Daticum, Sirma CI, Sirma Group Inc. and Sciant.

FINANCIAL RESULTS OF THE SEGMENT

	2021 BGN'000	2020 BGN'000
Revenue from:		
- external customers	31 837	27 205
Segment revenues	31 837	27 205
Changes in finished goods and work in progress	(47)	-
Cost of materials	(1 003)	(710)
Hired services expenses	(6 184)	(4 844)
Employee benefits expense	(16 657)	(13 893)
Depreciation and amortisation of non-financial assets	(4 883)	(4 888)
Other expenses	(661)	(880)
Segment operating profit	2 402	1 990

In 2021 the revenues of the segment increased by 17,03 %, and operating profit increased by 20,70 % compared to 2020.

Segment SOLUTIONS, PRODUCTS AND CONSULTING IN FINANCE

Companies of Sirma Group operating in the segment are: Sirma Business Consulting, Sirma ICS, Sirma AI, Sirma Solutions, S&G Technologies Inc. and Sirma Group Inc.

FINANCIAL RESULTS OF THE SEGMENT

	2021 BGN'000	2020 BGN'000
Revenue from:		
- external customers	11 022	10 411
Segment revenues	11 022	10 411
Cost of materials	(44)	(105)
Hired services expenses	(1 605)	(1 686)
Employee benefits expense	(5 394)	(4 751)
Depreciation and amortisation of non-financial assets	(436)	(377)
Other expenses	(96)	(346)
Segment operating profit	3 447	3 146

In 2021 the revenues of the segment increased by 5,87%, and operating profit increased by 9,57% compared to 2020.

Segment SYSTEM INTEGRATION

Companies of Sirma Group operating in the segment are: Sirma Solutions.

FINANCIAL RESULTS OF THE SEGMENT

	2021 BGN'000	2020 BGN'000
Revenue from:		
- external customers	20 828	21 821
Segment revenues	20 828	21 821
Cost of materials	(17 501)	(19 162)
Hired services expenses	(2 100)	(1 222)
Employee benefits expense	(746)	(557)
Depreciation and amortisation of non-financial assets	(55)	(67)
Other expenses	(7)	(7)
Segment operating profit	419	806

In 2021 the revenues of the segment decreased by 4,55%, and operating profit decreased by 48,01% compared to 2020.

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:

Region	31.12.2021 BGN '000	31.12.2020 BGN '000	Change BGN '000	Change %
Europe	35 333	33 145	2 188	6,60%
North America	21 042	15 403	5 639	36,61%
United Kingdom	6 721	9 793	(3 072)	(31,37%)
Asia	436	1 003	(567)	(56,53%)
South America	74	35	39	111,43%
Africa	66	33	33	100%
Australia	15	25	(10)	(40%)
Total	63 687	59 437	4 250	7,15%

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 99,07% 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 2021, the Group sold in 60 countries. The largest share in the consolidated revenues belongs to the revenues from Bulgaria in the amount of BGN 24 056 thousand or 37,77% of the total sales revenues, followed by the USA with BGN 15 719 thousand or 24,68% and from the United Kingdom with BGN 6 721 thousand or 10,55%.

9 CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED REVENUES

Consolidated revenues in 2021 includes:

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Revenue from contracts with customers	61 358	57 002	4 356	7,64%
Other income	2 295	2 431	(136)	(5,59%)
Gain on sale of non-current assets	34	4	30	750%
Total	63 687	59 437	4 250	7,15%

Consolidated revenues increased with 7,15 % or BGN 4 250 thousand during 2021, which is in line with the economic recovery during the period.

Consolidated revenue by product line includes:

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Software services	23 654	18 218	5 436	29,84%
Sale of IT equipment	19 994	19 877	117	0,59%
Licenses	5 962	4 520	1 442	31,90%
Subscriptions	4 033	3 503	530	15,13%
Consulting services	2 675	3 412	(737)	(21,60%)
Cloud services	1 336	1 213	123	10,14%
System integration	510	1 775	(1 265)	(71,27%)
Others	3 194	4 484	(1 290)	(28,77%)
Total	61 358	57 002	4 356	7,64%

CONSOLIDATED EXPENSES

	31.12.2021	31.12.2020	Change
	BGN '000	BGN '000	(BGN '000,%)
Cost of materials	(1 629)	(2 219)	590
<i>Change in %</i>			(26,59%)
Hired services expenses	(10 290)	(8 019)	(2 271)
<i>Change in %</i>			28,32%
Employee benefits expense	(25 613)	(21 783)	(3 830)
<i>Change in %</i>			17,58%
Depreciation and amortisation of non-financial assets	(5 399)	(5 366)	(33)
<i>Change in %</i>			0,61%
Cost of goods sold and other current assets	3 197	2 838	359
<i>Change in %</i>			12,65%
Changes in finished goods and work in progress	(16 919)	(17 758)	839
<i>Change in %</i>			(4,72%)
Capitalized own expenses	(47)	-	(47)
<i>Change in %</i>			н/п
Other expenses	(764)	(1 233)	469
<i>Change in %</i>			(38,04%)
Total expenses	(57 464)	(53 540)	(3 924)
<i>Change in %</i>			7,29%

During 2021 consolidated operating expenses increased by BGN 3 924 thousand or by 7,29%. Employee benefit expenses hold the biggest share in consolidated operating expenses (44,57%), followed by hired services expenses (17,91%).

