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Notes to the interim consolidated financial statements

1. Scope of business activity

The parent company “Sirma Group” AD principal activities planning, design, development, testing, implementation, integration, maintenance, updating, marketing, and sale of software products, mobile applications, websites, digital platforms, and information systems, including cloud-based, GIS/GPS systems, service management systems, and solutions based on artificial intelligence technologies; lifecycle, risk, security, and compliance management of artificial intelligence systems; data processing and analysis; auditing; monitoring and protection of artificial intelligence models, data, and infrastructure; provision of comprehensive IT solutions, including the sale, distribution, installation, and maintenance of hardware and software licenses; management of software and IT projects, business analysis, quality assurance, and customer service; consulting services, training, and related services in the field of information and communication technologies; acquisition, management, valuation, and sale of equity interests in Bulgarian and foreign companies; acquisition, valuation, and sale of patents and other intellectual property rights; organization of accounting and preparation of financial statements in accordance with the Accounting Act, as well as any other commercial activity not prohibited by law.

The company is registered as joint-stock company in 25.04.2008. It is registered in Bulgarian trade register under UIC 200101236.

The parent company's registered office, which is also its principal place of business, is Bulgaria, Sofia (capital), Sofia municipality, Sofia city, 1784, Mladost area, bul. Tsarigradsko Shosse, No 135.

The shares of the parent company are listed on the Bulgarian Stock Exchange.

The share capital of the company as of 30.06.2026, as well as at the date of preparation of this financial report amounts to EUR 30 273 864, divided into 59 360 518 dematerialized shares with nominal value of EUR 0,51.

The parent company's capital is fully paid.

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

- Software representing 29 (twenty nine) software modules. Amount: EUR 31 473 000
- 81 960 ordinary registered shares of „Sirma Group“ AD registered in the Commercial Register under UIC 040529004. Amount: EUR 6 000 000
- Real Estate - Floor 3 of an office building "IT - Center Office Express" in Sofia, bul. "Tsarigradsko Shosse" N 135 with an area of 796,50 square meters, pursuant to Deed of buying and selling real estate N 126, Volume I, reg. N 4551, case N 116 from 23.04.2003 and 5 floor of an office building "IT - center office Express" in Sofiabul. "Tsarigradsko Shosse" N 135 with area of 281.81 square meters, according to Deed of sale of real estate N 86, Volume 4, Reg. N 10237, Case N 592 of 23.12.2004. Amount: EUR 2 000 000

1.1. Distribution of share capital

As of 30.06.2026 the distribution of the share capital of “Sirma Group” AD is as follows:

	30.06.2026	31.03.2026
Share capital	30 274	30 274
Number of shares (par value of EUR 0.51)	59 360 518	59 360 518
Total number of registered shareholders	1 684	1 679
Legal entities	47	43
Individuals	1 637	1 636
Number of shares held by legal entities	6 373 077	6 208 786
% Of participation of entities	10,74%	10,46%
Number of shares held by individuals	52 987 441	53 151 732
% Participation of individuals	89,26%	89,54%

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

Shareholders	Number of shares at 30.06.2026	Number of shares at 31.03.2026	Nominal VALUE (EUR)	Value (EUR)	% Share-holding	% of voting rights*
Georgi Parvanov Marinov	5 463 898	5 461 898	0,51	2 786 588	9,20%	9,50%
Tsvetan Borisov Alexiev	5 025 153	5 025 153	0,51	2 562 828	8,47%	8,74%
Chavdar Velizarov Dimitrov	4 818 586	4 817 386	0,51	2 457 479	8,12%	8,38%
Veselin Antchev Kirov	4 767 386	4 767 386	0,51	2 431 367	8,03%	8,29%
Ognyan Plamenov Chernokozhev	3 741 620	3 741 620	0,51	1 908 226	6,30%	6,50%
Krasimir Nevelinov Bozhkov	2 534 161	2 534 161	0,51	1 292 422	4,27%	4,41%
Rosen Ivanov Marinov	2 307 900	2 307 900	0,51	1 177 029	3,89%	4,01%
Vladimir Ivanov Alexiev	2 177 583	2 177 583	0,51	1 110 567	3,67%	3,79%
Rosen Vasilev Varbanov	2 156 687	2 156 687	0,51	1 099 910	3,63%	3,75%
Emiliana Ilieva Ilieva	2 000 709	2 000 709	0,51	1 020 362	3,37%	3,48%
Repurchased own shares	1 834 304	1 765 827	0,51	935 495	3,09%	0,00%
Deyan Nikolov Nenov	1 764 748	1 804 748	0,51	900 021	2,97%	3,07%
Others	20 767 783	20 799 460	0,51	10 591 569	34,99%	36,10%
Total	59 360 518	59 360 518		30 273 863	100%	100%

*Percentage of voting rights represents participation in the capital of the company net of the purchased own shares.

1.2. Management authorities

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

The Board of Directors as of 30.06.2026 includes the following members:

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

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

The current mandate of the Board of Directors: 18.06.2028

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

The following Committees are established within the Board of Directors:

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

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

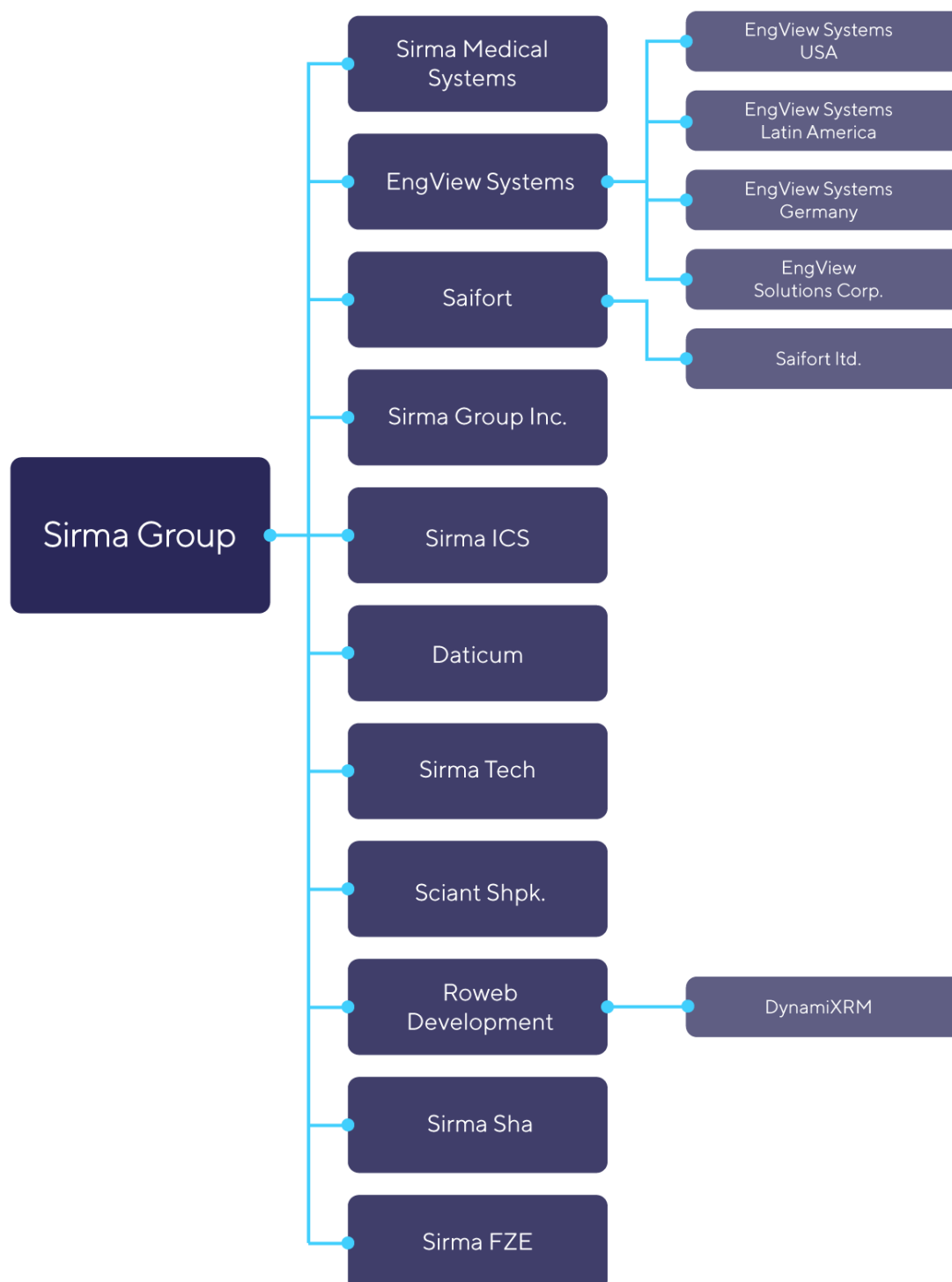
Shareholders	Number of shares at 30.06.2026	Number of shares at 31.03.2026	Nominal value (EUR)	Value (EUR)	% Shareholding	% of voting rights
Georgi Parvanov Marinov	5 463 898	5 461 898	0,51	2 786 588	9,20%	9,50%
Tsvetan Borisov Alexiev	5 025 153	5 025 153	0,51	2 562 828	8,47%	8,74%
Chavdar Velizarov Dimitrov	4 818 586	4 817 386	0,51	2 457 479	8,12%	8,38%
Veselin Anchev Kirov	4 767 386	4 767 386	0,51	2 431 367	8,03%	8,29%
Atanas Kostadinov Kiryakov	1 567 256	1 555 287	0,51	799 301	2,64%	2,72%
Yavor Ludmilov Djonev	1 048 572	1 048 572	0,51	534 772	1,77%	1,82%
Martin Veselinov Paev	126 920	126 920	0,51	64 729	0,21%	0,22%
Yordan Stoyanov Nedev	10 933	3 433	0,51	5 576	0,02%	0,02%
Peyo Vasilev Popov	100	100	0,51	51	0,0002%	0,0002%
Total	22 828 804	22 806 135		11 642 691	38,46%	39,68%

During the period, the following transactions with shares of the Company and the members of the Board of Directors were carried out:

- Atanas Kostadinov Kiryakov acquired 11 969 shares,
- Yordan Stoyanov Nedev acquired 7 500 shares,
- Georgi Parvanov Marinov acquired 2 000 shares,
- Chavdar Velizarov Dimitrov acquired 1 200 shares;

Organizational structure of Sirma Group

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



The number of employees as at 30 June 2026 is 656 under labour contracts.

