



Sirma

Interim Consolidated Management Report

of "Sirma Group Holding" JSC
for Q1 2022

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

The present interim consolidated management of "Sirma Group Holding" JSC covers the period, ending on 31 March 2022 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 interim consolidated financial statements as at 31 March 2022;
- 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 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 interim consolidated management report we analyze our business activities for the reporting financial period as well as the current situation of "Sirma Group Holding" JSC. Starting from a description of our business, economic environment and strategy, we present our financial system and explain in detail our results and operations as well as our financial position and net assets. We also report on the various aspects of financial sustainability of Sirma Group Holding 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 interim 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 31.03.2022. The report includes Sirma Group Holding JSC and all subsidiary companies of the group Engview Systems Latin America, Eyeball Interactive and Excell Management, which are excluded from consolidation due to lack of relevance.

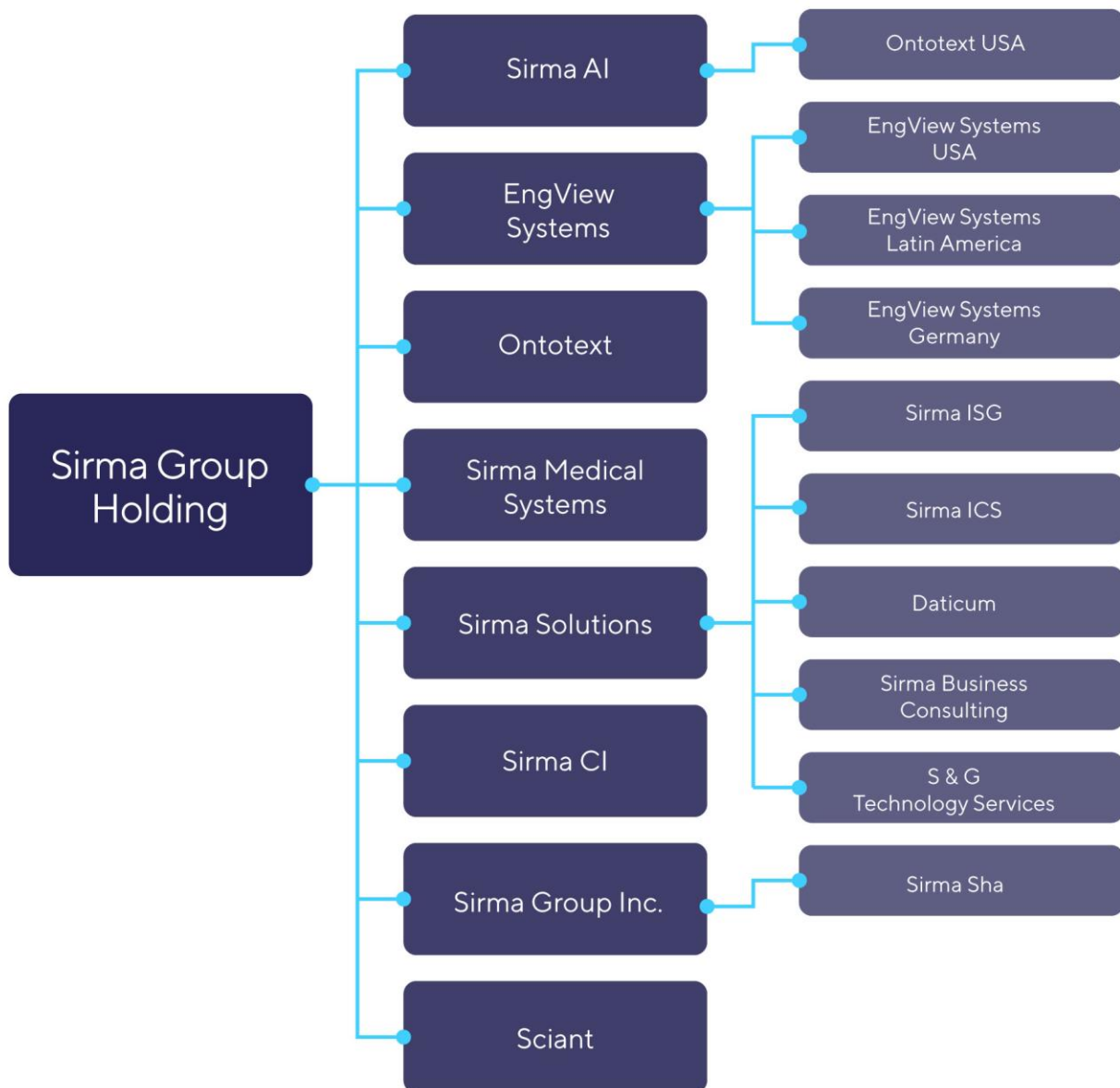


2 ORGANIZATION AND WAY OF PRESENTATION

"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 company's top priorities.



Branches of the company

"Sirma Group Holding" JSC has no registered branches.

History and development of the 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 COMPANIES, ACQUISITION, EVALUATION AND SALE OF PATENTS, CESSION OF LICENSES TO USE PATENTS OF COMPANIES WHICH THE COMPANY HOLDS, FINANCE OF COMPANIES IN WHICH THE COMPANY PARTICIPATES, ORGANIZATION OF ACCOUNTING AND COMPILING FINANCIAL STATEMENTS UNDER THE LAW OF ACCOUNTING. THE COMPANY MAY PERFORM INDEPENDENT BUSINESS ACTIVITIES WHICH ARE NOT PROHIBITED BY LAW.

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 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;

CAPITAL

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

History of Share Capital

History of changes in share capital

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

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

- 1) 29 software modules worth 61,555,838 BGN;
 - 2) Non-monetary contribution representing real estate amounting to 3 911 660 BGN:
- ☐ Office building - offices, floor 3th and floor 5th of an office building, located in Sofia, 135 Tsarigradsko shose

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

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

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

On 22.10.2010. as a result of the decision of the regular annual general meeting of the Company's shareholders, a reduction of the capital of "Sirma Group Holding" JSC from



77 252 478 BGN to 73 340 818 BGN was recorded through the cancellation of 3 911 660 shares with a par value of 1

BGN each. The Company's capital was reduced on the basis of Art. 200, para. 2, in conjunction with Art. 187f, par. 1, item 2n of the Bulgarian Commercial Law.

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

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

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

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

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

3 STRUCTURE OF SHARE CAPITAL AND MANAGEMENT AUTHORITIES

3.1. Capital structure

As of 31.03.2022 the distribution of the share capital of Sirma Group Holding is as follows:

	31.03.2022 (BGN '000,%)	31.12.2021 (BGN '000,%)
Share capital	59 361	59 361
Number of shares (par value of 1 BGN)	59 360 518	59 360 518
Total number of registered shareholders	1 014	1 026
Including legal entities	41	45
Including Individuals	973	981
Number of shares held by legal entities	8 299 927	8 517 822
% of capital of legal entities	13,98%	14,35%
Number of shares held by individuals	51 060 591	50 842 696
% of capital held by individuals	86,02%	85,65%



Shareholders	Number of shares at 31.03.2022	Number of shares at 31.12.2021	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	9,24%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 965 753	8,37%	8,71%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,33%
Veselin Antchev Kirov	4 700 786	4 700 786	1	4 700 786	7,92%	8,25%
Ivo Petrov Petrov	4 200 000	4 500 000	1	4 200 000	7,08%	7,37%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	1	3 741 620	6,30%	6,56%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	5,07%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	1	2 534 161	4,27%	4,45%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	1	2 177 583	3,67%	3,82%
Rosen Vasilev Varbanov	2 156 687	2 156 687	1	2 156 687	3,63%	3,78%
Own shares	2 351 310	2 022 810	1	2 351 310	3,96%	4,12%
Emiliana Ilieva Ilieva	1 925 820	1 925 820	1	1 925 820	3,24%	3,38%
Yavor Liudmilov Djonev	1 392 746	1 392 746	1	1 392 746	2,35%	2,44%
Peter Nikolaev Konyarov	870 665	870 665	1	870 665	1,47%	1,53%
Mandjukov Ltd.	860 000	860 000	1	860 000	1,45%	1,51%
UPF Doverie JSC	802 126	976 678	1	802 126	1,35%	1,41%
First Financial Brokerage House	792 935	677 368	1	792 935	1,34%	1,39%
UPF DSK Rodina	747 036	747 036	1	747 036	1,26%	1,31%
UPF Pension Insurance Institute	478 200	715 810	1	478 200	0,81%	0,84%
Others	11 755 032	11 486 937	1	11 755 032	19,80%	16,50%
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 March 2022 the total amount of repurchased own shares is 2 351 310 shares in the amount of BGN 1 471 048 (2,48% of the share capital), distributed as follows:

- As of 31.03.2022 "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 31.03.2022 "Ontotext" AD owns 550 shares of the parent company Sirma Group Holding JSC with total value of BGN 643,50.
- As of 31.03.2022 "Sirma Solutions" AD owns 1 766 286 shares of the parent company Sirma Group Holding JSC with total value of BGN 885 931.