CONSOLIDATED FINANCIAL INCOME / COSTS (NET)

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Financial costs	(508)	(749)	241	(32,18%)
Financial income	797	126	671	532,54%
Financial income / expenses (net)	289	(623)	912	n/a

Consolidated financial costs decreased by BGN 241 thousand or by 32,18 % in 2021, mainly due the decrease of interest expenses on loans.

Financial income increased by BGN 671 thousand or by 532,54%, mainly due to the increase in income from foreign exchange operations.

CONSOLIDATED ASSETS

Consolidated assets marked an increase of BGN 10 656 thousand or 6,93 % in 2021. Traditionally, the biggest share of these relate to intangible assets, due to the activity of the Group and its ownership over a significant amount of software modules.

NON-CURRENT ASSETS

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Goodwill	31 104	22 482	8 622	38,35%
Property, plant and equipment	11 080	8 714	2 366	27,15%
Intangible assets	86 724	58 130	28 594	49,19%
Long - term financial assets	841	841	-	-
Long - term receivables	426	-	426	n/a
Deferred tax assets	259	270	(11)	(4,07%)
Total non-current assets	130 434	90 437	39 997	44,23%

Non-current assets increased by BGN 39 997 thousand or by 44,23% in 2021.

CURRENT ASSETS

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Inventory	2 808	806	2 002	248,39%
Trade receivables	17 161	17 498	(337)	(1,93%)
Prepayments and other assets	1 959	2 953	(994)	(33,66%)
Related party receivables	622	138	484	350,72%
Income tax receivables	103	101	2	1,98%
Loans given	59	-	59	n/p
Cash and cash equivalents	11 353	12 549	(1 196)	(9,53%)
Total current assets	34 065	34 045	20	0,06%

Current assets increased by BGN 20 thousand or by 0,06 % in 2021.

ASSETS INCLUDED IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	31.12.2021 BGN '000	31.12.2020 BGN '000
SEPlatform	-	16 752
SENPAI FIN-P	-	10 328
CYBER SECURITY-P	-	1 722
Automotive Retail Dynamic Pricing Platform	-	559
Total	-	29 361

In 2021, the Group's management changed its intentions and these assets were included in the activity by being integrated into the GraphDB Suite asset with its functionalities and are now part of the Group's intangible assets.

EQUITY

	31.12.2021 BGN '000	31.12.2020 BGN '000	Change (BGN '000,%)
Share Capital	59 361	59 361	-
<i>Change</i>			-
Purchased own shares	(1 304)	(585)	(719)
<i>Change</i>			122,91%
Reserves	6 821	6 663	158
<i>Change</i>			2,37%
Retained earnings	29 733	25 627	4 106
<i>Change</i>			16,02%
Equity attributable to the owners of the parent	94 661	91 066	3 595
<i>Change</i>			3,95%
Non-controlling interest	18 287	16 488	1 799
<i>Change</i>			10,91%
Total	112 898	107 554	5 344
<i>Change</i>			4,97%

Equity during 2021 increased by BGN 5 344 thousand or by 4,97 %.

CONSOLIDATED LIABILITIES

Consolidated liabilities increased by 5 312 BGN thousand or 11,48% in 2021.

NON-CURRENT LIABILITIES

	31.12.2021 BGN '000	31.12.2020 BGN '000	Change BGN '000	Change %
Pension and other employee obligations	356	320	36	11,25%
Long-term borrowings	13 288	10 285	3 003	29,20%
Long-term lease liabilities	2 213	2 439	(226)	(9,27%)
Deferred tax liabilities	45	8	37	462,50%
Total non-current liabilities	15 902	13 052	2 850	21,84%

Non-current liabilities increased by BGN 2 850 thousand or by 21,84% in 2021.

LONG-TERM AND SHORT-TERM BANK LOANS

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation to 31.12.2021 (BGN)	Date of contract	Interest rate	Maturity date	Pledges
Loans for which the Issuer is a debtor									
"Sirma Group Holding" JSC	Eurobank Bulgaria AD	overdraft	BGN	4 200 000	3 635 493	21.07.2016	Base + 0.7 points, but not less than 1.7% per year	31.12.2022	Pledge of the Receivables under the Business Incubator Contract №BG161PO003-2.2.0012-C0001 / 02.02.2012; Mortgage of a real estate located in Sofia, Mladost district, Tsarigradsko Shosse Blvd 135, namely the 5th floor of the building
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	BGN	10 475 000	6 285 080	12.12.2019	RIR + 1.2%, but no less than 1.3% per year	20.12.2024	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	EUR	2 933 745	1 931 382	11.12.2021	3 m. EURIBOR + 1.2%, but no less than 1.3% per year	11.12.2031	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
"Sirma Group Holding" JSC	United Bulgarian Bank AD	Investment	EUR	6 391 652	4 007 496	11.12.2021	3 m. EURIBOR + 1.2%, but no less than 1.3% per year	11.12.2029	Pledge of receivables, pledge of commercial enterprises, pledge of real estate