Information about the names, country of incorporation and percent of the shares and voting power of the subsidiaries, included in the consolidation, is provided in note 5.1.

2. Basis for the preparation of the interim consolidated financial statements

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union (IFRS, as adopted by the EU). The term “IFRS, as adopted by the EU” has the meaning of paragraph 1, subparagraph 8 of the Additional provisions of Bulgarian Accountancy Act, which is International Accounting Standards (IAS) adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council.

According to the Law for the Introduction of the Euro in the Republic of Bulgaria (ZVERB), as of 1 January 2026, the official currency and legal payment currency in the Republic of Bulgaria is euro. The fixed exchange rate is 1.95583 BGN for 1 euro.

In this regard, from the beginning of 2026, the functional currency and the presentation currency of the Group's financial statements is the euro (EUR). These interim consolidated financial statements are prepared in thousands of euros, unless otherwise stated. Earnings per share are presented in euros.

The data in the elements of the consolidated financial statements and the notes thereto are presented in thousands of euros, unless otherwise stated.

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

The interim consolidated financial statements have been prepared in accordance with the going concern principle and taking into account the effects of the current macroeconomic situation and possible impacts in the short term.

The management has performed an analysis and assessment of the ability of the group to continue its activities as an operating enterprise based on the available information for the foreseeable future.

At the date of preparation of these interim consolidated financial statements, management has made an assessment of the Group's ability to continue as a going concern based on available information for the foreseeable future.

After making enquiries, the management/ Board of directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim report and accounts.

3. Changes in accounting policies

3.1. New standards, amendments and interpretations to existing standards that are effective for annual periods beginning on or after 1 January 2026

The Group has adopted the following new standards, amendments and interpretations to IFRS issued by the International Accounting Standards Board and endorsed by EU, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 January 2026 but do not have a significant impact on the Company's financial results or position:

- Annual Improvements Volume 11, effective from 1 January 2026, adopted by the EU
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), effective from 1 January 2026, adopted by the EU
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity, effective from 1 January 2026, adopted by the EU

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

As of the date of approval of these financial statements, new standards, amendments and interpretations to existing standards have been published, but have not entered into force or have not been adopted by the EU for the financial year beginning on 1 January 2026 and have not been applied from an earlier date by the company. Management expects all standards and amendments to be adopted in the company's accounting policy in the first period beginning after the date of their entry into force.

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

- IFRS 18 Presentation and Disclosure in Financial Statements effective from 1 January 2027, adopted by the EU ;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU;
- Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures, effective from 1 January 2027, not yet adopted by the EU;
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective from 1 January 2027, not yet adopted by the EU.

4. Summary of accounting policies

4.1. Overall considerations

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

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

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

4.2. Presentation of consolidated financial statements

The interim consolidated financial statements are presented in accordance with IAS 1 “Presentation of Financial Statements”. The Group has elected to present the interim consolidated statement of profit or loss and other comprehensive income in one statement.

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

4.3. Basis of consolidation

The Group's interim financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2026. Subsidiaries are firms under the control of the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit and loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

When the Group ceases to have control of a subsidiary, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value of any investment retained in the former subsidiary at the date of loss of control is considered to be the fair value on initial recognition of a financial asset in accordance with IFRS 9 “Financial Instruments” or, where appropriate, the cost of initial recognition of an investment in an associate or jointly controlled entity. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related

assets or liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs).

The profit or loss on disposal is calculated as the difference between i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and ii) the previous carrying amount of the assets including goodwill and liabilities of the subsidiary and any non-controlling interest.

4.4. Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree that is present ownership interests and entitles their holders to a proportionate share of the entity's net assets in the event of liquidation either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of any identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have been previously recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if the interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period which cannot exceed one year from the acquisition date or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Any contingent consideration to be transferred by the acquirer is measured at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognized in accordance with IFRS 9 “Financial Instruments” either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

4.5. Transactions with non-controlling interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are treated as transactions with equity owners of the Group. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-

controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

4.6. Investments in joint ventures

A joint venture is a contractual arrangement whereby the Company and other independent parties engage in a business activity that is subject to joint control and the parties having joint control of the entity have rights to the net assets of the entity.

Investments in joint ventures are accounted for using the equity method.

As of 30 June 2026, the Group has a 40% participation in Consortium “Smart-Sirma” and a 50% participation in Consortium “OSI-S”. Management has analyzed its participation and classified it as a “joint operation” in accordance with IFRS 11 “Joint Arrangements”.

4.7. Foreign currency translations

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

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into EUR at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative currency differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into euro at the closing rate.

4.8. Segment reporting

Management determines the operating segments based on the main products and services provided by the Group.

The operating segments in the group are the following: System Integration, Hospitality, IT services, Financial industry, Manufacturing and Strategic development.

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

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

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

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

Segment “Manufacturing” develops products based on its own innovative variational and parametric CAD/CAM technology, designed for automation and optimization of production processes, mainly related to packaging from various sheet materials. In the segment, the Group develops products

designed for quality control in serial production in various industries, mainly related to mechanical engineering, mechanics, production of aluminum and plastic parts, etc. In this area, the company develops both completely proprietary market solutions and technological solutions designed for specific measuring machines.

Segment “Strategic development” includes various primarily cost units that that can’t be directly related to any of the other segments, but are important to the operations of all of them.

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

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

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

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

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

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

4.9. Revenue

The basic revenue generated by the Group is related to sale of products and services, interest revenue, revenue from participations, revenue from financing and other revenue.

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

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

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

Assessment

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

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

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

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

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

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

4.9.1. Revenue recognized over time

Rendering of services

The services provided by the Group include the following services: software services, support and subscription for software applications and licensing services.

Revenue from software services is recognized when control over the benefits of the services has been transferred to the user of the services. Revenue is recognized over time based on the fulfilment of the individual performance obligations.

In recognizing revenue from the service provided, the Group applies a method that takes into account the resources invested.

For stand-alone sales of hardware and/or software that are neither customized by the Group nor subject to significant integration services, control is transferred at the time the customer accepts delivery of the goods. When such products are customized or sold together with significant integration services, the goods and services constitute a single combined performance obligation for which control is considered to be transferred over time. This is because the combined product is unique to each customer (there is no alternative use) and the Group has an enforceable right to payment for work performed to date. Revenue from these performance obligations is recognized over time as the customization or integration is performed, using the percentage of completion method to measure progress. Because costs are generally incurred evenly over time and are considered to be proportional to the Company's results, the percentage of completion method most accurately reflects the transfer of goods and services to the customer.

For sales of software that is neither customized by the Group nor subject to significant integration services, the license term begins at the time of delivery. For sales of software that is associated with significant customization or integration services, the license term begins at the start of the related services.

Support Services (After-Sales Services)

The Group enters into fixed-price support contracts with its customers for a period of one to three years. Customers pay for the service in monthly instalments according to the relevant terms specified in each contract.

Consulting and IT Services

The Group provides consulting services related to the design of IT software applications. Revenue from these services is recognized on a time and materials basis when the services are rendered. Invoices are made to customers monthly based on the progress of the work. Any amounts that remain unadjusted at the end of the reporting period are presented in the statement of financial position as receivables, as only the passage of time is required before payment of these amounts is due.

Software application development

The Group enters into contracts for the design, development and installation of software applications for a fixed fee and recognizes the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are reported as a single performance obligation. When a contract also includes promises to perform post-sale services, the total transaction price is allocated to each of the separate performance obligations that can be identified under the contract based on their relative stand-alone selling price.

To represent the Company's progress in transferring control of the systems to the customer and to determine when and to what extent revenue can be recognized, the Group measures its progress toward complete satisfaction of the performance obligation by comparing the actual hours spent to date with the total expected/planned hours required to design, develop and install each system. The labor-hours method most faithfully represents the transfer of goods and services to each customer due to the Company's ability/available resources to make reliable estimates of the total number of hours required for performance, based on its significant historical experience in building similar systems.

Hosting services

The Group's hosting services are related to the maintenance of a software system for managing lotteries, cloud services, as well as related accompanying services, including and technical support. Hosting services are provided by a data and colocation center located in the city of Sofia, which The Group enters into hosting service contracts with its customers to perform regularly scheduled services at a fixed monthly price. Revenue is recognized over time in accordance with the pattern and method of transferring benefits to the customer. Revenue is recognized on a straight-line basis over the term of each contract. Because the amount of work required to perform these contracts does not vary significantly from month to month, the straight-line method accurately reflects the transfer of goods or services.

Measurement

Revenue is measured based on the transaction price determined for each contract. In determining the transaction price, the Group considers the terms of the contract and its usual business practices.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added tax). The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

When (or as) a performance obligation is satisfied, the Group recognizes as revenue the amount of the transaction price (which excludes estimates of variable consideration containing restrictions) that is attributable to that performance obligation.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price should be allocated.

When determining the transaction price, the impact of variable remuneration, the presence of significant financing components, non-monetary remuneration and remuneration due to the client (if any) is taken into account.