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

Shareholders	Number of shares at 31.03.2022	% 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	4 200 000	7,08%	7,15%
Ognyan Plamenov Chernokozhev	3 741 620	6,30%	6,37%



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%

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 31.03.2022 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.

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 31.03.2022	Number of shares at 31.12.2021	Nominal VALUE (BGN)	Value (BGN)	% Shareholding	% shareholding with deducted repurchased own shares
Georgi Parvanov Marinov	5 269 748	5 269 748	1	5 269 748	8,88%	9,24%
Tsvetan Borisov Alexiev	4 965 753	4 965 753	1	4 865 753	8,37%	8,71%
Chavdar Velizarov Dimitrov	4 750 786	4 750 786	1	4 750 786	8,00%	8,33%
Atanas Kostadinov Kiryakov	2 887 524	2 887 524	1	2 887 524	4,86%	5,07%
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	17 887 344		17 787 344	30,14%	31,38%

During the period 01.01.2022 – 31.03.2022 there were no changes in the participation of the members of the BD in the capital of the company.



REMUNERATION UNDER CMC OF THE MEMBERS OF THE BOARD OF DIRECTORS OF "SIRMA GROUP HOLDING" JSC:

Board Member	Company	Sums for the period 01.01.2022 - 31.03.2022
		(BGN)
Atanas Kostadinov Kiryakov	EngView Systems Sofia	(150)
	Sirma AI	(1 500)
	Sirma Group Holding	(4 500)
	Sirma Solutions	(1 500)
Georgi Parvanov Marinov	EngView Systems Sofia	(31 703)
	Sirma Business Consulting	(1 500)
	Sirma Group Holding	(4 500)
Yordan Stoyanov Nedev	Sirma Group Holding	(21 962)
Petar Borisov Statev	Sirma Group Holding	(4 500)
Tsvetan Borisov Alexiev	EngView Systems Sofia	(150)
	Sirma AI	(1 500)
	Sirma Business Consulting	(3 000)
	Sirma Group Holding	(39 249)
	Sirma Solutions	(21 000)
Chavdar Velizarov Dimitrov	Sirma Group Holding	(4 500)
	Sirma Medical Systems	(300)
Total		(141 514)

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 31.03.2021 (in BGN'000)	Percentage of capital at 31.03.2021	Percentage of capital with adjusted repurchased own shares 31.03.2022	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	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	80,00%	80,00%	-
Sirma AI	7 035	100,00%	100,00%	7 035	100,00%	100,00%	-
Sirma Group Inc, USA	3 471	76,30%	76,30%	3 471	76,30%	76,30%	-
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 31.03.2022 BGN '000	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	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 31.03.2022 BGN '000	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021 BGN '000	Percentage of capital at 31.12.2021	Changes BGN '000
Ontotext USA	30	100,00%	30	100,00%	-



Subsidiaries of "EngView Systems Sofia"

	Value of the investment at 31.03.2022	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Changes
Company	BGN '000		BGN '000		BGN '000
EngView Systems USA	190	100%	190	100%	-
EngView Systems Germany	157	100%	157	100%	-
EngView Systems Latin America, Brazil	7	95%	7	95%	-

Subsidiaries of Sirma Group Inc.

	Value of the investment at 31.03.2022	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Changes
Company	BGN '000		BGN '000		BGN '000
Sirma Sha Albania	25	55%	25	55%	-

Subsidiaries of "Sciant"

	Value of the investment at 31.03.2022	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021	Changes
Company	BGN '000		BGN '000		BGN '000
Sciant Software s.r.o.	-	-	2	100%	(2)

On 18 January 2022, "Sciant" AD sold its investment in the subsidiary Sciant Software s.r.o in the Czech Republic for the amount of CZK 142,73.

Associated companies of "Sirma Solutions"

	Value of the investment at 31.03.2022	Percentage of capital at 31.03.2022	Value of the investment at 31.12.2021	Percentage of capital at 31.12.2021
Company	BGN '000		BGN '000	
Sirma Group Inc.,USA	916	23,71%	916	23,71%
SEP Bulgaria	-	6,50%	-	6,50%
Eye Bill Interactive	-	34%	-	34%
Excell Management	-	34%	-	34%

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 Q1 2022

5.1 THE BUSINESS

Established in 1992, Sirma has become one of the largest IT companies in the region for 30 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 (GrpahDB), Text Analysis, Data Detection, and Federationing. 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 Assitant applications.

5.2 ECONOMIC TRENDS

Summary

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.

Forecast for development of the economy in Bulgaria in 2022

Despite a return to growth, Bulgaria has failed to recover its economy from before the pandemic crisis. This was expected to happen in 2022, but 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;
- War between Russia and Ukraine.



Development of the global economy in 2022

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 war between Russia and Ukraine, as well as expectations of further climate crises due to global warming. These two factors alone have the potential to radically change growth expectations.

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.

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.

Forecast for the Global ICT Sector in 2022

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\$)	1 053	1 071	1 186	1 280	1 392	1 516	1 653	
Growth y/y		1.71%	10.74%	7.93%	8.75%	9.51%	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.

Complicated international situation

The full-scale military invasion of Russia in Ukraine, which began on 24 February 2022 and continuing at the time of publication of these interim separate financial statements, 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.



5.3. ADDITIONAL INFORMATION FOR Q1 2022

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 Q1 2022

The following events and business news took place in Q1 2022:

31.03.2022

Disclosure of purchase of 105 000 shares of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

30.03.2022

Disclosure of audited annual individual reports of Sirma Group Holding JSC for 2021.

29.03.2022

Angelica Kabaivanova - Director of Business Development and Marketing at Sirma Solutions represented Sirma Group at [AxisTlv22](#) in Tel Aviv, Israel.

07.03.2022

Disclosure of share purchase of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

04.03.2022

Georgi Tsekov is the new Executive director of the daughter company of Sirma Group Holding JSC Daticum JSC.



01.03.2022

Disclosure of share purchase of Sirma Group Holding JSC stock by related company Sirma Solutions JSC.

01.03.2022

Disclosure of interim quarterly consolidated reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

28.02.2022

Momchill Zarev, Chief Commercial Officer and Mark Belane, Director of Strategic Partnerships at Sirma Solutions took part in Connectivity Unleashed – the Mobile World Congress in Barcelona.

31.01.2022

Disclosure of interim quarterly individual reports of Sirma Group Holding JSC for the period ending on 31.12.2021.

5.5. MAIN LEGAL INFORMATION IN Q1 2022

Transactions with shares for the period 01.01.2022 - 31.03.2022:

- **Sale of an investment in a subsidiary**

On 18 January 2022, "Scaint" AD sold its investment in the subsidiary Sciant Software s.r.o in the Czech Republic for the amount of CZK 142,73.

- **Purchase of shares**

In Q1 2022 the subsidiary "Sirma Solutions" has acquired additional 328 500 shares from the capital of "Sirma Group Holding" JSC through 14 transactions made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 167 038

Litigation for the period 01.01.2022 - 31.03.2022:

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

Other legal information for the period 01.01.2022 - 31.03.2022:

- **Contracts for transfer of receivables**

On 2 March 2022, contracts for transfer of receivables (Assignment) were signed as follows:

- "Daticum" AD transfers its receivable from "Sirma AI" EAD at the amount of BGN 1 241 786,93 to "Sirma Group Holding" JSC (Assignee), the transferred receivable passes to the assignee's patrimony together with its accessories.
- Sirma Group Inc. USA transfers its receivable from "Sirma AI" EAD at the amount of BGN 416 009,45 to "Sirma Group Holding" JSC (Assignee), the transferred receivable passes to the assignee's patrimony together with its accessories

5.6 INFORMATION FOR CONTRACTED LARGE TRANSACTIONS IN Q1 2022

In Q1 2022, the company made several large contracts with customer and subcontracts, in connection with the new strategy of the Group:

Purchases:

- Deal 1 for BGN 1 757 thousand
- Deal 2 for BGN 1 041 thousand
- Deal 3 for BGN 790 thousand

Sales:

- Deal 1 for BGN 1 497 thousand
- Deal 2 for BGN 1 026 thousand
- Deal 3 for BGN 698 thousand



5.7 INFORMATION OF THE USED FINANCIAL INSTRUMENTS IN Q1 2022

In Q1 2022 the company has not used any financial instruments.

5.8 R&D ACTIVITY OF THE COMPANY IN Q1 2022

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 Q1 2022 amounts to BGN 572 thousand.

5.9 POSSIBLE FUTURE DEVELOPMENT OF THE COMPANY

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 COMMERCIAL CODE IN Q1 2022

During Q1 2022 the company has not been notified for contracted transactions with the members of the Board of Directors or parties related to them, which fall outside the line of activity of the company or the terms of which differ substantially from the current market.



6 RESULTS BY COMPANY

DATICUM

- <https://www.daticum.com/>
- **Daticum 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.

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 Q1 2022

BUSINESS DEVELOPMENT IN Q1 2022 AND REALIZATION OF THE INVESTMENT PLAN

- Daticum integrates the PaaS software platform, which allows end users to manage leased virtual resources as well as provide new ones using a user-friendly interface. In addition to the main functionalities, the platform offers the possibility of integration with various public cloud infrastructures as well as the provision of edge technologies in the form of Docker hosts, KVM and Kubernetes clusters.
- Daticum 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.