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Outstanding obligation to 31.12.2021 (BGN)	Date of contract	Interest rate	Maturity date	Pledges
Loans for which the Issuer is a guarantor									
Sirma Solutions	United Bulgarian Bank AD	overdraft	BGN	4 025 000	3 485 907	12.12.2019	RIR + 1.2%, but no less than 1.3% per year	20.12.2025	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
Sirma Solutions	United Bulgarian Bank AD	Revolving credit line	BGN	4 000 000	4 000 000	28.10.2020	RIR + 1.2%, but no less than 1.3% per year	28.10.2025	Pledge of receivables.
Sirma AI	United Bulgarian Bank AD	overdraft	EUR	1 449 270	-	15.08.2019	1 m. EURIBOR + 1,4% (but not less than 1,4%)	20.09.2022	Second in a row pledge on Sirma AI; Second pledge of his shares; A second pledge of current and future receivables totaling EUR 741 thousand; Pledge on receivables on all accounts of the borrower in UBB in the amount of EUR 741 thousand.
Sirma AI	United Bulgarian Bank AD	overdraft	EUR	5 867 490	5 763 451	15.08.2019	1 m. EURIBOR + 1,4% (but not less than 1,4%)	20.09.2022	The first in a row pledge of Sirma AI; The first pledge of the shares he holds; First in a row pledge of current and future receivables totaling EUR 3 million; Pledge on receivables on all accounts of the borrower in UBB in the amount of EUR 3 million.
Sirma Medical Systems	Unicredit Bulbank	Revolving bank loan	BGN	250 000	250 000	15.12.2020	ADI + 1,3 percent, (but not less than 1,3 percent per year)	Pledge on receivables	Sirma Systems Medical

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

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 31.12.2021 in BGN thousand	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Group Holding	Sirma Medical Systems	204054855	Subsidiary	Loan	BGN	816	31.01.2017 31.01.2021	1,30	31.12.2022	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Loan	BGN	3 807	14.02.2011	1,3, 2,8, 3,5, 5	31.12.2023	No pledges
Sirma Group Holding	Sirma CI	205364846	Subsidiary	Loan	BGN	63	02.01.2019, 31.01.2021	0,013	31.12.2022	No pledges
Sirma Group Holding	Sirma ISG	201580558	Company under common control	Loan	BGN	188	26.04.2017	1,3, 2,8, 6,5	31.12.2022	No pledges
Sirma Group Holding	Sirma ICS	203940550	Company under common control	Loan	BGN	141	23.01.2017, 31.01.2021	0,013	31.12.2022	No pledges
Sirma Group Holding	*Individual SS		Non related party	Loan	BGN	546	19.09.2017 20.10.2017	0,03	31.12.2023	No pledges
Sirma Solutions	Sirma ISG	201580558	Subsidiary	Loan	BGN	107	12.12.2016	0,05	31.12.2022	No pledges
Sirma Solutions	Sirma Group Holding	200101236	Parent company	Deposit	BGN	3 501	29.10.2020	Bank charges incurred	31.12.2022	No pledges
Sirma Solutions	*Individual T.A.		Related party	Loan	BGN	47	10.12.2021	0,025	12.04.2023	No pledges
Sirma Solutions	*Individual S.S.		Non related party	Loan	BGN	150	27.06.2017 20.09.2017	0,03	31.12.2023	No pledges
Sirma Solutions	*Individual B.I.		Related party	Loan	BGN	15	13.05.2021	0,025	31.12.2022	No pledges
Smartcom Bulgaria	Sirma Solutions	040529004	Non related company	Loan	BGN	64	18.12.2019 03.06.2020	0,015	06.03.2022	No pledges
Siesens	Sirma Solutions	040529004	Non related company	Loan	BGN	121	20.12.2019 05.06.2020	0,015	06.05.2022	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	5 867	01.02.2020	Bank charges incurred	31.12.2023	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Deposit	BGN	312	01.02.2020	0,001	31.12.2023	No pledges
Sirma AI	Ontotext	200356710	Subsidiary	Loan	BGN	6	04.01.2019	0,0175	31.12.2022	No pledges
EngView Systems Sofia	Pirina Technologies	175149906	Company under common control	Loan	BGN	300	12.01.2021	0,02	12.01.2022	No pledges
Sciant	Re Solutions Sh.p.k.		Non related company	Loan	EUR	59	10.05.2021	0,03	15.12.2022	No pledges
Daticum	Sirma Group Holding	200101236	Company under common control	Deposit	BGN	514	04.01.2009	0,001	31.12.2022	No pledges
Sirma Group Inc	Ontotext USA		Company under common control	Loan	USD	17	25.11.2016	0,0001	31.12.2022	No pledges
Worklogic Canada	Sirma Group Inc		Non related company	Loan	USD	82	31.07.2017	0,0001	31.12.2022	No pledges