4.9.2.Revenue recognized at a point of time

Sale of goods

The sale of goods includes the sale of goods in the field of computer equipment, office equipment and software. Revenue is recognized when the Company has transferred control of the goods to the buyer. Control is considered to be transferred to the buyer when the customer has accepted the goods without objection.

Revenue from the sale of goods in the field of computer equipment, office equipment and software, which are not bound by a contract for future service support, is recognized at the time of delivery. When the goods require adaptation to the customer's needs, modification or implementation, the Company applies a method for measuring the invested resources.

4.9.3.Property rental income

Rental income from operating leases is recognized as income using the straight-line method over the term of the lease, except in cases where the Group's management considers that another system basis more accurately reflects the time model, the use of which reduces the benefit derived from the leased asset.

4.9.4.Interest and dividend revenue

Interest revenue is related to rendering of deposits and loans. It is reported on an ongoing basis using the effective interest method.

Dividend revenue is recognized at the time the right to receive payment occurs.

4.9.5.Revenue from financing

Initially financing is recognized as deferred income when there is significant certainty as to whether the Group will receive financing and will fulfil any associated requirements. Financing received to cover current expenditure is recognized in the period when the respective expenses were incurred. Financing received to cover capital expenditure for non-current assets is recognized in line with the depreciation charges accrued for the period.

Grants provided by the state (funding, government grants) represent assistance received from the government, government agencies and other similar authorities in the form of transfers of resources to the Group in exchange for future compliance with certain conditions regarding its operational activities. Grants provided by the state can be related to assets and related to revenues.

Grants awarded by the government are recognized on reasonable assurance that the Group will meet the conditions attached to them and that the assistance will be received.

The Group has met the conditions and requirements for the payment of compensation under these measures to maintain employment. Revenue from government assistance is recognized in the consolidated statement of profit or loss and of comprehensive income under “Other income”.

4.9.6.Contract liabilities

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

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

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

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

4.10. Operating expenses

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

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

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

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

Warranty costs are recognized and deducted from the related provisions when the related income is recognized.

4.11. Interest expenses and borrowing costs

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

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

4.12. Income taxes

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

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

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

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

Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

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

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

4.13. Goodwill

Business combinations that occur between entities under common control are outside the scope of IFRS 3 Business Combinations. However, in the absence of other explicit requirements, the Company has elected to apply the purchase method of accounting in accordance with IFRS 3 to all of its business combinations. All identifiable assets acquired and liabilities acquired are recognized at fair value. The consideration transferred (if any in a business combination under common control) is measured at fair value. The consideration transferred includes the fair value of assets or liabilities arising from contingent consideration. Acquisition costs are recognized in profit or loss in the period in which they are incurred.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair value of any identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized.

See note 7 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Refer to note 4.17 for a description of impairment testing procedures.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.14. Intangible assets

Intangible assets include development products resulting from R&D, software products, software module rights, acquisition costs of intangible assets and others. They are accounted for using the cost model. The cost comprises of its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use, whereby capitalized costs are amortized on a straight line basis over their estimated useful lives, as these assets are considered finite. If an intangible asset is acquired in a business combination, the cost of that intangible asset is based on its fair value at the date of acquisition.

After initial recognition, all finite-lived intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the consolidated statement of profit or loss/statement as profit or loss and other comprehensive income for the respective period.

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

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

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

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

Amortization has been included within the consolidated report for profit and loss and other income in the line “Amortization of non-financial assets” .

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

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

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

Development costs for non-material assets not meeting these criteria for capitalization are recognized as expenses when incurred.

Directly attributable costs to the development phase include wage and social security costs, external service costs and depreciation costs. Internally generated intangible assets are subject to the same subsequent measurement method as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only as described below in note 4.17.

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

The recognition threshold adopted by the Group for other intangible assets amounts to EUR 358.

4.15. Property, plant and equipment

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

After initial recognition, the property, plant and equipment is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Impairment losses are charged against revaluation reserve if no expenses have been incurred before that. Impairment losses are recognized in the consolidated statement of profit or loss/statement of profit or loss and other comprehensive income for the respective period.

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

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued. Property, plant and equipment acquired under finance lease agreement, are depreciated based on their expected useful life, determined by reference to comparable assets or based on the period of the lease contract, if shorter.

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

• Buildings	50 years
• Machines	3-8 years
• Vehicles	4 years
• Fixtures & Fittings	7.5 years
• IT equipment	2-5 years
• Others	7.5 years

Depreciation has been included in the consolidated statement of profit or loss statement and other comprehensive income within “Amortization of non-financial assets”.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the consolidated statement of profit or loss and other comprehensive income within “Profit/(Loss) on sale of non-current assets”.

The recognition threshold adopted by the Group for property, plant and equipment amounts to EUR 358.

4.16. Leases

The Group as a lessee

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group,

an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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

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

To determine the incremental borrowing rate, the Company uses the applicable interest rate from the last financing from third parties, adjusted in order to reflect the changes in the financing conditions that occurred after the last financing.

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

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

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has chosen to account for short-term leases and leases of low-value assets using the practical expedients provided by the Standard. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables / as a separate line item.

Extension and termination options are included in several property and equipment leases at the Group. They are used to increase operational flexibility regarding the management of assets used in the operations of the Group. Most owned extension and termination options are exercised only by the Group and not by the respective lessor.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period.

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

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

4.17. Impairment testing of goodwill, intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.18. Financial instruments

4.18.1. Recognition and derecognition

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

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

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

4.18.2. Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

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

4.18.3. Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

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

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

- **Trade receivables and loans granted**

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

Financial assets at fair value through profit or loss

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

This category also contains investment in equity instruments. The Company accounts for this investment at fair value through profit or loss and has not made an irrevocable election to account for investments in subsidiaries at fair value through other comprehensive income.

Changes in the fair value of assets in this category are reflected in profit and loss. The fair value of financial assets in this category is determined by quoted prices in an active market or by using valuation techniques in the absence of an active market.

4.18.4. Impairment of financial assets

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

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

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

Trade and other receivables, contract assets and finance lease receivables

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

The Group allows 50% for amounts that are 1 to 2 years past due and writes off fully any amounts that are more than 2 years past due.

4.18.5. Classification and measurement of financial liabilities

The Group’s financial liabilities include borrowings, lease liabilities, trade and other payables and derivative financial instruments.

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

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

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

4.19. Inventory

Inventory includes raw materials, work in progress and goods. Cost of inventories includes all expenses directly attributable to the purchase or manufacturing process, recycling and other direct expenses connected to their delivery as well as suitable portions of related production overheads, based on normal operating capacity. Financing costs are not included in the cost of the inventories. At the end of every accounting period, inventories are carried at the lower of cost and net realizable value. The amount of impairment of inventories to their net realizable value is recognized as an expense for the period of impairment.

Net realizable value is the estimated selling price of the inventories less any applicable selling expenses. In case inventories have already been impaired to their net realizable value and in the following period the impairment conditions are no longer present, than the new net realizable value is adopted. The reversal amount can only be up to the carrying amount of the inventories prior to their impairment. The reversal of the impairment is accounted for as decrease in inventory expenses for the period in which the reversal takes place.

The Group determines the cost of inventories by using the weighted average cost.

When inventories are sold, the carrying amount of those inventories is expensed in the period in which the related revenue is recognized.

4.20. Cash

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

4.21. Equity and reserves

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

The repurchased own shares of the Group represent the value of the repurchased shares of Sirma Group AD from the company itself. The Group has adopted the value of repurchased shares to be presented on a separate line in the consolidated statement of financial position.

Reserves include:

- Premium reserves, formed as a difference between issue and nominal value in the issue of shares, received during the initial issuance of share capital. All transaction costs related to the issuance of shares are deducted from paid-up capital, net of tax benefits.
- Legal reserves, that are deducted from accumulated profits in accordance with the current commercial legislation,
- Revaluation reserve under defined benefit plans
- Foreign activities revaluation reserve and
- Reserve for remuneration in the form of shares and/or share options, which are formed in accordance with the Company's Remuneration Policy. These amounts arise after a decision is made by the General Meeting to grant members of the management and supervisory bodies remuneration in the form of shares of the company, share options or other rights to acquire shares or remuneration based on changes in the price of the company's shares. During the period from the date of making the decision to the date of effective transfer of ownership of the shares, the amounts are reported as an element of equity, in Other reserves. When public companies grant variable remuneration in the form of shares, the transfer of the shares to the ownership of the members of the management and supervisory body is carried out at the earliest three years after the date of making the decision to

grant them. Share options and all other rights to acquire shares or to receive remuneration based on changes in share prices cannot be exercised for at least three years after their grant.

Retained earnings include all current and prior period retained profits and uncovered losses.

Dividend payables to shareholders are included in "Related party payables" when the dividends have been approved at the general meeting of shareholders prior to the reporting date.

All transactions with owners of the parent company are recorded separately in the consolidated report within equity.

4.22. Post-employment benefits and short-term employee benefits

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

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

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

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

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

4.23. Share-based employee remuneration

"Sirma Group" AD may pay the members of the Board of Directors of the company both fixed (fixed) and variable remuneration in the form of premiums, bonuses, retirement benefits, and other material incentives, which are given based on criteria for assessing the performance of the activity. Variable remuneration can be short-term and long-term. Short-term remuneration is paid in cash, and long-term - in the form of shares of the company's capital. I.e. The Company applies share-based payment plans as personnel remuneration.

The transfer of shares and the right to exercise stock options or other rights to acquire shares or to receive remuneration depending on changes in share prices must depend on previously determined and measurable criteria for achieved results.

When public companies grant variable remuneration in the form of shares, the transfer of shares to the ownership of the members of the management and supervisory bodies shall take place at the earliest three years after the date of the decision to grant them. Share options and all other rights to acquire shares or to receive remuneration based on changes in share prices may not be exercised for at least three years after their grant.