IMPORTANT EVENTS

- Negotiations have begun with a global service provider to provide protection against malicious network traffic. Daticum can become an official reseller in the region.
- The war in Ukraine has led to adverse economic consequences for the prices of fuel, electricity and hardware. There is also a significant delay in deliveries, representing 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 was affected in a negative direction in 2021. Economic growth in EU is expected to increase next year.
- The war in Ukraine and its unfavorable economic consequences for the prices of fuel, equipment and hardware further aggravate the global economic crisis.
- The crisis with rising electricity prices will continue to negatively affect our services, especially in the area of colocation
- A smooth growth of the passes for 2022 is set, in accordance with the unfavorable conditions
- We expect greater growth in the use of our cloud platform at the expense of services such as colocation



FINANCIAL RESULTS

	31.03.2022	31.03.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	867	641	226	35,26%
EBITDA	297	296	1	0,34%
Depreciation	(74)	(69)	(5)	7,25%
Net Result	220	224	(4)	(1,79%)
EBITDA margin	34,26%	46,18%	(11,92%)	(25,82%)
Net Profit margin	25,37%	34,95%	(9,57%)	(27,39%)
Sales per share	0,3766	0,2785	0,10	35,26%
EPS	0,0956	0,0973	(0,002)	(1,79%)
ROE	0,0654	0,0713	(0,01)	(8,24%)
Total Assets	4 146	4 146	-	-
Intangibles	305	313	(8)	(2,56)
Book value	3 057	2 828	229	8,10%
Equity	3 362	3 141	221	7,04%
Total Liabilities	784	1 005	(221)	(21,99%)
Interest bearing	498	498	-	-
D/E	0,2332	0,3200	(0,09)	(27,12%)
ROA	0,0531	0,0540	(0,001)	(1,79%)

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 Q1 2022:

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 Q1 2022

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.

Sirma maintains and develops its position on the American market. In the first quarter of 2022 we managed to negotiate a 20% increase in prices for the projects we are working on.

In the first quarter, work continued on projects launched last year - the PureInfluencer platform (powered by Kanin.io technology), the 1Healt.io platform (a platform to connect their customers / suppliers / partners), automotive projects for development of software for monitoring the process of car service and for the development of a universal multi-channel communicator customer-dealer).

In the first quarter of 2022, we began work on a start-up project for Kayzor, Florida. The project envisages the full development of an online platform for car sales.

European Market

The European part of the business of the professional services company in 2022 continued work on active projects from 2021, like:

- contract for the upgrade of the cloud infrastructure of a large mining company
- 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.
- Online portal for SaaS services of Temenos
- Virtual wallet

In the first quarter of 2022, a contract was signed with a large bank in Spain for the complete development of its online payment system. Another large contract has been signed with a client in the field of cryptocurrencies, for which we need to provide system integration and cyber security systems for their new office in Bulgaria.

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 Q1 2022 continued the active work on the long-term projects contracted in 2020 and 2021:

- 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
- Renovation of the application system in kindergartens and upgrading the system to manage the application process in first grade;
- Migration to Oracle Cloud on Premise of a large company in the aviation industry.

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.

System integration

For 2022, the system integration team renewed its partnership status with suppliers such as:

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

Given the outbreak 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.

Despite its difficulties, the business unit for system integration achieved its goals for Q1 2022.

FINANCIAL RESULTS

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	9 146	8 266	880	10,65%
EBITDA	1 114	507	607	119,72%
Depreciation	(249)	(552)	303	(54,89%)
Net Result	702	(60)	762	n/a
EBITDA margin	12,18%	6,13%	6,05%	98,58%
Net Profit margin	7,68%	(0,73%)	8,40%	n/a
Sales per share	0,2586	0,2337	0,02	10,65%
EPS	0,0198	(0,0017)	0,022	n/a
ROE	0,0139	(0,0012)	0,015	n/a
Total Assets	62 184	67 603	(5 419)	(8,02%)
Intangibles	6 165	6 459	(294)	(4,55%)
Book value	44 482	43 486	996	2,29%
Equity	50 647	49 945	702	1,41%
Total Liabilities	11 537	17 658	(6 121)	(34,66%)
Interest bearing	5 809	8 540	(2 731)	(31,98%)
D/E	0,1147	0,1710	(0,056)	(32,92%)
ROA	0,0113	(0,0009)	0,0122	n/a



SIRMA AI AND ONTOTEXT USA

- **Sirma AI is a Daughter 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.

Conditions for the business development in Q1 2022

The company's largest regional market during the period was the United States (nearly half of trade revenues), followed by the EU. There is a tendency for over 90% of the company's revenues to 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. The war in Ukraine did not affect the demand for the company's products and services during the period. The company has no business relations with contractors in Russia. Possibilities for hiring developers and experts from Ukraine and Russia who wish to move to Bulgaria are being explored.

Given the rising inflation in the US and the EU, the company updated the price lists in early 2022.

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.

Business development in Q1 2022 and realization of the investment plan

Revenues, after the consolidation of Ontotext USA, are about 20% of the target for the year - completely within the expectations for the first quarter. 30% of the target volume of orders has been reached.

Recurring license and maintenance revenue increased by 20% over the same period in 2021. The trend of increasing total product costs (including so-called "perpetual" licenses) continues - over 25% growth compared to 2021.

The expenses during the period are within the business plan of the company for 2022.

New clients, projects, products and services in 2022

Clients:

- As a result of the development of the OEM partnership WIPRO (top 10 system integrator in the world), the company received its first order from him.

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

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

- Large Asian service provider in the fields of IT, telecommunications and business process outsourcing.

Products:

- GraphDB 9.11, with improvements in the methods for updating information via Kafka's "highway of communications"; improvements in authentication methods; visualization of RDF star graphs;

Services:

No new services were introduced until the end of the first quarter of 2022.

New contracts in Q1 2022

- During the period there were no lost customers with a significant share in the company's revenues.

Perspectives and forecasts for 2022

The organic plans for 2022 envisage revenue growth of over 15%, within which to 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.

In addition to the organic business plan adopted by the board of directors, management is developing a sample business plan for accelerated development by attracting investment. This plan includes developing a sales team in the United States, increased marketing costs, and increased investment in product development.



FINANCIAL RESULTS**SIRMA AI**

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	2 718	2 108	610	28,94%
EBITDA	566	735	(169)	(22,99%)
Depreciation	(779)	(654)	(125)	19,11%
Net Result	(219)	78	(297)	n/a
EBITDA margin	20,82%	34,87%	(14,04%)	(40,28%)
Net Profit margin	(8,06%)	3,70%	(11,76%)	n/a
Sales per share	19	15	4,33	28,94%
EPS	(1,5532)	0,5532	(2,11)	n/a
ROE	(0,0032)	0,0011	(0,004)	n/a
Total Assets	79 461	80 661	(1 200)	(1,49%)
Intangibles	67 708	67 744	(36)	(0,05%)
Book value	1 749	1 931	(182)	(9,43%)
Equity	69 457	69 675	(218)	(0,31%)
Total Liabilities	10 004	10 986	(982)	(8,94%)
Interest bearing	5 868	6 629	(761)	(11,48%)
D/E	0,144	0,158	(0,01)	(8,65%)
ROA	(0,0028)	0,0010	(0,004)	n/a

ONTOTEXT USA

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	883	1 007	(124)	(12,31%)
EBITDA	(41)	26	(67)	n/a
Net Result	(42)	25	(67)	n/a
EBITDA margin	(4,64%)	2,58%	(7,23%)	n/a
Net Profit margin	(4,76%)	2,48%	(7,24%)	n/a
Sales per share	29	34	(4,13)	(12,31%)
EPS	(1,4000)	0,8333	(2,23)	n/a
ROE	14,0000	0,6944	13,31	1916,00%
Total Assets	1 845	2 400	(555)	(23,13%)
Book value	(3)	36	(39)	n/a
Equity	(3)	36	(39)	n/a
Total Liabilities	1 848	2 364	(516)	(21,83%)
D/E	n/a	65,67	n/a	n/a
ROA	n/a	0,0104	n/a	n/a



ENGVIEW SYSTEMS SOFIA

- **EngView Systems Sofia JSC is a daughter 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, with main activity - development of software products.

ENGVIEW SYSTEMS IN Q1 2022

CONDITIONS FOR BUSINESS DEVELOPMENT IN Q1 2022

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. After the launch of the subscription software policy in 2021, this year we are working on the implementation of a new basic version of the product, which will offer more functionality for its customers.

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. A contract was signed in January 2022 for year-round advertising of this product in Cutting Edge Magazine.

The definition of other online products based on CAD technology has started / The company hopes to find this product that is useful for the mass consumer by implementing online products aimed at different types of consumers in the packaging industry.

For mCaliper, a massive marketing campaign was conducted in 2021 - mainly in the markets of Europe and North America, in order to establish the brand and position the product as a quality management system aimed at small and medium customers. Unfortunately, sales are still minimal, but the company continues its marketing activities to find suitable customers.