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

Recipient	Lender	United identification code	Relationships	Type	Currency	Liability as of 31.12.2021 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	Sirma Group Holding	200101236	Parent company	Loan	BGN	816	31.01.2017 31.01.2021	1,30%	31.12.2022	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Loan	BGN	3 807	14.02.2011	1,3% 2,8%, 3,5%, 5%	31.12.2023	No pledges
Sirma CI	Sirma Group Holding	200101236	Parent company	Loan	BGN	63	02.01.2019 31.01.2021	0,013	31.12.2022	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Deposit	BGN	3 501	29.10.2020	Bank charges incurred	31.12.2022	No pledges
Sirma Solutions	Smartcom Bulgaria	130985811	Non related company	Loan	BGN	64	18.12.2019 03.06.2020	0,015	06.03.2022	No pledges
Sirma Solutions	Siesens	121708078	Non related company	Loan	BGN	121	20.12.2019 05.06.2020	0,015	06.05.2022	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Deposit	BGN	5 867	01.02.2020	Bank charges incurred	31.12.2023	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Deposit	BGN	312	01.02.2020	0,001	31.12.2023	No pledges
Ontotext	Sirma AI	200421236	Company under common control	Loan	BGN	6	04.01.2019	0,0175	31.12.2022	No pledges
Sirma Group Holding	Daticum	200558943	Company under common control	Deposit	BGN	514	04.01.2009	0,001	31.12.2022	No pledges
Sirma Group Inc	Worklogic Canada	Foreign company	Non related company	Loan	USD	82	31.07.2017	0,0001	31.12.2022	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

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Provisions	22	22	-	-
Pension and other employee obligations	3 783	2 669	1 114	41,74%
Short-term borrowings	16 274	15 590	684	4,39%
Short-term lease liabilities	829	612	217	35,46%
Trade and other payables	5 124	9 573	(4 449)	(46,47%)
Contract liabilities	4 303	4 130	173	4,19%
Short-term related party payables	5 199	611	4 588	750,90%
Income tax liabilities	165	11	154	1 400,00%
Financing (Grants)	-	19	(19)	(100%)
Total current liabilities	35 699	33 237	2 462	7,41%

Current liabilities increased by BGN 2 462 thousand or 7,41 % in 2021.

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

	31.12.2021	31.12.2020	Change	Change
	BGN '000	BGN '000	BGN '000	%
Net cash flow from operating activities	7 680	5 916	1 764	29,82%
Net cash flow from investing activities	(10 464)	(4 027)	(6 437)	159,85%
Net cash flow from financing activities	1 535	230	1 305	567%
Net change in cash and cash equivalents	(1 249)	2 119	(3 368)	н/п
Cash and cash equivalents at the beginning of the year	12 549	10 550	1 999	18,95%
Exchange gains/(losses) on cash and cash equivalents	53	(120)	173	н/п
Cash and cash equivalents at the end of the year	11 353	12 549	(1 196)	(9,53%)

INDICATORS AND RATIOS

№	Indicators (in BGN '000)	31.12.2021	31.12.2020	Change (value)	Change %
1	Revenue from operating activities	63 687	59 437	4 250	7,15%
2	Cost of sales	(56 700)	(52 307)	(4 393)	8,40%
3	Gross profit	6 987	7 130	(143)	(2,01%)
4	Other operating costs	(764)	(1 233)	469	38,04%
5	Operating profit	6 223	5 897	326	5,53%
6	Financial income	797	126	671	532,54%
7	Financial costs	(508)	(749)	241	(32,18%)
8	Profit before tax expense	6 512	5 274	1 238	23,47%
9	Tax costs	(587)	(403)	(184)	45,66%
10	Net profit	5 925	4 871	1 054	21,64%
11	Dividend	-	-	-	n/a
12	Cash and cash equivalents	11 353	12 549	(1 196)	(9,53%)
13	Inventories	2 808	806	2 002	248,39%
14	Short-term assets	34 065	34 045	20	0,06%
15	Total amount of assets	164 499	153 843	10 656	6,93%
16	Average arithmetic total asset value for 5 quarters	154 432	148 284	6 148	4,15%
17	Current liabilities	35 699	33 237	2 462	7,41%
18	Debt	32 604	28 926	3 678	12,72%
19	Liabilities (borrowed funds)	51 601	46 289	5 312	11,48%
20	Equity	112 898	107 554	5 344	4,97%
21	Equity averaged 5 quarters	111 498	107 884	3 614	3,35%
22	Turnover capital	(1 634)	808	(2 442)	n/a
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
24	Gain minority interest	1 474	870	604	69,43%
25	Interest expenses	(209)	(420)	211	(50,24%)
26	Weighted average price of last trading session	0,442	0,548	(0,1055)	(19,27%)
27	Last price per share of last trading session	0,440	0,555	(0,115)	(20,72%)