When employees receive remuneration in the form of share-based payment, the fair values of their services are determined indirectly by the fair value of the financial instrument granted to them. This fair value is estimated at the date of granting the financial instrument and does not take into account the influence of non-market conditions for acquiring the rights thereunder (e.g. targets such as reaching a certain level of profitability and sales growth).

All accruals for share-based remuneration are recognised as an expense in profit or loss and as an increase in the reserve for share-based payments.

If a vesting period is specified or other conditions are to be satisfied, the expense is allocated over that period based on the best estimate of the number of share options expected to vest. Non-market conditions are included in the assumptions for the number of options expected to be exercised. The estimates are subsequently reviewed for any indication that the number of share options expected to vest differs from the estimates made. Any adjustments before the expiry of the vesting period or the

fulfilment of other conditions under the agreement are recognised in the current period. No adjustments are made to expenses recognised in prior periods if the share options subsequently exercised differ from the estimate made at the expiry of the vesting period.

4.24. Provisions, contingent liabilities and contingent assets

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

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

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

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

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination (see note 4.4). In a business combination contingent liabilities are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

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

4.25. Significant management judgement in applying accounting policies

When preparing the consolidated financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

In the preparation of the presented consolidated financial statements the significant judgments of the management in applying the accounting policies of the Group and the main sources of uncertainty of the accounting estimates do not differ from those disclosed in the annual financial statements of the Group as at 31 December 2025.

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

Significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements are described below.

4.25.1. Internally generated intangible assets and research and development costs

Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognized as an asset when all the criteria are met, whereas research costs are expensed as incurred.

To distinguish any research-type project phase from the development phase, it is the Group's accounting policy to also require a detailed forecast of sales or cost savings expected to be generated

by the intangible asset. The forecast is incorporated into the Group's overall budget forecast as the capitalization of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data.

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

4.25.2. Impairment of non-financial assets and goodwill

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 4.17). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

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

4.25.3. Useful lives of depreciable assets

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

At 30 June 2026 management assesses that the useful lives represent the expected utility of the assets to the Group. The carrying amounts are analyzed in note 8 and 9. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

4.25.4. Inventory

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to technology changes which may cause selling prices to change rapidly.

4.25.5. Measurement of expected credit loss

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

5. Basis of consolidation

5.1. Investments in subsidiaries

The subsidiaries included in the consolidation are as follows:

Name of the subsidiary	Country of incorporation and principal place of business	Main activities	Segment	31.03.2026 share	31.12.2025 share
Saifort EAD	Bulgaria	Software services	System Integration	100%	100%
Saifort Ltd.	Israel	Software services	System Integration	70%	70%
Roweb Development	Romania	Software services	IT Services	51%	51%
DynamiXRM	Romania	Software services	IT Services	51%	51%
Sirma Group Inc.	USA	Software services	IT Services, Strategic development	100%	100%
Sirma Sha	Albania	Software services	IT Services	55%	55%
Sirma Tech	UK	Software services	Financial Industry	100%	100%
Daticum AD	Bulgaria	Software services	System Integration	59%	59%
"Sirma ICS" AD	Bulgaria	Software services	Strategic development	93%	93%
Sciant Shpk	Albania	Software services	Hospitality, Strategic development	100%	100%
"Sirma Medical Systems" AD	Bulgaria	Software services	Strategic development	66,00%	66,00%
"EngView Systems" AD	Bulgaria	Software package development	Manufacturing	72,90%	72,90%
EngView Systems GmbH	Germany	Software package development	Manufacturing	72,90%	72,90%
EngView USA	USA	Software package development	Manufacturing	72,90%	72,90%
EngView Systems Latin America	Brazil	Software package development	Manufacturing	69,26%	69,26%
Engview Solutions Corp.	Canada	Software package development	Manufacturing	69,26%	69,26%
"Sirma ISG" OOD	Bulgaria	Software services	Strategic development	71%	71%
Sirma FZE	Sweden	Software services	Strategic development	100%	-

In H1 2026 dividends amounts to EUR 439 thousand were paid to the NCI (H1 2025 – EUR 294 thousand).

Summarized financial information for “Sirma Group” AD, before intragroup eliminations, is set out below:

	30.06.2026	30.06.2025/ 31.12.2025
	EUR'000	EUR'000
Non-current assets	52 977	52 465
Current assets	28 637	24 971
Total assets	81 614	77 436
Non-current liabilities	10 292	8 114
Current liabilities	18 649	16 263
Total liabilities	28 941	24 377
Equity attributable to owners of the parent	52 673	53 059
Non-controlling interests	1 577	1 822
Revenue	37 392	32 073
Profit for the period attributable to owners of the parent	1 097	850
Profit for the period attributable to NCI	521	299
Profit for the period	1 618	1 149
Net cash flows from operating activities	(521)	(1 425)
Net cash flows from investment activity	(2 086)	(1 573)
Net cash flows from financing activities	1 953	(245)
Net cash flow	(654)	(3 243)

6. Segment reporting

Management currently identifies the following Group's operating segments as further described in note 4.8. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

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

	System Integration	Hospitality	Financial Industry	IT Services	Manufacturing	Strategic development	Total
30.06.2026	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues	13 772	2 382	4 605	8 455	1 338	3 140	33 692
Cost of materials and cost of goods sold	(10 794)	(3)	(1)	(133)	(7)	(157)	(11 095)
Hired services expenses	(1 393)	(599)	(1 208)	(1 750)	(140)	(570)	(5 660)
Employee benefits expense	(860)	(1 750)	(2 910)	(4 969)	(594)	(2 933)	(14 016)
Depreciation and amortization of non-financial assets	(160)	(139)	(181)	(222)	(254)	(313)	(1 269)
Other expenses	(20)	(7)	(69)	(59)	(27)	(306)	(488)
Segment operating profit	545	(116)	236	1 322	316	(1 139)	1 164

	System Integration	Hospitality	Financial Industry	IT Services	Manufacturing	Others	Total
30.06.2025	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues	11 553	2 608	4 317	6 267	1 109	3 653	29 507
Cost of materials and cost of goods sold	(8 926)	(2)	(94)	(20)	(35)	(78)	(9 155)
Hired services expenses	(929)	(517)	(859)	(1 518)	(153)	(447)	(4 423)
Employee benefits expense	(575)	(1 981)	(2 863)	(4 149)	(544)	(3 254)	(13 366)
Depreciation and amortization of non-financial assets	(168)	(134)	(168)	(157)	(230)	(233)	(1 090)
Other expenses	(14)	(10)	(43)	(67)	(30)	(293)	(457)
Segment operating profit	941	(36)	290	356	117	(652)	1 016

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

	30.06.2026 EUR'000	30.06.2025 EUR'000	Change EUR'000	Change %
Bulgaria (domicile)	19 739	15 896	3 843	24,18%
USA	2 648	3 094	(446)	(14,41%)
UK	2 387	2 280	107	4,69%
Other countries	8 918	8 237	681	8,27%
Total	33 692	29 507	4 185	14,18%

7. Goodwill

	30.06.2026 EUR'000	31.12.2025 EUR'000
Gross carrying amount		
Balance as of January 1	20 339	20 185
Goodwill acquired as a result of business combinations as a result of acquisition	347	233
Impairment of goodwill	-	(79)
Balance as of 31 March/December	20 686	20 339
Carrying amount as of 31 March/December	20 686	20 339

7.1. Goodwill arising from a merger

	30.06.2026 EUR'000	31.12.2025 EUR'000
Gross carrying amount		
Balance as of January 1	12 508	12 508
Balance amount as of 31 March/December	12 508	12 508

7.2. Goodwill arising from acquisition

	30.06.2026 EUR'000	31.12.2025 EUR'000
IT Services (Roweb Development SA)	5 136	5 136
System Integration (Saifort EAD)	1 514	1 514
Strategic development (Sirma Group Inc.)	953	953
IT Services (DynamixRM)	347	-
IT Services (Duo Soft EOOD)	153	153
Impairment of reputation of Duo Soft EOOD	(79)	(79)
Financial Industry (Sirma Tech)	84	84
IT Services (Sciart Shpk.)	63	63
Manufacturing (EngView USA)	7	7
Goodwill allocation at 31 March/December	8 178	7 831

On 05.06.2026, the subsidiary Roweb acquired 100% of the shares of DynamiXRM S.R.L., a company registered in Romania. The total acquisition price is formed by various components, which at the time of acquisition are worth 380 thousand euros.

The payment for the acquired shares is in two tranches. The first, worth 198 thousand euros, was paid on the acquisition date 23.10.2024. The second payment is presented as current liabilities in these statements worth 182 thousand euros.

The recognized goodwill at consolidated level is formed as follows:

DynamiXRM	EUR'000
Total value of investment in DynamiXRM	380
Fair value of acquired identifiable net assets and liabilities	(33)
Goodwill	347

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed 5-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by the management.

The growth rates reflect the long-term average growth rates for the product lines and industries of the cash-generating units. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each segment.