REGIONAL AND INTERNATIONAL FACTORS INFLUENCING THE BUSINESS OF THE COMPANY

After the pandemic and the crisis because of it, in the first quarter of 2022 the market at all levels began to be affected by the energy crisis. Inflation, which is growing in the main markets in which the company operates, has an impact on financial parameters. After strong sales growth in 2021 and the introduction of the subscription sales principle, there was a slight decline for the first quarter of 2022, but the company hopes to overcome it and show growth again at the end of the year.

However, it is positive that the introduction of our products continues all over the world, modern, efficient and sought-after functionalities in all products are intensively developed, new subscribers are accumulated and new contracts with our main contractors are prepared.

Since last year, specialized sales campaigns have been conducted for different regions of the world and for different products in the EngView portfolio. An external specialized company is used, which conducts both targeted branding and sales activities.

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. In 2022, at the request of QVI, the team developing this product increased. Additional revenues are expected by the end of the year after his participation in specialized exhibitions and specialized marketing. The software controls a new type of QVI machine for measuring rotating parts and components.

BUSINESS DEVELOPMENT AND INVESTMENTS IN Q1 2022

In the first quarter of 2022, the company continues to develop its products and prepare for more online services and developments. Work on the online product for diameters, as well as new online products began in the first days of the new year, and preparations are underway for the next major version of the CAD product.

The company is gradually increasing its capacity and resources for innovation in the two areas in which it operates. In 2022, the company is again striving to increase its teams and hire new employees, key personnel retention activities are planned.

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

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	747	1 132	(385)	(34,01%)
EBITDA	95	579	(484)	(83,59%)
Depreciation	(198)	(189)	(9)	4,76%
Net Result	(111)	387	(498)	n/a
EBITDA margin	12,72%	51,15%	(38,43%)	(75,14%)
Net Profit margin	(14,86%)	34,19%	(49,05%)	n/a
Sales per share	10,8261	16,4058	(5,58)	(34,01%)
EPS	(1,6087)	5,6087	(7,22)	n/a
ROE	(0,0225)	0,0766	(0,10)	n/a
Total Assets	6 166	6 178	(12)	(0,19%)
Intangibles	3 197	3 216	(19)	(0,59%)
Book value	1 745	1 837	(92)	(5,01%)
Equity	4 942	5 053	(111)	(2,20%)
Total Liabilities	1 224	1 125	99	8,80%
Interest bearing	2	7	(5)	(71,43%)
D/E	0,0004	0,001	(0,001)	(70,79%)
ROA	(0,0180)	0,0626	(0,081)	n/a

SIRMA BUSINESS CONSULTING JSC

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

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 Business Consulting JSC (SirmaBC) is a subsidiary of 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.

CONDITIONS FOR BUSINESS DEVELOPMENT OF SIRMA BC IN Q1 2022

The financial and banking sectors in the world and Bulgaria began to shake off the restrictive measures during the pandemic. This conclusion within the SBC is required by the double number of inquiries and small orders, which were generated. Tensions are being felt and measures are being taken to introduce a number of restrictive measures caused by the military conflict between Russia and Ukraine. The unclear situation and the deepening of the conflict may again lead to the postponement of "major" IT projects until the end of 2022. On the other hand, rising inflation, which mainly comes from the prices of fuels and basic necessities, leads



to higher labor costs, which makes the pace of recovery from the pandemic pessimistic and delayed.

All players in the sector still have excess liquidity and a lack of sufficient funding and investment projects. 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 preconditions are a catalyst for potential growth and generation of projects and orders in the sector, but potential "real" war leads to restrictions on "long" and "significant" commitments.

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 robotics 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 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 all is already the military action and the trade war over energy prices, which blocked travel opportunities and easy communication with customers and completely stopped the possibilities of tension and preparation for inflation in the global economy. This 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 stable government management, global conflicts, inflation and the decline in the development of the economy in Bulgaria in the first quarter of 2022 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 out-of-focus workforce are invisible at the national level, but they significantly exhaust mostly nationally oriented players in which category SirmaBK 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 2022

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 Q1 2022

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

NEW CLIENTS, PROJECTS, PRODUCTS AND SERVICES IN Q1 2022

- Clients

All customers of the company show and declare that they are partially or severely affected by the pandemic, military activities and lack of energy resources, as well as delays or lack of financial measures to overcome them. In practice, there are very few new projects and revenues for the company.

- 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 pandemic

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

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	895	822	73	8,88%
EBITDA	(105)	145	(250)	n/a
Depreciation	(75)	(109)	34	(31,19%)
Net Result	(181)	52	(233)	n/a
EBITDA margin	(11,73%)	17,64%	(29,37%)	n/a
Net Profit margin	(20,22%)	6,33%	(26,55%)	n/a
Sales per share	0,3524	0,3236	0,03	8,88%
EPS	(0,0713)	0,0205	(0,09)	n/a
ROE	(0,0672)	0,0181	(0,09)	n/a
Total Assets	4 303	4 513	(210)	(4,65%)
Intangibles	597	628	(31)	(4,94%)
Book value	2 095	2 245	(150)	(6,68%)
Equity	2 692	2 873	(181)	(6,30%)
Total Liabilities	1 611	1 640	(29)	(1,77%)
Interest bearing	68	180	(112)	(62,22%)
D/E	0,0253	0,0627	(0,037)	(59,68%)
ROA	(0,0421)	0,0115	(0,05)	n/a

SIRMA GROUP INC./DBA PANATON

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

General Business Conditions in 2022

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. In Q1 2022 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

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	2 973	2 326	647	27,82%
EBITDA	1 440	1 293	147	11,37%
Depreciation	(2)	(2)	-	-
Net Result	1 434	1 288	146	11,34%
EBITDA margin	48,44%	55,59%	(7,15%)	(12,87%)
Net Profit margin	48,23%	55,37%	(7,14%)	(12,89%)
Sales per share	0,1378	0,1078	0,03	27,82%
EPS	0,0665	0,0597	0,01	11,34%
ROE	0,1795	0,1704	0,01	5,32%
Total Assets	10 241	9 768	473	4,84%
Intangibles	1 667	1 634	33	2,02%
Book value	6 322	5 923	399	6,74%
Equity	7 989	7 557	432	5,72%
Total Liabilities	2 252	2 211	41	1,85%
Interest bearing	177	19	158	831,58%
D/E	0,0222	0,0025	0,020	781,20%
ROA	0,1400	0,1319	0,008	6,19%

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

Conditions for Business Development in Q1 2022

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 Q1 2022 and Investment plan

In Q1 2022 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

There are new customers of the online calculator during the period.

FINANCIAL RESULTS

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	218	211	7	3,32%
EBITDA	16	27	(11)	(40,74%)
Depreciation	(19)	(21)	2	(9,52%)
Net Result	16	4	12	300%
EBITDA margin	7,34%	12,80%	(5,46%)	(42,64%)
Net Profit margin	7,34%	1,90%	5,44%	287,16%
Sales per share	0,7267	0,7033	0,02	3,32%
EPS	0,0533	0,0133	0,04	300%
ROE	0,0198	0,0049	0,01	302,47%
Total Assets	1 280	1 294	(14)	(1,08%)
Intangibles	951	963	(12)	(1,25%)
Book value	(142)	(149)	7	(4,70%)
Equity	809	814	(5)	(0,61%)
Total Liabilities	471	480	(9)	(1,88%)
Interest bearing	194	194	-	0,00%
D/E	0,2398	0,2383	0,00	0,62%
ROA	0,0125	0,0031	0,009	304,38%

- Projects

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

- New Contracts

Inclusion of Casco insurance product in 1 more insurance companies and separate integration under the Civil Code with another for Sirma Insurance Enterprise. Concluding a contract with a new insurance company. The company also signed new contracts with insurance brokers.

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 again to detain them.



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 Q1 2022

The situation with Covid - 19 is under control and the pandemic is no longer a significant factor. The adaptation of the business continues in the direction of diversification of revenues from additional IT activities.

The political and economic crisis is not having a significant impact on business at this stage, but we are prepared and in this regard we have taken steps towards diversification.

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

Unfortunately, a war broke out in Ukraine at the end of February, leading to global stagnation in industrial business, a slowdown in economic development and unplanned inflation growth of 12.4% by April.

For the past 2021, the NSI reported inflation of 7.8%, reaching 9.1% at consumer prices. For 2022 it is difficult to predict how far it will reach, but it is very likely to grow above 30-35%.

The plan for reconstruction and development with the European funds for 2022 is assumed. to start implementation at the end of the year, if the current government remains until then. There are likely to be new elections by the end of the year.

For the past 2021 after the construction industry, the IT sector continues to be in second place in terms of revenue growth in the country. We expect this trend to continue in 2022.

Despite the stagnation worldwide, Sirma CI will continue its development with a view to a positive balance and diversification in the sector and revenues.

For 2022, our focus remains on the trends defined by Gartner and internal analysis of market demand and our customers.

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

For 2022, Covid-19 changed the habits of business and end customers, leading to an emphasis on digitalization in the Retail industry.

