

## REPORT

### BY THE BOARD OF DIRECTORS OF SIRMA GROUP HOLDING JSC FOR PAYMENT OF AN INTERMEDIARY DIVIDEND BASED ON THE 6-MONTH FINANCIAL REPORT

#### SCOPE AND SUBJECT OF THE REPORT

This report (hereinafter referred to as the "Report") was prepared by the Board of Directors of Sirma Group Holding JSC (hereinafter referred to as the "Company") on the basis of Art. 115c, para. 2, item 1 of the Public Offering of Securities Act (hereinafter referred to as the "POSA"). The report was prepared on the basis of the accounting information contained in the individual interim financial report of the Company as of 30.06.2022.

The purpose of this report is to certify to the shareholders of Sirma Group Holding JSC that, based on the published six-month individual financial report as of 30.06.2022, the Company has sufficient funds to pay a 6-month dividend and that its payment will not lead to indebtedness to staff, budget and others.

#### DIVIDEND POLICY OF THE COMPANY

The company has developed its dividend policy, which will be presented for approval by the shareholders at the second shareholders' meeting in the fourth quarter of 2022 and will be immediately implemented into practice. The Company will aim to maintain a dividend payout ratio of no less than 50% of net profit, subject to compliance with applicable legislation and meeting the financial needs for investment and growth.

#### PROPOSAL FOR THE TERMS OF 6-MONTH DIVIDEND

Pursuant to Art. 115c of the POSA, the Board of Directors, taking into account the following:

The retained earnings as of June 30, 2022 based on the financial statement as of June 30, 2022 is in the amount of BGN 8,557,506.26, including:

- current accounting result for the period January 1 to June 30 of the current year based on the financial statement as of June 30, 2022. in the amount of BGN 998,372.20;
- retained earnings from previous years in the amount of BGN 7,559,134.06;

proposes that the General Meeting of Shareholders to approve a decision for the distribution of profit in the form of a six-month dividend, in accordance with Art. 247a of the Commercial Law with the following parameters:

Type of dividend:	monetary
Full amount of the dividend /gross/:	BGN 889.135,08



Amount of dividend per share /gross/:

BGN 0,015

Period for payment of the dividend

in accordance with the legal terms, but not later than 60 days of the decision of the General Meeting

#### PURPOSE OF THE PAYMENT OF THE 6-MONTH DIVIDEND

The company follows the recommendations adopted by the Annual General Meeting of Shareholders on June 24, 2022 to distribute a dividend in the second half of 2022.

The Board of Directors believes that the payment of a 6-month dividend will strengthen and increase the confidence of investors (both institutional and individual), while at the same time providing them with an opportunity to obtain profitability from the results of the Company's past activities.

#### ANALYSIS OF THE ELEMENTS OF THE INTERIM STATEMENT AS AT JUNE 30, 2022, RELEVANT TO THE 6-MONTH DIVIDEND

##### *Key financial ratios*

The Board of Directors considers that the possibility of paying the 6-month dividend is determined to the most essential extent by the following financial indicators of the Company as of June 30, 2022:

Financial indicator	Amount in '000 BGN	Note
Profit for the period	998	January 01, 2022 – June 30, 2022
Ratio of absolute (immediate) liquidity	0,0756	Cash / current liabilities
Ratio of quick liquidity	0,2109	(Current receivables – inventories) / (current liabilities)
Ratio of indebtedness	0,2431	debt / own capital

The indicated financial ratios show that the Company generates a significant profit and is in a stable financial condition, characterized by high liquidity and a low level of indebtedness.

The reduction of current assets by the funds that will be distributed to shareholders upon payment of the 6-month dividend will not materially change their ratio of current liabilities or cause a delay or default in the payment of current liabilities.

As of the date of preparation of this report, the Company has no assumed and outstanding liabilities whose repayment term has expired before the proposal for a decision on the distribution of a 6-month dividend.



## Summary

Based on the six-month financial report as of June 30, 2022 the Board of Directors considers that the conditions under Art. 115c, para. 2, item 1 of the POSA for the payment of a 6-month dividend, namely:

- the funds available to the Company as of 30.06.2022 and expected to be available in the second half of 2022 are sufficient for the payment of the 6-month dividend; and
- the payment of the 6-month dividend does not jeopardize the Company's ongoing service of its obligations to creditors, staff, budget and others in the usual course of its activity.

## AVAILABILITY OF THE CONDITIONS FOR 6-MONTH DIVIDEND

In view of the presented financial information, the Board of Directors considers that the conditions provided for in Art. 247a of the Commercial Code and Art. 115c, para. 2 of the POSA, for the payment of the 6-month dividend, as the Company has the necessary funds and that there is no liquidity risk after the payment of the planned amount for dividend distribution.

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