Indicators	31.12.2021	31.12.2020	Change (value)	Change %
EBITDA	13 594	11 930	1 664	13,95%
DEPRECIATION	(5 399)	(5 366)	(33)	0,61%
EBIT	8 195	6 564	1 631	24,85%
FIN/INVEST NET	273	(623)	896	n/a
EBT	6 512	5 274	1 238	23,47%
ROA	0,0271	0,0260	0,0011	4,04%
ROA(BSE)	0,0288	0,0270	0,0018	6,82%
Debt/EBITDA Ratio	2,3984	2,4246	(0,0262)	(1,08%)
Quick Ratio	0,8756	1,0001	(0,1245)	(12,45%)
ROE	0,0531	0,0452	0,0080	17,70%
Debt/Equity Ratio (BSE)	0,4571	0,4304	0,0267	6,20%
Profitability ratios				
Gross profit margin	0,1097	0,1200	(0,0103)	(8,55%)
Operating profit margin	0,0977	0,0992	(0,0015)	(151%)
Net profit margin	0,0930	0,0820	0,0111	13,52%
Return on Assets	0,0384	0,0328	0,0055	16,80%
Return on Equity	0,0531	0,0452	0,0080	17,70%
Coefficients for assets and liquidity				
Assets turnover ratio	0,4176	0,4017	0,0159	3,95%
Assets turnover ratio (BSE)	0,4124	0,4008	0,0117	2,89%
Operating cycle	(51,6650)	73,5606	(125,26)	n/a
Current ratio	0,9542	1,0243	(0,0701)	(6,84%)
Quick ratio	0,8756	1,0001	(0,1245)	(12,45%)
Cash ratio	0,3180	0,3776	(0,0595)	(15,77%)
Odds per share				
P/S ratio	0,4120	0,5468	(0,1348)	(24,66%)
P/E ratio	4,4283	6,6722	(2,2439)	(33,63%)
Revenue per share	1,0729	1,0013	0,0716	7,15%
Earnings per share	0,0998	0,0821	0,0178	21,64%
Book value of equity per share	1,8783	1,8174	0,0609	3,35%
Development Ratios				
Revenue growth	0,0715	(0,0296)	0,1011	n/a
Gross profit growth	(0,0201)	(0,1269)	0,1068	(84,19%)
Assets growth	0,0693	0,0624	0,0069	11,07%
Leverage Ratios				
Debt/total assets	0,2111	0,1951	0,0161	8,23%
Debt/capital	0,2263	0,2114	0,0148	7,01%
Debt/equity	0,2924	0,2681	0,0243	9,06%
Total assets/equity	1,3851	1,3745	0,0106	0,77%
Market value of the company	26 119	32 945	(6 827)	(20,72%)

RELATED COMPANIES TRANSACTIONS

Related party transactions in the Group prior to intercompany eliminations are:

Sirma Group Holding

Transactions with subsidiaries

	2021	2020
	BGN'000	BGN'000
Purchases of goods and services		
Purchases of services		
- Software services	(4)	(4)
Purchases of goods		
- Office supplies	(3)	(3)
- Inventory	(1)	(1)
- Computer components	(2)	(1)
Purchase of LTFA	(39)	(5)
Sales of goods and services		
Sales of services		
- Administrative, accounting services	738	732
- Rent	476	476
- Consulting services	91	47
- Sale of licenses	1 803	2 518
- Cloud services	195	-
- Technical Support	22	22
- Marketing and Advertising	156	72
- Software services	2	-
Sales of goods		
- Consumables	77	74
Dividends	240	146
- Deposits received	2 300	5 423
- Refund of received deposits	915	3 443
- Given loans	(196)	(235)
- Loans granted	209	3
- interest on received deposits	166	86
- interest on loans granted	25	146

Transactions with other related parties

	2021	2020
	BGN'000	BGN'000
Purchases of services		
- Internet	(20)	(17)
- Consulting services	(7)	-
- Subscriptions	(1)	(9)
Sale of services		
- Administrative, accounting services	155	158
- Rent	47	47
- Consulting services	-	3
- Technical Support	15	15
- Sale of licenses	-	80
Purchases of goods		
- Consumables	-	6
- Deposits received	-	150
- Loans given	-	(320)
- Reimbursed loans	317	20
- Interest on loans granted	16	37
- Interest on loans received	1	-

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	(448)	(281)
Social security costs	(7)	(7)
Total short-term employee benefits	(455)	(288)
Total remunerations	(455)	(288)

Sirma Solutions**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Sale of goods and services		
- sale of goods	51	12
- sale of services	68	33
Loans given	-	1 000
Repayed loans	-	1 000
Deposits provided	2 300	3 096
Returned provided deposits	799	1 096
Interest on loans/deposits	3	1
Purchases of services and assets		
- purchases of assets	672	1 190
- purchases of services	925	976

Transactions with subsidiaries

	2021	2020
	BGN'000	BGN'000
Sale of goods and services		
- sale of goods to "Daticum"	471	204
- sale of goods to "Sirma ICS"	1	3
- sale of goods to "Sirma Business Consulting"	-	21
- sale of goods to "S&G Technology Services"	2	6
- sale of services to "Daticum"	20	20
- sale of services to "S&G Technology Services"	1 196	518
- sale of services to " Sirma Business Consulting"	382	-
Purchases of goods and services		
- purchases of services from "Daticum"	82	74
- purchases of services from "Sirma Business Consulting"	27	16
Dividends from "Daticum"	351	298
Dividends from "S&G Technology Services"	56	59
Dividends from "Sirma Business Consulting"	-	280

Transactions with associates

	2021	2020
	BGN'000	BGN'000
Sale of goods and services		
- sale of services to Sirma Group Inc.	2 902	3 288
Purchases of goods and services		
- purchases of services from Sirma Group Inc.	103	44

Transactions with other related parties

	2021	2020
	BGN'000	BGN'000
Sale of goods and services		
- sale of services	1640	1 087
- sale of goods	78	353
Purchases of services		
- purchase of services	439	106
- purchase of services	329	-

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	923	756
Total remunerations	923	756