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

New contracts during Q1 2022:

- The contracts we signed in the last quarter of 2021 are already being implemented. They are long-term and include maintenance and development.
- 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 the first quarter of 2022 we signed a new contract with a large company to which we provide IT expertise

Perspectives and forecasts for 2022

- We expect to attract several new clients, currently negotiating with them, as well as to develop our current partnerships with additional features, integrations and expert advice.

Positive business development is expected to continue in 2022, because Covid-19 continues to force large companies to digitize their processes, which preserves 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. The forced (Covid-19) digitalization of companies changed their habits and processes in their organizations, requiring constant development and support of their new activities. All this has a positive effect on both the sector and us as a company.

In 2022, we expect revenue growth to remain in the range of 20-35% compared to the previous year. The forecast for positive development in 2022. is based on long-term - current contracts that are in progress and development.

- eCommerce digitalization services: unification of sales, analysis, loyalty modules and implementation of marketing automation will continue to grow in 2022.

Increased interest in the development of additional sales channels (digital transformation), such as mobile applications, chatbots, real-time analysis, updates and migrations of sales platforms.



FINANCIAL RESULTS

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	425	113	312	276,11%
EBITDA	46	1	45	4 500%
Depreciation	46	1	45	4 500%
Net Result	10,82%	0,88%	9,94%	1 123,06%
EBITDA margin	10,82%	0,88%	9,94%	1 123,06%
Net Profit margin	1,4167	0,3767	1,04	276,11%
Sales per share	0,1533	0,0033	0,15	4 500%
EPS	0,7077	0,0526	0,66	1 244,62%
ROE	546	388	158	40,72%
Total Assets	30	30	-	-
Book value	35	(11)	46	(418,18%)
Equity	65	19	46	242,11%
Total Liabilities	481	369	112	30,35%
ROA	0,0842	0,0026	0,08	3 168,86%

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 20212

In 2022, the demand for remote patient monitoring services and the use of mobile applications across the healthcare sector is expected to increase sharply as a result of the new requirements created during the COVID-19 pandemic. Both physicians and patients are already openly accepting the use of mobile and software solutions as a reliable substitute for outdated physical practice practices.

In this rapidly changing environment, the two main products of Sirma Medical Systems are well positioned in the market and have the capacity for medium and long-term development through precise targeting of marketing efforts. The target markets in which the company will seek realization in 2022 have been defined. For Diabetes: M, the priority is the activities in the United Kingdom and Bulgaria, with an additional main focus Germany, with a favorable development of the application for DIGA. For Medrec: M, the implementation efforts in Bulgaria are a priority, with an additional focus on the United Kingdom.

Sirma Medical Systems continues to develop its products in its two main areas - for self-monitoring and remote monitoring of diabetes and telemedicine.

During this reporting period the first official meeting was organized on the board of the medical consultants of the company - Assoc. Prof. Dr. Radka Savova, Dr. Ivan-Asen Shishmanov and Dr. Tanya Andreeva. The planned activities for the upcoming year were specified at the meeting. Regular quarterly meetings are planned to discuss in detail the functionalities of the products, the feedback from patients with whom specialists work, as well as the need for

new functionalities to provide services to patients of the highest class and leading international health standards.

During the first quarter, various online activities were implemented in order to promote the products. The realization of live videos and webinars with the participation of popular medical specialists from various fields continues, as well as the publication of information articles in the blogs of the products, as well as partnerships with popular Bulgarian media for publishing materials.

Following the plan for automation of the company's marketing activities, the foundations were laid for a new system for e-mail communication with the existing over 200 000 users of Diabetes: M. The channels for application support were also optimized by centralizing all communication sources at one point. In January, a full SEO analysis of the company's websites was made and optimization of the available technological solutions was realized.

Business development in Q1 2022 and realization of investment intentions

In March, a contract was signed with Dr. Kalchev Medical Center for the use of Medrec: M - the platform for telemedicine and digital clinic for medical professionals, with the help of which medical professionals from Dr. Kalchev Medical Center to perform online examinations of their patients at home and abroad. The first examinations are expected to start on 1 May 2022.

Negotiations are under way to integrate the Diabetes: M platform with the large online pharmacy network in England.

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.

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.

It is expected that 3 more contracts will be signed with medical specialists in the field of pulmonology and allergology, which are completely new directions in the development of the product.

Sirma Medical Systems is expected to be ISO 27001 certified.

The application and approval procedure for the Diabetes: M platform is expected to be completed by the end of the year in the list of digital healthcare applications approved by the German government - DiGA.

The application and certification procedure for the Diabetes: M platform as one of the applications for digital healthcare in England - ORCHA is expected to be completed by the end of the year.

A clinical trial of the Diabetes: M platform on the medical effect and improvement of patients' quality of life through the application is expected by the end of the year.

FINANCIAL RESULTS

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues	56	50	6	12,00%
EBITDA	(10)	-	(10)	n/a
Depreciation	(14)	(14)	-	-
Net Result	32	(17)	49	n/a
EBITDA margin	(17,86%)	-	(17,86%)	n/a
Net Profit margin	57,14%	(34%)	91,14%	n/a
Sales per share	0,1867	0,1667	0,02	12,00%
EPS	0,1067	(0,0567)	0,16	n/a
ROE	0,5926	(0,1954)	0,79	n/a
Total Assets	1 437	1 408	29	2,06%
Intangibles	1 172	1 131	41	3,63%
Book value	(1 118)	(1 044)	(74)	7,09%
Equity	54	87	(33)	(37,93%)
Total Liabilities	1 383	1 321	62	4,69%
Interest bearing	250	250	-	n/a
D/E	4,63	2,87	2	61,11%
ROA	0,0223	(0,0121)	0,034	n/a



SCIANT

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

Sciانت 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 2022

Sciانت 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.

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

In 2022, Sciانت 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 in the number of staff by 8% in Q1 2022. The increase is within the planned 30% increase in staff for 2022.
- 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 2022 the company signed new contracts with TBI Info, ControlRooms AI, RobosizeMe s.r.o, DHL Global Forwarding Management GmbH.

Important events:

- Successfully continues the process of 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.

Solved and unresolved issues in the implementation of the business plan for 2022

The company exceeded the plan for 2022 by 10%. A major factor in business growth is the 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 by 30%. The company plans to increase revenues in 2022 by over 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

	31.3.2022	31.3.2021/ 31.12.2021	Change BGN '000	Change %
Revenues*	1 040	843	197	23,37%
EBITDA	427	280	147	52,50%
Depreciation	(149)	(137)	(12)	8,76%
Net Result	186	73	113	154,79%
EBITDA margin	41,06%	33,21%	7,84%	23,61%
Net Profit margin	17,88%	8,66%	9,23%	106,53%
Sales per share	0,0175	0,0142	0,00	23,37%
EPS	0,0031	0,0012	0,00	154,79%
ROE	0,0025	0,0010	0,00	154,16%
Total Assets	107 467	106 561	906	0,85%
Intangibles	9 584	9 664	(80)	(0,83%)
Book value	65 078	64 812	266	0,41%
Equity	74 662	74 476	186	0,25%
Total Liabilities	32 805	32 085	720	2,24%
Interest bearing	18 834	15 990	2 844	17,79%
D/E	0,2523	0,2147	0,04	17,49%
ROA	0,0017	0,0007	0,001	152,65%

* 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, Datium, Sirma CI, Sirma Group Inc. and Sciant

FINANCIAL RESULTS OF THE SEGMENT

	31.3.2022 BGN'000	31.3.2021 BGN'000
Revenue from:		
- external customers	11 649	6 928
Segment revenues	11 649	6 928
Changes in finished goods and work in progress	-	87
Cost of materials	(305)	(367)
Hired services expenses	(1 905)	(878)
Employee benefits expense	(6 202)	(3 632)
Depreciation and amortisation of non-financial assets	(1 553)	(1 487)
Other expenses	(166)	(61)
Segment operating profit	1 518	590

In Q1 2022 the revenues of the segment increased by 68,14%, and operating profit increased by 157,29% or BGN 928 thousand compared to Q1 2021.

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., Sirma Group Inc. and Sciant

FINANCIAL RESULTS OF THE SEGMENT

	31.3.2022 BGN'000	31.3.2021 BGN'000
Revenue from:		
- external customers	2 871	2 855
Segment revenues	2 871	2 855
Cost of materials	(17)	(8)
Hired services expenses	(681)	(1 210)
Employee benefits expense	(1 705)	(1 016)
Depreciation and amortisation of non-financial assets	(95)	(112)
Other expenses	(11)	(20)
Segment operating profit	362	489

In Q1 2022 the operating profit of the segment decreased by 25,97% or BGN 127 thousand compared to Q1 2021.



Segment SYSTEM INTEGRATION

COMPANIES OF SIRMA GROUP OPERATING IN THE SEGMENT ARE: SIRMA SOLUTIONS

FINANCIAL RESULTS OF THE SEGMENT

	31.3.2022 BGN'000	31.3.2021 BGN'000
Revenue from:		
- external customers	5 574	5 512
Segment revenues	5 574	5 512
Cost of materials	(4 975)	(4 344)
Hired services expenses	(103)	(481)
Employee benefits expense	(180)	(156)
Depreciation and amortisation of non-financial assets	(13)	(13)
Other expenses	(6)	-
Segment operating profit	297	518

In Q1 2022 operating profit of the segment decreased by 42,66% or BGN 221 thousand compared to Q1 2021.