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

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

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

8. Property, plant and equipment

Group's property, plant and equipment of the Group comprise of buildings, vehicles, office equipment, machinery, computer equipment, assets under construction, right- of-use assets and others. The carrying amount can be analyzed as follows:

	Buildings	Facilities	Vehicles	Office equipment	Machinery	Computer equipment	Assets under construction	Right-of-use assets	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross carrying amount										
Balance at 1 January 2026	6 511	159	419	327	1 093	3 060	50	1 243	275	13 137
Additions	-	1	27	-	6	53	10	-	15	112
Sold	-	-	(38)	-	-	(20)	-	-	-	(58)
Disposals	-	-	-	-	-	(477)	(9)	-	-	(486)
Balance at 30 June 2026	6 511	160	408	327	1 099	2 616	51	1 243	290	12 705
Depreciation										
Balance at 1 January 2026	(691)	(6)	(223)	(213)	(884)	(2 673)	-	(508)	(83)	(5 281)
Depreciation	(35)	(1)	(19)	(23)	(17)	(110)	-	(202)	(19)	(426)
Disposals	-	-	32	-	-	497	-	-	-	529
Balance at 30 June 2026	(726)	(7)	(210)	(236)	(901)	(2 286)	-	(710)	(102)	(5 178)
Carrying amount at 30 June 2026	5 785	153	198	91	198	330	51	533	188	7 527
	Buildings	Facilities	Vehicles	Office equipment	Machinery	Computer equipment	Assets under construction	Right-of-use assets	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross carrying amount										
Balance at 1 January 2025	6 301	159	361	430	1 313	3 041	6	701	626	12 938
Newly acquired assets	210	-	145	12	115	176	66	608	19	1 351
Transfer of assets	-	-	-	-	-	6	-	-	-	6
Additions	-	-	(87)	(1)	(4)	(49)	-	-	-	(141)
Disposals	-	-	-	(114)	(331)	(114)	(22)	(66)	(370)	(1 017)
Balance at 31 December 2025	6 511	159	419	327	1 093	3 060	50	1 243	275	13 137
Depreciation										
Balance at 1 January 2025	(627)	(4)	(242)	(288)	(1 171)	(2 550)	-	(255)	(410)	(5 547)
Depreciation	(64)	(2)	(50)	(40)	(48)	(328)	-	(311)	(41)	(884)
Disposals	-	-	69	115	335	205	-	58	368	1 150
Balance at 31 December 2025	(691)	(6)	(223)	(213)	(884)	(2 673)	-	(508)	(83)	(5 281)
Carrying amount at 31 December 2025	5 820	153	196	114	209	387	50	735	192	7 856

All depreciation charges are included within “Depreciation, amortization of non-financial assets”.

The Group has not a contractual commitment to acquire assets in H1 2026 or 2025.

9. Intangible assets

The Group's intangible assets comprise of R&D products, software products, rights to software modules, costs for acquisition of intangible assets and others. The carrying amounts for the reporting periods under review can be analyzed as follows:

	Internally created software products	Software products	Rights to software modules	Internally created Intangible assets in progress	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross carrying amount						
Balance at 1 January 2026	15 194	1 285	4 707	910	3 934	26 030
Additions	-	-	-	1 180	-	1 180
Disposals	(1 039)	(678)	(33)	-	-	(1 750)
Transfer of assets	221	(133)	136	(224)	-	-
Balance at 30 June 2026	14 376	474	4 810	1 866	3 934	25 460
Amortization						
Balance at 1 January 2026	(9 254)	(795)	(3 191)	-	(1 431)	(14 671)
Amortization	(568)	(23)	(219)	-	(33)	(843)
Disposals	1 035	648	65	-	-	1 748
Balance at 30 June 2026	(8 787)	(170)	(3 345)	-	(1 464)	(13 766)
Carrying amount at 30 June 2026	5 589	304	1 465	1 866	2 470	11 694

	Internally created software products	Software products	Rights to software modules	Internally created Intangible assets in progress	Others	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Gross carrying amount						
Balance at 1 January 2025	13 422	1 413	6 493	2 941	3 960	28 229
Capitalized costs of internally developed intangible assets developed intangible assets	-	-	-	1 526	-	1 526
Newly acquired assets	-	104	273	-	-	377
Disposals	(1 785)	(232)	(2 059)	-	(26)	(4 102)
Transfer of assets	3 557	-	-	(3 557)	-	-
Balance at 31 December 2025	15 194	1 285	4 707	910	3 934	26 030
Amortization						
Balance at 1 January 2025	(9 781)	(995)	(4 859)	-	(1 441)	(17 076)
Amortization	(1 095)	(32)	(391)	-	(16)	(1 534)
Disposals	1 622	232	2 056	-	26	3 939
Balance at 31 December 2025	(9 254)	(795)	(3 191)	-	(1 431)	(14 671)
Carrying amount at 31 December 2025	5 940	490	1 516	910	2 503	11 359

R&D products include the following assets:

Customer Intelligence Platform (CIP)

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

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

Packaging Suite is a complex product. It is based on functionalities that are part of a multifunctional software CAD system for the packaging industry. Some of these functionalities are also provided as online services through a specially developed API (application programming interface), which allows various online systems to visualize, calculate and model data or drawings. Different integrations or design of new products through such functionalities already provided in a component, provide new opportunities for development of various online products, platforms or portals. Such is the example with built-in basic functionalities of the CAD system, its libraries and models in a specialized platform for services in the field of packaging and printing in China.

The long-developed CAD system, which covers several main stages of preparation for serial production of packaging from sheet materials (cardboard, corrugated cardboard, etc.) is offered as a main tool in the production departments of packaging companies. The stages are the following:

- 1 / Design of the single unfolding of the structure of the package;
- 2 / Graphic layout based on integration with the graphics system Adobe Illustrator
- 3 / Verification and approval by three-dimensional modeling;
- 4 / Design of specialized tools for optimized serial production and management of specialized machines for their production.

The product, which can be installed directly in the production departments of both Windows and MAC OS, is organized on a modular basis to be more flexibly oriented to different types of end customers. It consists of the following main modules:

- Library with ready-made packaging designs. Includes internationally standardized packaging structures from the main materials used (cardboard and corrugated cardboard), as well as further developed non-standard packaging.
- Library with ready-made display structures.
- Drafting with Parametric Components. Module for structural design of the unfolding of the package. This module defines the structure of the desired package. This can be done either by selecting a suitable ready-made structure from a library on which the desired dimensions are set; or using the rich set of CAD tools and ready-made parametric components, with the help of which the user creates an entirely new structure.
- Parametric Drafting (Synergy) - this is a module aimed at designers of original packaging structures. With the help of unique proprietary technology for variational and parametric CAD, a new parameterized standard can be created quickly and easily - a unique structure on which different values of basic parameters can be easily set, changing its dimensions while maintaining its integrity.
- Integration with Adobe Illustrator - module for integration with a graphic design product. Allows the integration of the developed new packaging structure with the corresponding graphic design created in the most common graphic design product Adobe Illustrator.
- 3D Presenter - module for three-dimensional visualization of the design. This is a design verification module before moving on to actual production. In this module, a 3D image of the selected structure can be generated, together with a further developed graphic design. The user can see completely realistically what the final product would look like, as well as detect possible design errors before series production.
- Layout Optimizer. Module for optimal placement of the structure on a sheet. The user can choose between the available materials of different sizes and substrates, as well as according to the available machines for serial punching, and make the optimal placement of the structure in order to maximize the number of packages and minimum waste.
- Display Nesting - optimal placement of components of the display structure in order to minimize waste.
- Master Canvas new module for creating individual parts of the display in one place and for optimizing the creation of an otherwise complex and time-consuming process.
- One sheet nesting - new functionality for optimizing the sheet according to the given graphs (articles), and not only by structure.

- CAM - module for control of CNC machines. This module generates a specific file, based on which various machines related to the production process are managed - modeling plotters, machines for bending knives, machines for cutting trenches, etc.
- Dieboard Design. Module for generating punch shapes. The die-form is a tool used by machines for mass production of packaging. Each punch must comply with the requirements of the available punching machine. In this module, the user has a wealth of tools to create a suitable die shape and prepare it for production.
- The process of serial production of packaging includes several specialized modules for specific activities related to high-performance and high-quality punching - Stripping Die Design, Counterplate Design, Vamish Blanket Design
- Project Organizer, Cost Estimator. These are modules serving the organization of business processes related to the production of packaging. With their help, companies engaged in the production of packaging and / or punch forms, organize work with their customers, orders and related files, as well as generate automated calculation of the expected value of the product, based on information from the graphic file.

Packaging Suite is software targeted at the global niche of packaging and display manufacturers. Potential customers for various configurations of product modules are advertising agencies, printers, packaging companies, punch companies. The product supports a user interface in all major world languages and has virtually unlimited market reach. With its developed API provides opportunities for all these groups of users to embed in their sites or platforms for communication with their end customers elements of production functionality, through which to improve both customer-manufacturer relationship and increase the efficiency of service and overall production.

With the help of the developed API and the developed component for online services, several major business problems of packaging manufacturers are solved:

- Have access to parametric standards, which eliminates errors in the design of the structure;
- The offered TA visualization helps the end customers to orientate well what they will order and what the order will look like after the production;
- Production is also optimized based on what the customer has ordered.

The target market for this component is global. Customers can be arbitrary packaging companies around the world, and the trends towards digitalization of production and use of digital printing machines, as well as combined machines for digital printing and serial production of packaging, suggest future expansion of the market niche for it.

Measurement Suite is software that has invested many years of development and experience in this industry, generating several applications with common technology and code.

The technology allows the software to work with various devices for measuring, quality control, processing of scanned image, which can be a profile, shaft or other element important for the quality of the entire production.

Specialized functionality has been developed for collaborating Internet and mobile-based applications, as well as PCs. Based on automation and optimization of some specific activities for quality control of serial production, in measurements with hand tools such as calipers, micrometers, altimeters and more. covers the process of measurement, transmission of measurement data and their storage and subsequent processing. It covers both the traditional ways of data transmission in hand-held measuring instruments (manual data entry, cable transmission) and the most modern technologies - Bluetooth connection between the meter and a mobile device. The technology can be offered as a cloud-based service on a subscription basis, or as a solution installed on the client's servers.

