

**REPORT**  
**OF THE AUDIT COMMITTEE OF**  
**SIRMA GROUP HOLDING JSC**  
**FOR 2022**

**I . GENERAL INFORMATION**

The present report of the Audit Committee of Sirma Group Holding JSC was compiled on the basis of Art. 108, para. 1, item 8 of the Law on the Independent Financial Audit, requiring a report on the activities of the Audit Committee before the appointing authority.

**1. Composition of the Audit Committee**

The mandate of the Audit Committee was extended for another 3 years by the decision of the General Assembly dated 24.06.2022. In place of the resigned member of the Audit Committee, Emilian Ivanov Petrov, the General Assembly elected a new member, Veselin Anchev Kirov. The audit committee works in the following composition:

- Angel Petrov Krajchev - Chairman of the Audit Committee;
- Alexander Todorov Kolev - Member of the Audit Committee;
- Veselin Anchev Kirov - Member of the Audit Committee.

**2. Main activities of the Audit Committee**

During the reporting period, the Audit Committee carried out its activities in accordance with the requirements of the Law on Independent Financial Audit. The main activities of the Audit Committee were directed in the following areas:

- Monitoring the processes of financial reporting in the enterprise;
- Monitoring the independent financial audit in the enterprise;
- Conducting a review of the independence of the registered auditor responsible for the audit and the audit firm in accordance with the requirements of the Independent Financial Audit Act and the International Code of Ethics for Professional Accountants;
- Monitoring the effectiveness of internal control systems;
- Monitoring the effectiveness of risk management systems.

## II. ACTIVITY OF THE AUDIT COMMITTEE IN 2022 AND FORMULATED CONCLUSIONS AND FINDINGS

At its regular meetings based on the available information and professional analysis and discussions, in compliance with the requirements of the Law on Independent Financial Audit and the Law on Public Offering of Securities, the Audit Committee of Sirma Group Holding JSC reached the following findings and conclusions about the activities of the company in 2022.

### 1. Monitoring the financial reporting processes in Sirma Group Holding JSC

The company prepares individual and consolidated quarterly interim financial statements, individual and consolidated annual financial statements, which it submits to the Financial Supervision Commission and discloses to the public. The audit committee reviewed the financial calendar on the company's website and the information on the publication of periodic information on the website of the Bulgarian Stock Exchange and found that the individual and consolidated interim and annual financial statements were presented. The Disclosure Committee of the Board of Directors also functions during the reporting period in order to support the process for more effective financial reporting and disclosure of financial information.

### 2. Monitoring the effectiveness of internal control systems

The audit committee monitored the functioning of the internal control organization and the permanent control and reporting procedures, as well as the communication of the audit firm with the internal control and the financial and accounting department. The audit committee established that financial analyzes and financial control were periodically performed by the management of the current accounting reporting in the company.

### 3. Monitoring the effectiveness of risk management systems

The company's policy for managing financial risks, and especially the risks that the company considers most important, includes the following: market risk (includes currency risk, fair value change risk and price risk), credit risk, liquidity risk and the risk of interest-linked cash flows. The company also considers industrial risks as important, such as, for example, industry risk - the risk of an unfavorable situation in the market of information and communication technologies, the specific company risk - of an unfavorable change in the terms of sale of the products and services offered by the group, the risk regarding the protection of intellectual property - the risk of third parties using or selling technologies that Sirma Group Holding JSC considers to be its own. Risk management is carried out on an ongoing basis by the company's management, and in support of the activities of the Board of Directors, there is an Investment

and Risk Committee, which defines and proposes for approval by the Board of Directors the risk management policy.

It has reduced the impact of the specific risk caused by the Covid-19 pandemic related to restrictions on the movement and gathering of people.

Specific external risks such as the military conflict between Russia and Ukraine and rising inflation and their impact on the markets are assessed by the company's management as difficult to identify their direct and indirect impact on the company's operations.

#### 4. Monitoring the independent financial audit in the enterprise

The independent financial audit of the financial statements of Sirma Group Holding JSC for the year 2022 is carried out for the fourth year in a row by Grant Thornton OOD, and the registered auditor responsible for the audit is Mrs. Gergana Mihailova. The Audit Committee's observation showed that a favorable environment was created for the implementation of the activity of the independent financial audit in conditions of joint work with the management of the company, the financial and accounting department and the internal control system.

The auditor's reports confirm that the individual annual financial report for 2022 and the consolidated annual financial report for 2022 present faithfully, in all material aspects, the financial position of Sirma Group Holding JSC. The reports were prepared within the agreed deadlines.

The Audit Committee was also presented with the final reports on the individual and consolidated annual financial statements in accordance with Art. 60 par. 1 and para. 2 of the Law on the Independent Financial Audit. The reports noted that no significant gaps were found in the company's internal financial control system and accounting system. Key audit matters were discussed with management during the audit.

#### 5. Conduct a review of the independence of the audit firm and the registered auditor responsible for the audit in accordance with the requirements of the Independent Financial Audit Act and the International Code of Ethics for Professional Accountants

The Audit Committee reviewed the Declarations of Independence of the auditing firm Grant Thornton OOD, presented at the beginning when starting the financial audit, and convinced itself of the independence of the auditing firm and the responsible auditor. The audit committee finds that the auditing company fulfills its obligation to publish on its website a transparency report that includes the information required by law. The audit committee requested information as to whether the audit firm provides additional services, apart from the financial audit services of the audited enterprise, and received assurance

from the management of the audited company that there is no agreement for the provision of additional services and such services are not provided, and also the audit firm declares that no other services are provided outside of the financial audit. Also, the Audit Committee found that in the additional reports the registered auditor again declared both his independence and the non-provision of additional services to the audited enterprise.

As a result of all this, the Audit Committee did not find a violation of the requirements of the Law on Independent Financial Auditing and the International Code of Ethics of Professional Accountants regarding independence and was convinced of the independence of the audit firm and the registered auditor responsible for the audit from the audited enterprise.

Sofia, May 12, 2023