8 MAIN MARKETS

Consolidated earnings of Sirma Group Holding 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	31.3.2022 BGN '000	31.3.2021 BGN '000	Change BGN '000	Change %
Australia	41	-	41	n/a
Asia	385	207	178	85,99%
Africa	-	10	(10)	(100%)
Europe	11 868	9 974	1 894	18,99%
United Kingdom	3 281	1 979	1 302	65,79%
South America	67	37	30	81,08%
North America	4 452	3 088	1 364	44,17%
Total	20 094	15 295	4 799	31,38%



9 CONSOLIDATED FINANCIAL RESULTS

CONSOLIDATED REVENUES

Consolidated revenues in Q1 2022 includes:

	31.03.2022	31.03.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Revenue from contracts with customers	19 601	14 850	4 751	31,99%
Revenue from financing	452	351	101	28,77%
Interest income	9	-	9	n/a
Gain on sale of non-current assets	-	10	(10)	(100%)
Income from sale of investments	-	7	(7)	(100%)
Other income	32	77	(45)	(58,44%)
Total	20 094	15 295	4 799	31,38%

Consolidated revenues in Q1 2022 increased by 31,38% or BGN 4 799 thousand compared to Q1 2021 .

Consolidated revenue by product line includes:

	31.03.2022	31.03.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Software services	9 999	5 339	4 660	87,28%
Sale of IT equipment	5 150	5 056	94	1,86%
Licenses	1 213	576	637	110,59%
Subscriptions	978	927	51	5,50%
Consulting services	520	67	453	676,12%
System integration	424	497	(73)	(14,69%)
Cloud services	318	326	(8)	(2,45%)
Others	999	2 062	(1 063)	(51,55%)
Total	19 601	14 850	4 751	31,99%

CONSOLIDATED EXPENSES

	31.03.2022	31.03.2021	Change
	BGN '000	BGN '000	(BGN '000,%)
Cost of materials	(720)	(376)	(344)
<i>Change in %</i>			91,49%
Hired services expenses	(2 694)	(2 610)	(84)
<i>Change in %</i>			3,22%
Employee benefits expense	(8 654)	(5 490)	(3 164)
<i>Change in %</i>			57,63%
Depreciation and amortisation of non-financial assets	(1 661)	(1 620)	(41)
<i>Change in %</i>			2,53%
Capitalized own expenses	572	735	(163)
<i>Change in %</i>			(22,18%)
Cost of goods sold and other current assets	(4 577)	(4 343)	(234)
<i>Change in %</i>			5,39%
Changes in finished goods and work in progress	-	87	(87)
<i>Change in %</i>			(100%)
Other expenses	(183)	(81)	(102)
<i>Change in %</i>			125,93%
Total expenses	(17 917)	(13 698)	(4 219)
<i>Change in %</i>			30,80%

In Q1 2022 consolidated operating expenses increased by BGN 4 219 thousand or by 30,80 % compared to Q1 2021.



CONSOLIDATED FINANCIAL INCOME / COSTS (NET)

	31.03.2022	31.03.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Financial costs	(178)	(94)	(84)	89,36%
Financial income	25	26	(1)	(3,85%)
Financial income / costs (net)	(153)	(68)	(85)	125%

Consolidated financial costs increased by BGN 84 thousand or by 89,36% in Q1 2022, mainly due to the increase in Interest expenses on foreign exchange operations. Consolidated financial income decreased by BGN 1 thousand or by 3,85%, mainly due to the decrease in Income from foreign exchange operations.

CONSOLIDATED ASSETS

Consolidated assets posted an decrease of BGN 2 476 thousand or 1,51% in Q1 2022. Traditionally, most of them are occupied by intangible assets, which is dictated by the activity of the Group and its ownership over a significant amount of software modules.

NON-CURRENT ASSETS

	31.3.2022	31.12.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Goodwill	31 104	31 104	-	-
Property, plant and equipment	10 983	11 080	(97)	(0,88%)
Intangible assets	89 363	86 724	2 639	3,04%
Long - term financial assets	841	841	-	-
Long - term receivables	426	426	-	-
Deferred tax assets	222	259	(37)	(14,29%)
Total non-current assets	132 939	130 434	2 505	1,92%

Non-current assets increased by BGN 2 505 thousand or by 1,92% in Q1 2022.

CURRENT ASSETS

	31.3.2022	31.12.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Inventory	1 270	2 808	(1 538)	(54,77%)
Trade and other financial receivables	18 121	17 161	960	5,59%
Prepayments and other assets	1 784	1 959	(175)	(8,93%)
Related party receivables	778	622	156	25,08%
Income tax receivables	351	103	248	240,78%
Loans given	59	59	-	-
Cash and cash equivalents	6 721	11 353	(4 632)	(40,80%)
Total current assets	29 084	34 065	(4 981)	(14,62%)

Current assets decreased by BGN 4 981 thousand or by 14,62 % in Q1 2022.



EQUITY

	31.3.2022	31.12.2021	Change
	BGN '000	BGN '000	(BGN '000,%)
Share Capital	59 361	59 361	-
Change			-
Purchased own shares	(1 471)	(1 304)	(167)
Change			12,81%
Reserves	6 828	6 821	7
Change			0,10%
Retained earnings	31 408	29 733	1 675
Change			5,63%
Equity attributable to the owners of the parent	96 126	94 661	1 465
Change			1,55%
Non-controlling interest	18 772	18 287	485
Change			2,65%
Total	114 898	112 898	2 000
Change			1,77%

Equity in Q1 2022 increased by BGN 2 000 thousand or by 1,77 %.

CONSOLIDATED LIABILITIES

Consolidated liabilities decreased by 4 476 BGN thousand or 8,67% in Q1 2021.

NON-CURRENT LIABILITIES

	31.3.2022	31.12.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Pension and other employee obligations	276	356	(80)	(22,47%)
Long-term borrowings	12 781	13 288	(507)	(3,82%)
Long-term lease liabilities	1 962	2 213	(251)	(11,34%)
Trade and other payables	-	45	(45)	(100%)
Deferred tax liabilities	423	-	423	n/a
Other non-current liabilities	326	-	326	n/a
Total non-current liabilities	15 768	15 902	(134)	(0,84%)

Non-current liabilities decreased by BGN 134 thousand or by 0,84 % in Q1 2022.



LONG-TERM AND SHORT-TERM BANK LOANS

Recipient of credit	In Bank	Type of loan	Currency	Total amount of credit (BGN)	Remaining obligation to 31.03.2022 (BGN)	Date of making the loan	Interest rate	The amount of monthly installment (BGN)	End date of the contract	Collateral
Loans in which the Issuer is a debtor										
Sirma Group Holding JSC	Eurobank Bulgaria	Overdraft	BGN	4 200 000	3 937 729	21.7.2016	Base + 0.7 points, but not less than 1.7% per year		31.12.2022	Pledge on shares – 1 373 548 of the share of Sirma Business Consulting AD, owned by Sirma Solutions, Pledge of Future and Current Cash Receivables and Stocks on the Open Account in Eurobank, Receivables Pledge of the Receivables under the Business Incubator Contract №BG161PO003-2.2.0012-C0001 / 02.02.2012; Contractual mortgage of a real estate located in Sofia, Mladost district, Tsarigradsko Shose Blvd 135, namely the 5th floor of the building
Sirma Group Holding JSC	United Bulgarian Bank	Investment	BGN	10 475 000	5 761 340	12.12.2019	RIR + 1.2%, but no less than 1.3% per year	174 580	20.12.2024	Pledge of receivables, pledge of commercial enterprises, pledge of real estate
Sirma Group Holding JSC	United Bulgarian Bank	Investment	EUR	2 933 745	2 835 593	12.11.2021	3M EURIBOR + 1.3%, but no less than 1.3% per year	24 448	11.12.2031	Pledge of receivables, pledge of real estate
Sirma Group Holding JSC	United Bulgarian Bank	Investment	EUR	6 391 652	6 125 660	12.11.2021	3M EURIBOR + 1.2%, but no less than 1.3% per year	66 498	11.12.2029	Pledge of receivables, pledge of commercial enterprises, pledge of real estate



Loans for which the Issuer is a guarantor

Sirma Solutions	United Bulgarian Bank	Overdraft	BGN	4 000 000	4 000 000	28.10.2020	RIR + 1.4%, but no less than 1.34% per year	20.09.2025	Pledge of receivables
Sirma Solutions	United Bulgarian Bank	Overdraft	BGN	4 025 000	973 692	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 AI	United Bulgarian Bank	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	Overdraft	EUR	5 867 490	5 867 490	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	Bank revolving credit	BGN	250 000	250 000	15.12.2020	ODI+1.3%, but no less than 1.3% annually	15.12.2023	Pledge of receivables