The following steps are included when measuring with a hand-held instrument and transferring data to the cloud:

- Operator measurements. The operator has a mobile device on which the application is installed. After login to the application, it gets access to a library of measurement plans allocated to it. The

measurement plans are visualized as drawings of the details to be measured. The operator selects a plan and sees the drawing with all the dimensions to be measured and their nominal values. At the start of the measurement plan, a process begins in which all the planned dimensions must be measured step by step tool must be used. The operator follows the specified order of measurement and enters the relevant current measured values before moving forward. If the measuring instrument has bluetooth data transmission, the measured values are automatically displayed on the screen of the mobile device, respectively in red or green, depending on whether they are within or outside the tolerance to the nominal value.

- At the end of the process of steps according to the plan, the measurement data is sent to the Internet / cloud application, where it can be accessed according to the set rights, they can generate reports and other types of documentation, check and track results of the work of operators, serviceability of tools, to generate graphs and other ways to monitor the quality of production. The web / cloud application can create libraries of measurement plans, tool inventory, administer users and access rights.
- The desktop application, in turn, is designed to create new measurement plans to be added to the library in the Internet application. This is a standard PC application in which graphic files of the most common formats in mechanical engineering can be imported and based on them to create a process of sequential measurement of specific dimensions, their nominal values and tolerances, brief descriptions and specific instructions to the operator. each of the steps.

The application of the technology is a bit more complicated with regard to the measurements of shaft elements, in which already specialized machines are used. A machine shaft is mounted on a special stand, which is rotated and examined by a number of optical and sensor sensors. The received information is sent to the software to be analyzed and the dimensions and their compliance with the set tolerances are determined.

For specialized machines that are located in industrial conditions such as optical measuring systems based on a standard scanner, use PC and touch monitor, as well as specialized software Measurement Suite for scanned image analysis, report generation and documentation, as well as and storage and management of measurement information.

The main consumers are the companies that produce by extrusion products from aluminum, plastics and others. materials. The main stage in the production cycle of these productions is the ongoing monitoring of product quality. For this purpose, sections from any places of the extruded products (profiles) are taken and measured precisely, according to certain criteria.

The scanned image of the profile section is processed by the software and within seconds gives a complete report on the compliance of the part with the requirements and tolerances defined in the system. The product also allows manual comparison of the image against an ideal drawing and detection of deviations.

All information from all measurements is stored in the module MDC - Measurement Data Center - where at any time you can check the results, operators, measuring machines, etc. Integration with other popular specialized software products for processing information from measurements used in industry (SPC), or with standard ERP systems, etc. is also possible.

Sirma.AI Enterprise (Sirma AI) is an evolution of the existing SIRMA CLOUD PLATFORM into an AI platform, designed to meet the growing demands for automation, intelligent data processing and the implementation of advanced technologies necessary for competitiveness and innovation in the dynamic digital environment.

Sirma AI is a cutting-edge next-generation enterprise AI platform that enables organizations to build, deploy and scale intelligent AI agents, agent teams and agent workflows. The platform combines innovative AI technologies with enterprise security and flexible deployment options, offering both cloud (SaaS) and on-premises solutions that guarantee full control over the organization's data and AI operations.

Sirma AI revolutionizes the way enterprises interact with AI technologies, providing a unique combination of personalized AI agents, multimodal data processing and intelligent workflows. The

platform is designed with a microservices-based architecture, providing easy scaling, integration of external systems and adaptability to changing business needs.

The main goal of the platform is to democratize access to advanced AI capabilities, allowing organizations without significant technical experience in the field of artificial intelligence to create and deploy complex AI solutions. Through an intuitive visual interface and pre-configured templates, users can quickly build specialized AI agents adapted to their specific business processes and industry requirements.

The platform consists of the following main software modules/components:

AI Agents and Agent Teams, Agent Workflows, Structured Data Extraction, Advanced RAG and Knowledge Management, Voice AI, Extensible Architecture, User Management and Security, System Administration and Monitoring;

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

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

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

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

PSD2 / 2FA - 2FA is a software solution created as a result of a European regulatory requirement under REGULATION (EC) No 910/2014 on electronic identification and authentication services in electronic transactions to reduce fraud, increase the security of online payments and protect identity .

Authentication software solution in which a user of an electronic device or program is granted access only after successful presentation of two or more evidences by which he is certified as:

- Knowledge - something the client knows (Password, PIN, secret answers);
- Possession - something that the client owns (dongle, telephone, hardware);
- Personality - something that the client is (Imprint, face, eyes, voice, DNA).

PSD2 is a software solution created as a result of the enlarged European Union Directive on payment services PSD2 Directive (EU) 2015/2366 and the Law on Payment Services and Payment Systems. Provides:

- PSD2 listener back end server - the connection with the outside world for the bank and implements the requirements of BISTRA (Banking Interfaces for Standardized Payments). Server services are available 24x7.
- PSD2 module for consent management - a module for registration of client accounts for work with the services under PSD2 and respectively BISTRA, which is integrated with OBS (Main Banking System).
- PSD2 module for transactions processing - a module for processing transactions on PSD2 and BISTRA, respectively, which is integrated with OBS (Basic Banking System).

Diabetes:M is a mobile application for tracking the condition of people suffering from all types of diabetes or pre-diabetes. By significantly developing the patient's self-monitoring and self-control, it reduces the risks of complications related to the disease and allows treating specialists to make quick and informed decisions about the patient's therapy.

Diabetes:M has versions in Bulgarian for mobile devices with iOS Android as well as for web browsers.

The app enables users to track every aspect of their illness. This allows them to make better decisions in their daily lives, which leads to better control of blood sugar levels and significantly reduces the risk of critical situations.

Diabetes:M is a detailed electronic diary in which users enter all data important for tracking their current condition – blood sugar checks, medications taken, insulin doses, food, physical exercise, weight, blood pressure and laboratory test results. With long-term use, the collected data is analyzed and shows in detail the condition and possible problem periods in the patient's daily life.

Additional functions such as the use of artificial intelligence to track the user's daily routine and the powerful reminder system significantly help to avoid problematic situations caused by distraction and/or forgetting to take insulin or medication. These agents have an extremely beneficial effect in improving discipline in compliance with prescribed therapy.

The app supports multiple Bluetooth connected devices like blood glucose meters sensors etc. offering complete or partial automation of data recording.

The relationship with the treating specialists is of vital importance for the successful management of the condition of the diabetic patients. Diabetes:M is designed to give treating professionals the best possible summary of data collected in a report over a selected period.

In addition, a web-based module (Diabetes:M Monitor) has been developed that allows doctors, nurses and other expert staff to monitor the condition of multiple patients in full detail in real time without the need for specialized hardware.

Medrec:M is an integrated health management platform designed to meet the urgent need for next-generation healthcare providers in today's world.

Medrec:M offers a unique combination of user-oriented mobile self-monitoring applications for both basic health tracking and chronic condition management (diabetes and heart disease) connected to the Medrec:M medical platform. Thus, the application helps patients and clinics to remotely monitoring and communication in a single unified way.

Medrec: M for clinics

Medrec:M is a cloud-based health management platform that helps clinics and doctors connect with new patients and communicate with existing ones through one integrated system using comprehensive telemedicine functionalities such as chat and video as well as the ability to access shared data from patients.

Medrec: M mobile app

Medrec:M is a free mobile application where users record health data, create medication plans, store documents, track their symptoms and can use a range of doctors and clinics to book an appointment for remote consultations and receive health tips and news.

Cardiac: M mobile app

The app helps people with heart disease or other cardiovascular problems track their blood pressure, medication and other vital information.

Sirma ICS Platform

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

"Motor Third Party Liability" - Integration with 9 companies

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

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

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

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

RISK SCORE TOOLBOX (RSTBOX)

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

CEGATE solution

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

DiGiBANK solution

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

REXPRESS solution

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

SCARDS solution

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

UBXPAYMENTS solution

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

sHRedy

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

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

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

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

Sirma InSuite

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

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

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

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

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

Loyax

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

The system operates in an integrated infrastructure that includes a core system that hosts the Loyax

website, a loyalty management system and a mini customer relationship management system.

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

No material contractual commitments were entered into 30.06.2026 or 31.12.2025.

All amortization charges are included within “Depreciation, amortization of non-financial assets”.

No intangible assets have been pledged as security for liabilities.

10. Deferred tax assets and liabilities

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

Deferred tax liabilities/ (assets)	1 January 2026	Recognised in profit and loss	30 June 2026
	EUR'000	EUR'000	EUR'000
Non-current assets			
Fixed and intangible assets	182	-	182
Impairment of investments	(68)	-	(68)
Current assets			
Inventories	(3)	-	(3)
Trade and other receivables	(43)	-	(43)
Non-current liabilities			
Employee obligations	(43)	-	(43)
Current liabilities			
Employee obligations	(121)	-	(121)
Lease liabilities	-	-	-
Interest rates from weak capitalization	(63)	-	(63)
Unused tax losses	(3)	-	(3)
	(162)	-	(162)
Deferred tax assets	(344)		(344)
Deferred tax liabilities	182		182

Deferred taxes for the comparative period 31.12.2025 can be summarized as follows:

Deferred tax liabilities/ (assets)	1 January 2025	Recognised in profit and loss	31 December 2025
	EUR'000	EUR'000	EUR'000
Non-current assets			
Fixed and intangible assets	167	15	182
Impairment of investments	(68)	-	(68)
Current assets			
Inventories	(2)	(1)	(3)
Trade and other receivables	(39)	(4)	(43)
Non-current liabilities			
Employee obligations	(37)	(6)	(43)
Current liabilities			
Employee obligations	(104)	(17)	(121)
Lease liabilities	(2)	2	-
Interest rates from weak capitalization	(164)	101	(63)
Unused tax losses	(3)	-	(3)
	(252)	90	(162)
Deferred tax assets	(419)		(344)
Deferred tax liabilities	167		182

All deferred tax assets have been recognized in the consolidated statement of financial position.