Sirma AI**Transactions with owner**

	2021	2020
	BGN'000	BGN'000
Purchases of assets		
- Intangible assets	1 132	1 328
Purchases of services		
- Administrative service	251	250
- Software license rental	22	7
- Others	51	29
Leased asset lease	5	5
- Interest on the provided deposit	-	1
- Interest on the loan received	-	121
Deposits provided	-	1 191
Returned provided deposits	-	160

Transactions with subsidiaries

	2021	2020
	BGN'000	BGN'000
Sales of services		
- Subscriptions	1 184	642
- Revenue from renewable licenses	1 167	1 130
- Consulting services	1 312	346
- Administrative, accounting services	28	28
- Revenues from the sale of licenses	1 744	819

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Sales of services		
- Other software services	221	6
Purchases of assets		
- Fixed assets	32	24
- Computer components	4	-
Purchases of services		
- Software services	221	-
- Cloud services	63	55
- Rent	19	19
- Consulting services	-	24
-Others	-	4
- Interest on deposit	-	1

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	569	623
Total remunerations	569	623

EngView Systems Sofia**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Sale of goods and services:		
- software services	-	4
Purchases of services:		
- subscriptions	70	70
- administrative, accounting services	19	16
- consulting services	7	-
- technical support	31	43
Purchases of goods:		
- Leasing of a rented office	117	119
- Interest on leasing	11	8
- Dividends	240	115
- Deposits provided	-	115

Transactions with subsidiaries

	2021	2020
	BGN'000	BGN'000
Sale of services:		
- software services	10	-
Purchases of services:		
- software services	48	69

Transactions with other related parties under common control

	2021 BGN'000	2020 BGN'000
Sale of services:		
- software services	176	13
Sale of goods:	81	-
Purchases of goods:		
- fixed assets	22	1
- materials, consumables	13	5
- other goods	8	-
Purchases of services:		
- software services	-	5
- consulting services	-	4
- Internet	2	2

Transactions with key management personnel

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

	2021 BGN'000	2020 BGN'000
Short-term employee benefits:		
Salaries including bonuses	162	141
Social security costs	7	7
Total short-term employee benefits	169	148
Dividends	90	52
Total remunerations	259	200

Sirma Business Consulting**Transactions with owners**

	2021 BGN'000	2020 BGN'000
Purchases of materials	-	2
Purchases of services	381	-
Purchase of fixed assets	-	20
Sale of services	27	16
Dividends	-	517

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Purchases of services		
- Internet	4	4
- Administrative	83	83
- Others	3	1
- Advertising and marketing	-	2
- installments under leasing contracts	2	90
- interest on leasing contracts	-	2
- deposit	-	100

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	351	450
Social security costs	20	20
Total short-term employee benefits	371	470
Total remunerations	371	470

Daticum**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Sale of services:		
cloud services	28	28
server rental	12	12
license rental	4	34
others	45	-
Income from paid impaired receivables	37	-
Purchases of fixed assets	298	165
Purchase of goods	151	11
Purchase of computer components	5	4
Purchases of services	37	44
Distributed dividend	351	494
Leased asset rental	16	16

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Sale of services:		
- internet	11	11
- server rental	26	27
- others	37	31
Interest income	1	1
Income from paid impaired receivables	4	-
Purchase of consumables	1	1
Purchase of services	13	13
Purchase of administrative services	57	56
Other purchases	1	3
Deposits provided	-	50

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	129	124
Total remunerations	129	124

Sirma ICS**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Purchases of materials	1	1
Purchase of assets	-	1
Purchases of services		
- Other services	-	1

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Sale of services	9	16
Purchases of materials	5	5
Purchases of services:		
Subscriptions	1	1
Administrative service	10	10
Consulting	-	3
Others	3	-
Security	2	2
Office maintenance and repair	3	4
Cleaning	3	2
Parking	2	2
Payments under a lease agreement	26	26
Interest under the lease agreement	3	3
Repayed loan received	41	17
Interest on the loan received	3	4

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	87	87
Social security costs	7	7
Total remunerations	94	94

Sirma CI**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Purchases of services:		
- Administrative service	13	13
- Others	2	1
Loans received	-	10
Loans repaid	51	3
Accrued interest	3	4

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Sale of services:		
- Software services	22	33
Purchases of services:		
- Software services	411	78
- Subscription services	20	6
- Internet	4	4
- Other services	-	1
Purchases of assets:	-	2

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	79	53
Social security costs	7	7
Total remunerations	86	60

Sirma Medical Systems**Transactions with owners**

	2021	2020
	BGN'000	BGN'000
Purchases of materials and services		
- purchases of materials	1	1
- purchases of services	23	26
- Right to use a leased asset	19	18
- Interest on the right to use a leased asset	2	2
Repayed loan	158	-
Loan received	196	225
Accrued interest on a loan received	22	21

Transactions with other related parties under common control

	2021	2020
	BGN'000	BGN'000
Sale of services		
- sale of services	79	-
Purchases of materials and services		
- purchases of materials	-	1
- purchases of services	-	51
- purchases of LTA	5	-

Transactions with key management personnel

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

	2021	2020
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries including bonuses	109	101
Social security costs	7	7
Total remunerations	116	108

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 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:

31.12.2021

Company	LC	CMC	Total
SIRMA SOLUTIONS	140	7	147
SCIANT	102	2	104
SIRMA AI	79	6	85
SIRMA BUSINESS CONSULTING	51	5	56
ENGVIEW SYSTEMS SOFIA	35	4	39
SIRMA GROUP HOLDING	20	6	26
SIRMA SHA, Albania	12	3	15
SIRMA ICS	10	1	11
DATICUM	9	5	14
S&G, UK	9	1	10
SIRMA MEDICAL SYSTEMS	5	3	8
SIRMA CI	2	3	5
SIRMA GROUP INC., USA	1	1	2
ENGVIEW SYSTEMS GERMANY	-	1	1
ONTOTEXT	-	1	1
Total	475	49	524

31.12.2020

Company	LC	CMC	Total
SIRMA SOLUTIONS	127	7	134
SIRMA AI	75	6	81
SIRMA BUSINESS CONSULTING	58	5	63
ENGVIEW SYSTEMS SOFIA	30	4	34
SIRMA GROUP HOLDING	18	6	24
SIRMA ICS	9	1	10
DATICUM	8	6	14
SIRMA SHA, Albania	6	3	9
SIRMA MEDICAL SYSTEMS	5	3	8
S&G, UK	5	1	6
SIRMA GROUP INC., USA	2	1	3
SIRMA CI	2	1	3
ONTOTEXT	-	1	1
Total	345	45	390

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.

Annual inflation continued to accelerate in 2021. The rise in prices is widespread by component and reflects the simultaneous action of pro-inflationary factors on both the external and internal macroeconomic environment. According to BNB data, energy products (excluding those with administratively set prices) and food had the highest positive contribution to headline inflation in September amid a significant annual increase in commodity prices on international markets. Administratively set prices continued to contribute to headline inflation, mainly due to higher energy, heat and gaseous fuel prices approved by the Energy and Water Regulatory Commission.

The expected rise in inflation, influenced by domestic and international factors, will continue to affect the increase in purchase prices of goods and services used by the Group, which could lead to an unexpected contraction in consumer demand and, consequently, future revenues.

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:

	Short-term exposure	
	USD BGN'000	GBP
31 December 2021		
Financial assets	979	21
Financial liabilities	(344)	(1)
Total exposure	635	20
31 December 2020		
Financial assets	2 164	72
Financial liabilities	(282)	-
Total exposure	1 882	72

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) +/- 3,8% (for 2020 +/- 6,5%)
- Pound Sterling (GBP) +/- 3,1% (for 2020 +/- 5,6%)

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.

31 December 2021	Increase of the exchange rate		Decrease of the exchange rate	
	BGN/foreign currency		BGN/foreign currency	
	Net financial result	Equity	Net financial result	Equity
	BGN'000	BGN'000	BGN'000	BGN'000
US Dollars (USD) (+/- 3,8%)	(22)	(22)	22	22
Pound Sterling (GBP) (+/- 3,1%)	(1)	(1)	1	1

31 December 2020	Increase of the exchange rate		Decrease of the exchange rate	
	BGN/foreign currency		BGN/foreign currency	
	Net financial result	Equity	Net financial result	Equity
	BGN'000	BGN'000	BGN'000	BGN'000
US Dollars (USD) (+/- 6,5%)	(1 182)	(1 182)	(831)	(831)
Pound Sterling (GBP) (+/- 5,6%)	(84)	(84)	(68)	(68)

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.

INTEREST RATE RISK

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2021, the Group is not exposed to changes in market interest rates through bank borrowings. All financial assets and liabilities of the Group are with 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	2021	2020
	BGN'000	BGN'000
Financial assets at fair value through profit or loss:		
Long - term financial assets	841	841
Debt instruments measured at amortized cost		
Long-term receivables	426	-
Trade and other receivables	17 161	17 498
Related party receivables	622	138
Loand given	59	-
Cash and cash equivalents	11 353	12 549
	29 621	30 185
	30 462	31 026

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 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

31 December 2021	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	BGN'000	BGN'000	BGN'000
Borrowings	8 137	8 137	13 288
Finance lease obligations	429	428	2 269
Trade and other payables	4 367	-	-
Related party payables	5 199	-	-
Total	18 138	8 565	15 557

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

31 December 2020	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	BGN'000	BGN'000	BGN'000	BGN'000
Borrowings	7 795	7 795	10 285	-
Finance lease obligations	324	324	1 963	556
Trade and other payables	7 470	-	-	-
Related party payables	611	-	-	-
Total	16 200	8 119	12 248	556

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 continuing impact of the Covid-19 pandemic and the full-scale military invasion of Russia in Ukraine.

During the reporting period, there have been no changes in the basic principles of management of SIRMA GROUP HOLDING

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 2020.