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

Lender	Recipient	United identification code	Relationships	Type	Currency	Liability as of 31.03.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Group Holding	Sirma Medical Systems	204054855	Subsidiary	Loan	BGN	858	31.01.2017 31.01.2021	1.30	31.12.2022	No pledges
Sirma Group Holding	Sirma AI	200421236	Subsidiary	Loan	BGN	5 464	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	1.3	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	129	23.01.2017, 31.01.2021	1.3	31.12.2022	No pledges
Sirma Group Holding	Pirina Technologies	175149906	Company under common control	Loan	BGN	295	10.01.2022	2	31.12.2022	No pledges
Sirma Group Holding	*Individual SS		Non related party	Loan	BGN	546	19.09.2017 20.10.2017	3	31.12.2023	No pledges
Sirma Solutions	Sirma ISG	201580558	Subsidiary	Loan	BGN	107	12.12.2016	5	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	Sirma Group Holding	200101236	Parent company	Loan	BGN	650	30.03.2022	1.3	30.03.2023	No pledges
Sirma Solutions	*Individual T.A.		Related party	Loan	BGN	39	10.12.2021	2.5	12.04.2023	No pledges
Sirma Solutions	*Individual S.S.		Non related party	Loan	BGN	150	27.06.2017 20.09.2017	3	31.12.2023	No pledges
Sirma Solutions	*Individual B.I.		Related party	Loan	BGN	15	13.05.2021	2.5	31.12.2022	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	0.1	31.12.2023	No pledges
Sirma AI	Ontotext	200356710	Subsidiary	Loan	BGN	7	04.01.2019	1.75	31.12.2022	No pledges
EngView Systems Sofia	Sirma Group Holding	200101236	Parent company	Loan	BGN	750	30.03.2022	1.3	30.03.2023	No pledges
Sciant	Re Solutions Sh.p.k.	Foreign company	Non related company	Loan	EUR	59	10.05.2021	3	15.12.2022	No pledges
Daticum	Sirma Group Holding	200101236	Company under common control	Deposit	BGN	514	04.01.2009	0.1	31.12.2022	No pledges
Worklogic Canada	Sirma Group Inc	Foreign company	Non related company	Loan	USD	82	31.07.2017	0.01	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 31.03.2022 (BGN '000)	Date of contract/ last annex	Interest rate %	Term of contract	Pledges
Sirma Medical Systems	Sirma Group Holding	200101236	Parent company	Loan	BGN	858	31.01.2017 31.01.2021	1.30	31.12.2022	No pledges
Sirma AI	Sirma Group Holding	200101236	Parent company	Loan	BGN	5 464	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	1.3	31.12.2022	No pledges
Sirma Group Holding	Sirma Solutions	040529004	Subsidiary	Loan	BGN	650	30.03.2022	1.3	30.03.2023	No pledges
Sirma Group Holding	EngView Systems Sofia	201277917	Subsidiary	Loan	BGN	750	30.03.2022	1.3	30.03.2023	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 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	7	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

	31.3.2022	31.12.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Provisions	22	22	-	-
Pension and other employee obligations	3 815	3 783	32	0,85%
Short-term borrowings	19 484	16 274	3 210	19,72%
Short-term lease liabilities	804	829	(25)	(3,02%)
Trade and other payables	3 478	5 124	(1 646)	(32,12%)
Short-term related party payables	3 177	4 303	(1 126)	(26,17%)
Contract liabilities	412	5 199	(4 787)	(92,08%)
Tax liabilities	161	165	(4)	(2,42%)
Financing (Grants)	4	-	4	n/a
Total current liabilities	31 357	35 699	(4 342)	(12,16%)

Current liabilities increased by BGN 4 432 thousand or 12,16% in Q1 2022.

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 and payments for staff and social security contributions.

SUMMARY OF CASH FLOW

	31.3.2022	31.3.2021	Change	Change
	BGN '000	BGN '000	BGN '000	%
Net cash flow from operating activities	979	1 577	(598)	(37,92%)
Net cash flow from investing activities	(5 716)	(646)	(5 070)	784,83%
Net cash flow from financing activities	103	(4 623)	4 726	n/a
Net change in cash and cash equivalents	(4 634)	(3 692)	(942)	25,51%
Cash and cash equivalents at the beginning of the year	11 353	12 539	(1 186)	(9,46%)
Exchange gains/(losses) on cash and cash equivalents	2	(21)	23	n/a
Cash and cash equivalents at the end of the year	6 721	8 826	(2 105)	(23,85%)



INDICATORS AND RATIOS

№	Indicators (in BGN '000)	31.3.2022	31.3.2021/ 31.12.2021	Change	Change
				(value)	%
1	Revenue from operating activities	20 094	15 295	4 799	31,38%
2	Cost of sales	(17 734)	(13 617)	(4 117)	30,23%
3	Gross profit / loss	2 360	1 678	682	40,64%
4	Other operating costs	(183)	(81)	(102)	125,93%
5	Operating profit / loss	2 177	1 597	580	36,32%
6	Financial income	25	26	(1)	(3,85%)
7	Financial costs	(178)	(94)	(84)	89,36%
8	Profit / loss before tax expense	2 024	1 529	495	32,37%
9	Tax costs	-	-	-	n/a
10	Net profit / loss	2 024	1 529	495	32,37%
11	Dividend	-	-	-	n/a
12	Cash and cash equivalents	6 721	11 353	(4 632)	(40,80%)
13	Inventories	1 270	2 808	(1 538)	(54,77%)
14	Short-term assets	29 084	34 065	(4 981)	(14,62%)
15	Total amount of assets	162 023	164 499	(2 476)	(1,51%)
16	Average arithmetic total asset value for 5 quarters	153 194	154 432	(1 238)	(0,80%)
17	Current liabilities	31 357	35 699	(4 342)	(12,16%)
18	Debt	35 031	32 604	2 427	7,44%
19	Liabilities (borrowed funds)	47 125	51 601	(4 476)	(8,67%)
20	Equity	114 898	112 898	2 000	1,77%
21	Equity averaged 5 quarters	112 498	111 498	1 000	0,90%
22	Turnover capital	(2 273)	(1 634)	(639)	39,11%
23	Number of shares at the end of the period (in thousands)	59 361	59 361	-	-
24	Gain / loss minority interest	349	324	25	7,72%
25	Interest expenses	(58)	(43)	(15)	34,88%
26	Weighted average price of last trading session	0,5275	0,5125	0,0150	2,93%
27	Last price per share of last trading session	0,53	0,51	0,0150	2,94%



Indicators	31.3.2022	31.3.2021/ 31.12.2021	Change (value)	Change %
EBITDA	3 743	3 192	551	17,26%
DEPRECIATION	(1 661)	(1 620)	(41)	2,53%
EBIT	2 082	1 572	510	32,44%
FIN/INVEST NET	(153)	(68)	(85)	125,00%
EBT	2 024	1 529	495	32,37%
ROA	0,0103	0,0073	0,0030	41,13%
ROA(BSE)	0,0109	0,0078	0,0031	40,13%
Debt/EBITDA Ratio	9,3591	10,2143	(0,8552)	(8,37%)
Quick Ratio	0,8870	0,8756	0,0114	1,31%
ROE	0,0180	0,0137	0,00428	31,20%
Debt/Equity Ratio (BSE)	0,4101	0,4571	(0,0469)	(10,26%)
Profitability ratios				
Gross profit margin	0,1174	0,1097	0,0077	7,05%
Operating profit margin	0,1083	0,1044	0,0039	3,76%
Net profit margin	0,1007	0,1000	0,0008	0,76%
Return on Assets	0,0132	0,0099	0,0033	33,44%
Return on Equity	0,0180	0,0137	0,0043	31,20%
Coefficients for assets and liquidity				
Assets turnover ratio	0,1313	0,0992	0,0321	32,38%
Assets turnover ratio (BSE)	0,1312	0,0990	0,0321	32,44%
Operating cycle	(8,8403)	(9,3605)	0,5202	(5,56%)
Current ratio	0,9275	0,9542	(0,0267)	(2,80%)
Quick ratio	0,8870	0,8756	0,0114	1,31%
Cash ratio	0,2143	0,3180	(0,1037)	(32,60%)
Odds per share				
P/S ratio	1,5583	1,9890	(0,4307)	(21,65%)
P/E ratio	15,4708	19,8970	(4,4262)	(22,25%)
Revenue per share	0,3385	0,2577	0,0808	31,38%
Earnings per share	0,0341	0,0258	0,0083	32,37%
Book value of equity per share	1,8951	1,8783	0,0168	0,90%
Development Ratios				
Revenue growth	0,3138	-0,0516	0,3654	(708,18%)
Gross profit growth	0,4064	0,8180	(0,4115)	(50,31%)
Assets growth	(0,0151)	0,3710	(0,3860)	n/a
Leverage Ratios				
Debt/total assets	0,2287	0,2111	0,0175	8,31%
Debt/capital	0,2375	0,2263	0,0112	4,95%
Debt/equity	0,3114	0,2924	0,0190	6,49%
Total assets/equity	1,3618	1,3851	(0,0233)	(1,68%)
Market value of the company	31 165	30 274	890	2,94%