11. Inventory

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

	30.06.2026	31.12.2025
	EUR'000	EUR'000
Computers, laptops	2 680	1 582
Computer components	17	184
Materials and consumables, spare parts	74	27
	2 771	1 793

None of the inventories at 30 June 2026 are pledged as securities for liabilities.

12. Trade and other financial receivables

	30.06.2026	31.12.2025
	EUR'000	EUR'000
Trade receivables, gross	14 157	11 305
Impairment of trade receivables	(237)	(237)
Trade receivables, net	13 920	11 068
Deposits receivables	-	390
Other financial receivables	144	144
Impairment losses on other financial receivables	(144)	(144)
Other financial assets, net	-	390
Trade and other receivables	13 920	11 458

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

All trade and other financial receivables of the Group have been reviewed in respect of events of default and for all trade receivables a simplified approach has been applied to determine the expected credit losses at the end of the period.

The movement in the allowance for credit losses can be reconciled as follows:

	30.06.2026 EUR'000	31.12.2025 EUR'000
Balance at 1 January	(381)	(361)
Impairment loss	-	(57)
Written off	-	24
Recovered loss from impairment	-	13
Balance at 30 June/31 December	(381)	(381)

13. Prepayments and other assets

	30.06.2026 EUR'000	31.12.2025 EUR'000
Prepaid amounts to subcontractors	986	1027
Tax receivables	343	22
Prepayments	341	344
Advances for delivery of goods and services	302	391
Deposits receivables	41	41
Other receivables	64	14
Non-financial assets	2 077	1 839

14. Cash

Cash comprise of the following:

	30.06.2026 EUR'000	31.12.2025 EUR'000
Cash at bank and in hand	6 210	6 809
Cash	6 210	6 809

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

15. Equity

15.1. Share capital

The share capital of the “Sirma Group” AD consists of 59 360 518 fully paid ordinary shares with a nominal value of EUR 0,51. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders meeting of “Sirma Group” AD.

	30.06.2026 Number of shares	31.12.2025 Number of shares
Number of shares issued and fully paid, - beginning of the year	59 360 518	59 360 518
Number of shares issued and fully paid	59 360 518	59 360 518
Total number of shares authorized	59 360 518	59 360 518

A detailed list of shareholders is presented in Note 1.

15.2. Treasury shares

As of 30.06.2026 „Sirma Group“ AD holds 1 834 304 (31.03.2025 - 1 569 069) repurchased own shares at the total amount of EUR 935 495 (3,09% of share capital).

15.3. Reserves

	Legal reserves	Share premium	Reserve for share-based payments	Reserve from translation of foreign operations	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Balance at January 1 2026	1 802	3 220	281	(445)	4 858
Formation of reserves	239	-	(186)	67	120
Balance at 30 June 2026	2 041	3 220	95	(378)	4 978
Balance at January 1 2025	1 636	3 312	-	(42)	4 906
Formation of reserves	166	(92)	281	(403)	(48)
Balance at 31 December 2025	1 802	3 220	281	(445)	4 858

16. Employee remuneration

16.1. Employee benefit expense

Expenses recognized for employee benefits include:

	30.06.2026 EUR'000	30.06.2025 EUR'000
Wages, salaries	(13 702)	(12 594)
Social security costs	(1 325)	(1 289)
Employee benefit expenses, capitalized in development for internally developed intangible assets	1 011	517
Employee benefits expense	(14 016)	(13 366)

16.2. Pension and other employee obligations

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

	30.06.2026 EUR'000	31.12.2025 EUR'000
Non-current:		
Compensations in compliance with Labour Code	437	437
Non-current pension and other employee obligations	437	437
Current:		
Provisional additional remuneration obligations	18	28
Payroll obligations	1 240	1 297
Social security obligations	429	454
Accrued holiday entitlement	894	894
Current pension and other employee obligations	2 581	2 673

The current portion of these liabilities represents the Group's obligations to its current employees that are expected to be settled during 2027. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and various pension payments. As none of the employees has the right for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

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

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

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

17. Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	30.06.2026	31.12.2025	30.06.2026	31.12.2025
	EUR'000	EUR'000	EUR'000	EUR'000
Financial liabilities measured at amortized cost:				
Bank loans	712	710	6 230	3 752
Interest on bank loans	-	8	-	-
Total carrying amounts	712	718	6 230	3 752

All loans are denominated in euro (EUR). The carrying amount of bank loans is considered a reasonable estimate of their fair value.

As of 30.06.2026 Sirma Group Inc. presents credit card liabilities amounting to EUR 23 thousand and “EngView Systems” presents credit card liabilities amounting to EUR 3 thousand.

Bank	Type of loan	Currency	Total amount of credit (EUR)	Outstanding obligation at 30.06.2026 (EUR)	Date of contract	Interest rate	Maturity date	Pledges
“Unicredit BulBank” AD	Overdraft	BGN	5 112 919	2 820 756	11.11.2025	The applicable variable interest rate index and regular debt premium for the relevant interest period.	14.11.2030	Pledge of receivables
“United Bulgarian Bank” AD	Bank credit	BGN	4 806 144	4 095 866	09.10.2024	Variable interest rate in the amount of UBB's short-term interest rate /SIP/ for the contract period plus an annual premium.	09.10.2032	Pledge of receivables, pledge of commercial enterprises, pledge of property
“United Bulgarian Bank” AD	Overdraft	BGN	4 090 335	698 167	10.10.2024	Variable interest rate in the amount of UBB's short-term interest rate /SIP/ for the contract period plus an annual premium.	10.10.2026	Pledge of receivables
“Unicredit BulBank” AD	Overdraft	BGN	1 000 000	-	15.12.2020	The applicable variable interest rate for the relevant interest period +2 points, but not less than 2.08%	15.12.2026	Pledge of receivables

18. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	30.06.2026 EUR'000	31.12.2025 EUR'000
Lease liabilities – non-current portion	296	414
Lease liabilities – current portion	341	406
Lease liabilities	637	820

The Group leases building and vehicles. Except for short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group's sales) are excluded from the initial measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 8).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group has no right to sell or pledge the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Future minimum lease payments at 30 June 2026 were as follows:

	Minimum lease payments due					Total EUR'000
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	
30 June 2026						
Lease payments	348	169	77	35	22	651
Finance charges	(7)	(4)	(2)	(1)	-	(14)
Net present values	341	165	75	34	22	637
31 December 2025						
Lease payments	417	226	123	36	40	842
Finance charges	(11)	(6)	(3)	(2)	-	(22)
Net present values	406	220	120	34	40	820

Interest expenses under lease agreements included in financial expenses for the year ended 30 June 2026 are EUR 1 thousand (31.03.2025: EUR 1 thousand).

The total cash outflow for leasing contracts for the year ended 30 June 2026 is EUR 210 thousand (31.03.2025: EUR 121 thousand).

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

19. Trade and other payables

	30.06.2026 EUR'000	31.12.2025 EUR'000
Current:		
Trade payables	4 236	5 562
Financial liabilities	4 236	5 562
Tax payables	458	535
Other liabilities	203	15
Non-financial liabilities	661	550
Current trade and other payables	4 897	6 112

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

20. Contracy liabilities

	30.06.2026 EUR'000	31.12.2025 EUR'000
Contract liabilities – advances received for delivery of IT services	4 173	2 338
Total contract liabilities	4 173	2 338

21. Revenue from contracts with customers

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

30.06.2026	Sale of IT equipmen				Rendering of services				Total
	Bulgaria EUR'000	Europe EUR'000	USA EUR'000	Others EUR'000	Bulgaria EUR'000	Europe EUR'000	USA EUR'000	Others EUR'000	
Revenue from contracts with customers	12 538	269	-	44	7 178	9 922	2 523	978	33 452
Revenue recognition									
As a point in time	12 538	269	-	44	-	-	-	-	12 851
Over time	-	-	-	-	7 178	9 922	2 523	978	20 601

30.06.2025	Sale of IT equipmen				Rendering of services				Total
	Bulgaria EUR'000	Europe EUR'000	USA EUR'000	Others EUR'000	Bulgaria EUR'000	Europe EUR'000	USA EUR'000	Others EUR'000	
Revenue from contracts with customers	8 987	245	628	200	6 797	9 110	2 465	859	29 291
Revenue recognition									
As a point in time	8 987	245	628	200	-	-	-	-	10 060
Over time	-	-	-	-	6 797	9 110	2 465	859	19 231

Product lines

	30.06.2026 EUR'000	30.06.2025 EUR'000
Software services	16 058	14 955
Sale of IT equipment	12 851	10 060
Subscriptions	2 298	2 198
Licenses	978	630
Cloud services	473	487
Support	348	446
System integration	22	-
Others	424	515
	33 452	29 291

22. Other income

	30.06.2026 EUR'000	30.06.2025 EUR'000
Revenue from financing	7	13
Other income	227	192
	234	205

23. Gain on sale of non-current assets

	30.06.2026 EUR'000	31.03.2025 EUR'000
Proceeds from sale of non-current assets	13	12
Carrying amount of non-current assets sold	(7)	(1)
Gain on sale of non-current assets	6	11

24. Cost of materials

	30.06.2026 EUR'000	30.06.2025 EUR'000
Electricity	(147)	(137)
System Integration	(103)	-
Advertising materials	(14)	(6)
Office supplies	(12)	(12)
Inventory	(10)	(17)
Heating	(8)	(9)
Car fuel	(8)	(7)
Computer components	(6)	(4)
Repair parts for cars	(6)	(1)
Hygienic materials	(5)	(6)
Materials for office repair and maintenance	(3)	(1)
Water	(2)	(1)
Input materials in systems	(1)	(1)
Others	(14)	(26)
	(339)	(228)