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

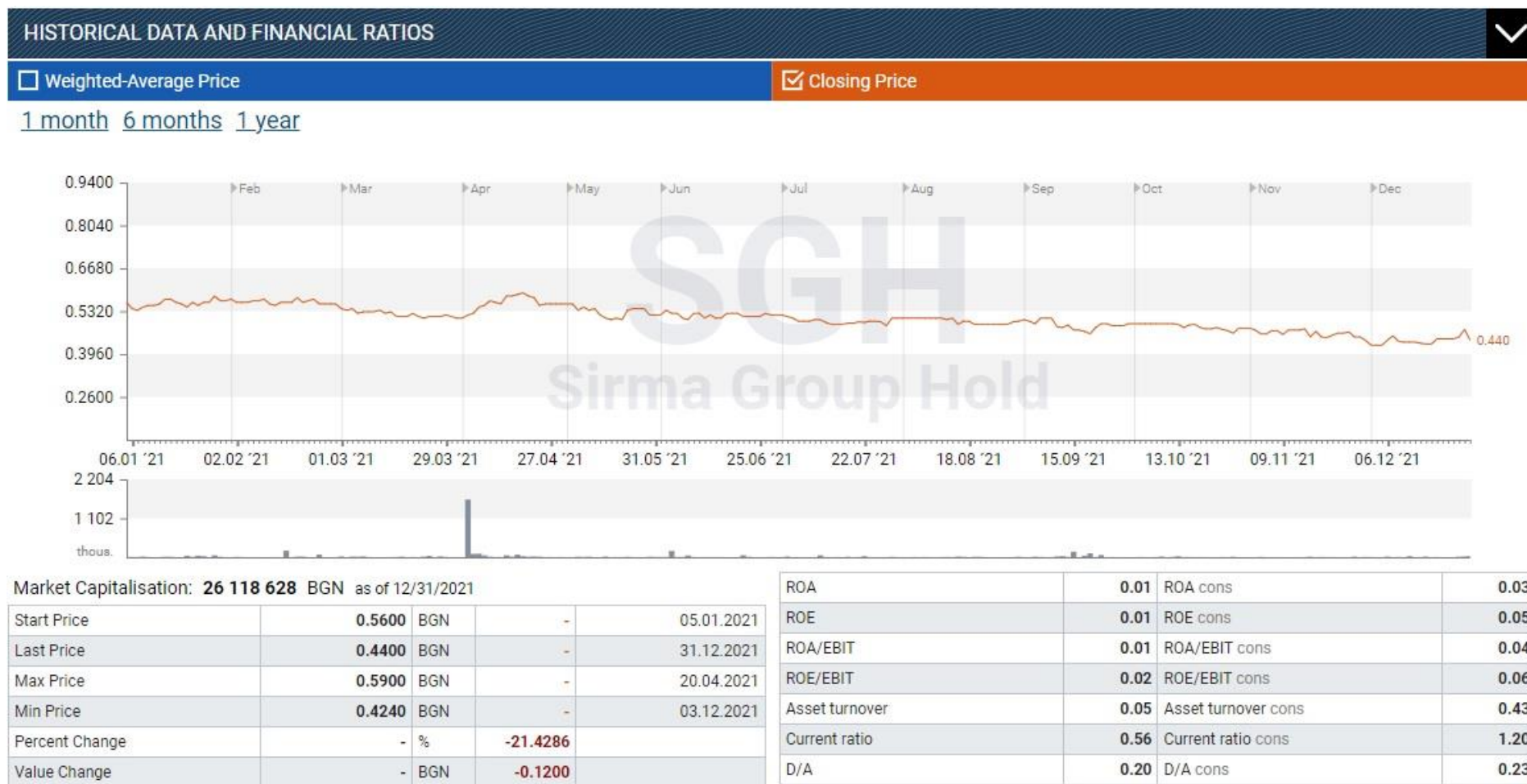
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13 CHANGES IN THE PRICE OF THE SHARES OF SIRMA GROUP HOLDING JSC



14 EVENTS AFTER THE END OF THE REPORTING PERIOD

The ongoing global pandemic of Covid-19

In connection with the continuing global pandemic of Covid-19, by a decision of the Council of Ministers the emergency epidemic situation in Bulgaria was extended until March 31, 2022. From April 1, 2022 the emergency epidemic situation related to the pandemic from Covid-19 has been canceled. Management monitors the development of the pandemic, the measures taken and imposed by the government and timely analyzes their potential effect on operational and financial condition, in order to balance the liquidity of the Group and ensure financial stability.

Complicated international situation

The full-scale military invasion of Russia in Ukraine, which began on 24 February 2022, caused a wide international response and affected the countries of Europe in various aspects. The expectation is that the military conflict will have a negative impact and affect all businesses to one degree or another.

The escalation of hostilities between Russia and Ukraine, the imposition of sanctions and restrictions by the European Union, USA, Canada, Britain and other countries on Russia, the Russian Central Bank, credit institutions, companies, individuals and the closure of Russian stock exchanges, cause significant shocks, ubiquitous on financial markets. The Group has no direct exposure to Ukraine or Russia. However, the impact on the general economic situation may necessitate a revision of some assumptions and judgments. At the same time, inflationary pressures continue to increase, with military action and rising quotations on all commodities expected to increase further.

Systematic risks operate outside the Group, but have a key impact on its activities. These risks are specific to the whole market and cannot be avoided by diversifying the risk, as they are related to the macroeconomic situation, the political situation, regional development and others.

The economic sanctions imposed on Russia by USA and the European Union in connection with the military conflict are likely to have a direct impact on the Group's activities, in relation with the indirect effects of the effect on business and consumer confidence and commodity markets.

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

Sofia
28.04.2022

CEO:
Tsvetan Alexiev