RELATED COMPANIES TRANSACTIONS

The Group's related parties include its owners, associates and key management

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with subsidiaries and other related parties

	31.03.2022	31.03.2021
	BGN'000	BGN'000
Sales of:		
- goods	97	168
- services	3 414	2 740
Purchases of:		
- materials	50	27
- services	2 846	1 145
- others	1	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:

	31.03.2022	31.03.2021
	BGN'000	BGN'000
Short-term employee benefits:		
Salaries	138	135
Social security costs	3	3
Total remunerations	141	138



10 EMPLOYEES AND ECOLOGY

ECOLOGY

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

EMPLOYEES

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

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

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

Count of employees in the Group:

31.03.2022

Company	LC	CMC	Total
SIRMA SOLUTIONS	147	7	154
SCIANT	102	2	104
SIRMA AI	82	6	88
SIRMA BUSINESS CONSULTING	50	5	55
ENGVIEW SYSTEMS SOFIA	34	4	38
SIRMA GROUP HOLDING	20	6	26
SIRMA SHA, ALBANIA	14	3	17
SIRMA ICS	10	1	11
DATICUM	8	5	13
S&G, UK	10	1	11
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	485	49	534



31.03.2021

Company	LC	CMC	Total
SIRMA SOLUTIONS	133	7	140
SIRMA AI	74	6	80
SIRMA BUSINESS CONSULTING	55	5	60
ENGVIEW SYSTEMS SOFIA	33	4	37
SIRMA GROUP HOLDING	19	6	25
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 CI	2	1	3
SIRMA GROUP INC., USA	2	1	3
ONTOTEXT	-	1	1
Total	351	45	396

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.

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.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions.



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 March 2022, 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	31.03.2022	31.12.2021
	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	426
Trade and other receivables	18 121	17 161
Related party receivables	778	622
Loans given	59	59
Cash and cash equivalents	6 721	11 353
	26 105	29 621
	26 946	30 462

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.

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

31 March 2022	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	BGN'000	BGN'000	BGN'000
Borrowings	9 742	9 742	12 781
Finance lease obligations	402	402	1 962
Trade and other payables	3 478	-	-
Related party payables	722	-	-
Total	14 344	10 144	14 743

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

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

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 INCREASED NATURE OF THE COMPANY, HAVING A SIGNIFICANT EFFECT ON THEIR ACTIVITY AND THEIR INCOME AND EXPENDITURE; EVALUATION OF THEIR IMPACT ON RESULTS IN THE CURRENT PERIOD

There are no events and indicators with an unusual nature for the Group that have a significant impact on its operations and its realized revenues and expenses.



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

There are no deals out of the balance sheet of 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 FINANCIAL STATEMENT FOR THE
REPORTING PERIOD 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 GROUP WAS PREVENTED OR PROVIDED TO TAKE FOR THE
PURPOSE OF REMOVING THEM.**

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

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



12.6 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 FOR THE REPORTING PERIOD IN THE MAIN PRINCIPLES FOR THE MANAGEMENT OF THE GROUP.

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

12.8 INFORMATION ABOUT THE MAIN CHARACTERISTICS OF THE FINANCIAL REPORTING PROCESSING INTERNAL CONTROL SYSTEM 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 interim 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 Group.

12.9 INFORMATION ON CHANGES IN MANAGEMENT AND SUPERVISORY BODIES IN THE REPORTING PERIOD.

There were no changes during the current period.



**12.10 INFORMATION ABOUT THE KNOWN TO THE GROUP AGREEMENTS
(INCLUDING ALSO AFTER THE CLOSING OF THE PERIOD) 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 Group has not issued bonds.

**12.11 DETAILS OF THE DIRECTOR FOR RELATIONS WITH THE INVESTOR,
INCLUDING A TELEPHONE AND ADDRESS FOR CORRESPONDENCE.**

Stanislav Tanushev

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13 CHANGES IN THE PRICE OF THE SHARES OF THE COMPANY

HISTORICAL DATA AND FINANCIAL RATIOS

☐ Weighted-Average Price☒ Closing Price[1 month](#) [6 months](#) [1 year](#)

01.01.2022 « » 31.03.2022

Market Capitalisation: **31 164 272 BGN** as of 03/31/2022

Start Price	0.4520	BGN	-	01.01.2022
Last Price	0.5250	BGN	-	31.03.2022
Max Price	0.5400	BGN	-	21.03.2022
Min Price	0.4120	BGN	-	25.01.2022
Percent Change	-	%	+16.1504	
Value Change	-	BGN	+0.0730	

ROA	0.01	ROA cons	0.03
ROE	0.01	ROE cons	0.05
ROA/EBIT	0.01	ROA/EBIT cons	0.05
ROE/EBIT	0.02	ROE/EBIT cons	0.06
Asset turnover	0.05	Asset turnover cons	0.42
Current ratio	0.26	Current ratio cons	1.01
D/A	0.30	D/A cons	0.30



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14 EVENTS AFTER THE END OF THE REPORTING PERIOD

Purchase of shares from a subsidiary

On 01.04.2022 the subsidiary "Sirma Solutions" has acquired 105 000 more shares from the capital of "Sirma Group Holding" JSC through 3 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 53 550.

On 06.04.2022 the subsidiary "Sirma Solutions" has acquired 250 000 more shares from the capital of "Sirma Group Holding" JSC through 9 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 112 912.

On 09.05.2022 the subsidiary "Sirma Solutions" has acquired 150 000 more shares from the capital of "Sirma Group Holding" JSC through 2 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 75 614.

On 12.05.2022 the subsidiary "Sirma Solutions" has acquired 150 000 more shares from the capital of "Sirma Group Holding" JSC through 4 transactions, made on a regulated market (Bulgarian Stock Exchange - Sofia) for the amount of BGN 75 750.

Change of the legal form and increase of the capital of a subsidiary of „Sirma Group Holding“ JSC

On 16 May 2022, an increase in the capital of "Sirma AI" EAD with non-monetary contributions was entered in the Commercial Register, on the grounds of Art. 195 of the CA, by the issuance of new

4 938 720 ordinary shares and 1 172 315 Class A shares.

The capital is increased to BGN 61 110 350 under the condition that the shares are subscribed by certain persons and against the non-monetary contributions. Ordinary shares are subscribed at an issue value of BGN 10, and class A shares at an issue value of BGN 14,50.

The non-monetary contributors subscribe for shares in an amount corresponding to the value of nonmonetary contributions as follows:

1. "Sirma Solutions" AD, UIC 040529004 subscribes 2 813 759 ordinary registered shares and 654 414 Class A shares.
2. "Ontotext" AD, UIC 200356710 subscribes 2 124 961 ordinary registered shares.
3. "Sirma Group Holding" JSC, UIC 200101236 subscribes 376 855 Class A shares.

The Articles of Association of the Sirma AI JSC were amended accordingly. The new Articles of Association were also entered in the Commercial Register.

On 16 May 2022, a change in the legal form of Sirma AI from EAD (Sole Joint Stock Company) to AD (Joint Stock Company) was entered in the Commercial Register.

Information about a proposal for purchase of shares from a subsidiary of "Sirma Group Holding" JSC

On 16 May 2022, at a meeting of the Board of Directors of Sirma Group Holding JSC, an offer received from the investment company Integral Venture Partners, London was approved in principle. In its role as leading investor Integral Venture Partners offer to purchase a majority stake in the subsidiary "Sirma AI" AD, as follows:

- Subsidiary: "Sirma AI" AD;
- Valuation of the whole company "Sirma AI" AD: EUR 28 500 000;
- Potential buyer of shares: New Frontier Technology Invest SARL (Société à responsabilité limitée, address: 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Incorporator: EEP11 Portco A SARL (a Luxembourg domiciled entity, part of the Integral Venture Partners group of entities);
- Potential sellers of shares: "Sirma Group Holding" JSC, "Sirma Solutions" AD and "Ontotext" AD;



- Expected proceeds from the sale: The total sale price for the shares to be sold by "Sirma Group Holding" JSC, "Sirma Solutions" AD and "Ontotext" is expected to be EUR 19 535 004, and the share of "Sirma Group Holding" JSC would be EUR 6 600 714;
- Additional conditions: the buyer would undertake to increase the capital of "Sirma AI" AD with a cash contribution of EUR 10 750 000.
- Distribution of the shares after the capital increase: 76,2% of the company's capital would belong to New Frontier Technology Invest SARL, while "Sirma Solutions" AD will retain a share of 23,80% of the capital.

Further development of the proposed transaction is subject to approval by the financing banks and the General Meeting of Shareholders of "Sirma Group Holding" JSC.

Additional information about Integral Venture Partners SARL:

Integral Investment Company is based in London. Institutions such as the EBRD, EIB, IFC, etc. participate in the investment base managed by the company. The main focus of the investment policy of the funds, managed by Integral, are Central and Southeastern Europe. The industries where the company invests are TMT (technology, media, and telecom), B2B services, healthcare, consumer goods and services.

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.

Sofia
30.05.2022

CEO: 
Tsvetan Alexiev