25. Hired services expenses

	30.06.2026 EUR'000	30.06.2025 EUR'000
Consultancy services	(1 629)	(1 357)
Subscriptions	(1 523)	(273)
Software services	(831)	(1 376)
Sub - contracted operations as part of projects	(562)	(437)
Advertising and marketing	(201)	(228)
Commissions and taxes	(167)	(28)
Hosting	(102)	(77)
Insurances	(84)	(56)
Mobile phones	(74)	(63)
Rents	(57)	(139)
Security	(53)	(46)
Office maintenance	(52)	(29)
Software license rental	(43)	(50)
Cleaning	(35)	(30)
Seminars and trainings	(35)	(24)
Courier, transport	(27)	(40)
Connectivity	(20)	(20)
Intermediate services	(19)	(16)
Hiring	(17)	(13)
Audit	(16)	(19)
Internet	(16)	(13)
Parking	(10)	(8)
Administrative support	(3)	(28)
Car maintenance	(3)	(6)
Notary fees	-	(1)
Other	(150)	(60)
Hired services expenses, capitalized in development for internally developed intangible assets	69	14
	(5 660)	(4 423)

26. Other expenses

	30.06.2026 EUR'000	30.06.2025 EUR'000
Business trips	(174)	(146)
Social expenses	(134)	(149)
Entertainment expenses	(62)	(62)
Local taxes and fees	(44)	(56)
Expenses without documents and unrelated to the activity	(29)	(2)
Donations	(1)	(1)
Others	(44)	(41)
	(488)	(457)

27. Finance costs and finance income

Finance costs for the presented reporting periods can be analyzed as follows:

	30.06.2026 EUR'000	30.06.2025 EUR'000
Interest expenses on loans	(61)	(43)
Interest expenses for finance lease agreements	(5)	(5)
Expenses on foreign exchange operations	-	(347)
Other financial expenses	(9)	(8)
Total interest expenses for financial liabilities not at fair value through profit or loss	(75)	(403)
Bank fees and commissions	(29)	(28)
Finance costs	(104)	(431)

Finance income may be analyzed as follows for the presented reporting periods:

	30.06.2026 EUR'000	30.06.2025 EUR'000
Income from foreign exchange operations	151	-
Interest income	11	3
Income from operations with financial assets	-	2
Financial income	162	5

28. Profit per share

Basic profit per share has been calculated using the net profit attributed to shareholders of the parent company as the numerator.

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

	30.06.2026	30.06.2025
Loss attributable to the shareholders (EUR'000)	577	217
Weighted average number of outstanding shares (in thousand)	57 625	57 835
Basic profit per share (EUR per share)	0,0100	0,0038

29. Related party transactions

The Group's related parties include its owners, associates, other parties under common control 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 associated and other related parties

	30.06.2026 EUR'000	30.06.2025 EUR'000
Sales of:		
- goods	177	71
- services	21	24

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:

	30.06.2026 EUR'000	30.06.2025 EUR'000
Short-term employee benefits:		
Salaries including bonuses	214	196
Social security costs	4	4
Total remunerations	218	200

30. Related party balances at period-end

	30.06.2026 EUR'000	31.12.2025 EUR'000
Current receivables from:		
- other related parties under common control		
- <i>loans</i>	151	151
- <i>impairment</i>	(63)	(63)
- <i>trade receivables</i>	46	51
- <i>impairment</i>	(14)	(14)
- key management personnel		
- <i>loans</i>	59	42
Total current receivables from related parties	179	167
Total receivables from related parties	179	167
Non-Current payables to:		
- other related parties under common control		
- <i>payables related to capital reduction</i>	42	84
Total non-current payables to related parties	42	84
Non-Current payables to:		
- other related parties under common control		
- <i>trade and other receivables</i>	10	9
- key management personnel		
- <i>other payables</i>	4	3
- <i>dividends</i>	2 073	935
- <i>payables related to capital reduction</i>	42	42
- <i>loan</i>	40	40
Total current payables to related parties	2 169	1 029
Total payables to related parties	2 211	1 113

The change in the amount of the adjustment for expected credit losses on receivables from related parties can be presented as follows:

	30.06.2026 EUR'000	31.12.2025 EUR'000
Balance as of 1 January	(78)	(27)
Collected impaired receivables	-	(51)
Balance as of 30 June/31 December	(78)	(78)

31. Non-cash transactions

There were no non-cash transactions during the presented reporting period.

32. Contingent assets and contingent liabilities

Various warranty and legal claims were not brought against the Group during the period.

There are no contingent liabilities relating to subsidiaries and associates of the Group.

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

Recipient of loan	Bank	Type of loan	Currency	Total amount of credit (in EUR)	Outstanding obligation to 30.06.2026 (in EUR)	Date of contract	Interest rate	Maturity date	Pledges
EngView Systems JSC	Unicredit BulBank AD	Overdraft	EUR	511 292	-	15.12.2020	The applicable variable interest rate for the relevant interest period +2 points, but not less than 2.08%	15.12.2026	Pledge of receivables

Litigations

No claims were brought against the Group.

33. Categories of financial assets and liabilities

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

Financial assets	Note	30.06.2026 EUR'000	31.12.2025 EUR'000
Financial assets at fair value through profit or loss:			
Trade and other receivables	12	13 920	11 068
Related party receivables	30	179	167
Cash	14	6 210	6 809
		20 309	18 044

Financial liabilities	Note	30.06.2026 EUR'000	31.12.2025 EUR'000
Financial liabilities measured at amortized cost			
Borrowings:			
non-current	17	6 230	3752
current	17	712	718
Finance lease liabilities:			
non-current	18	296	414
current	18	341	406
Trade and other payables	19	4 897	5 562
Related party payables			
non-current	30	42	84
current	30	2 169	1029
		14 687	11 965

See note 4.18 about information related to the accounting policy for each category financial instruments. Description of the risk management objectives and policies of the Group related to the financial instruments is presented in note 34.

34. Financial instrument risk

Risk management objectives and policies

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

The 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.

34.1. Market risk analysis

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

As the economic consequences of the war in Ukraine and Iran unfolded, strong inflationary pressures arose and annual inflation for the period the period June 2026 compared to June 2025, as measured by National Statistical Institute with the Harmonized Index of Consumer Prices (HICP) is 5,2%.

34.1.1. Foreign currency risk

Most of the Group's transactions are carried out in euro (EUR). 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-EUR 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.

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

34.1.2. Interest rate risk

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

In H1 2026, the Group is not exposed to a significant risk of changes in market interest rates under the investment loan agreement as the interest rate did not change during the year. All other financial assets and liabilities of the Group have fixed interest rates.

34.2. 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	Note	30.06.2026 EUR'000	31.12.2025 EUR'000
Financial assets at fair value through profit or loss:			
Trade and other receivables	12	13 920	11 068
Related party receivables	30	179	167
Cash	14	6 210	6 809
		20 309	18 044

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

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

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.

34.3. 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 30 June 2026, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

30 June 2026	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	EUR'000	EUR'000	EUR'000
Borrowings	356	356	6 230
Finance lease obligations	170	171	296
Trade and other payables	4 897	-	-
Related party payables	2 169	-	42
Total	7 592	527	6 568

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

31 December 2025	Current		Non-current
	Within 6 months	6 to 12 months	1 to 5 years
	EUR'000	EUR'000	EUR'000
Borrowings	359	359	3 752
Finance lease obligations	209	209	425
Trade and other payables	5 562	-	-
Related party payables	1 029	-	84
Total	7 159	568	4 261

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.

35. Capital management policies and procedures

The Group's capital management objectives are:

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

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

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

The amount of the correlation for the presented accounting periods is summarized as follows:

	30.06.2026 EUR'000	31.12.2025 EUR'000
Equity	43 110	43 249
Total liabilities/Total borrowings/Total borrowings, trade and other payables	22 373	18 455
- Cash and cash equivalents	(6 210)	(6 809)
Net debt	16 163	11 646
Adjusted capital to net debt	2.67:1	3.74:1

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

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

36. Post-reporting date events

Buyback of shares by the company

In accordance with the adopted buyback program, another 40 201 treasury shares worth 30 880.20 euros were bought back during the period 02.07.2026 - 31.07.2026. In total, under the adopted buyback program, the company bought back 64 452 treasury shares worth 51 013.38 euros for the period 18.06.2026 - 31.07.2026.

Acquisition of Jucari Global Pty Ltd

On 13 August 2026, Sirma Group JSC (BSE, FSE: SIRM; “Sirma” or the “Company”) signed a Share Purchase Agreement and a Shareholders’ Agreement for the acquisition of 51% of the share capital of Jucari Global Pty Ltd (ABN 50 628 172 896), an Australian company specializing in technology solutions and services for the supply chain and logistics sector and headquartered in Perth, Western Australia. Upon completion of the transaction, Sirma will hold 51% of the share capital of Jucari Global.

Jucari Global is a supply chain and logistics technology specialist and a WiseTech Global Platinum Service Partner and Business Partner, with deep expertise in the CargoWise platform. The company supports customers across international markets through technology, consulting, implementation, integration, and operational transformation services.

The planned acquisition is a key step in Sirma’s strategy to strengthen and expand its global supply chain and logistics business. The transaction will combine Jucari Global’s industry and CargoWise expertise with Sirma’s capabilities in enterprise technology, software engineering, data, and artificial intelligence.

The transaction builds on the existing strategic partnership between Sirma and Jucari Global, including the joint development of technology and AI-enabled solutions for the supply chain and logistics sector. It will also strengthen Sirma’s presence in the Asia-Pacific region and support the Group’s broader international growth strategy.

The transaction remains subject to the satisfaction of the agreed conditions precedent. Further information regarding completion of the transaction will be announced in due course, in accordance with the Company’s applicable disclosure obligations.