

ACCORDING TO ANNEX 9
TO ARTICLE 28 (2) OF ORDINANCE № 2 OF 17.09.2003

INSIDE INFORMATION FOR SIRMA GROUP HOLDING JSC
AS OF 30.09.2018

1. Change of persons exercising control over the company.

During the period under review, there was no change in the persons exercising control over the company.

2. Opening insolvency proceedings for the company or its subsidiary and all material steps involved in the proceedings.

During the period under review, no insolvency proceedings were opened for the company.

3. Conclusion or execution of significant transactions.

During the period under review, there is no *conclusion or execution of significant transactions*.

4. A decision on the conclusion, termination and cancellation of a joint venture agreement.

No decision for concluding, termination and cancellation of a joint venture was taken during the period considered.

5. Change of auditors of the company and reasons for the change.

No decision for change of auditors of the company was taken during the period considered.

6. Conclusion or execution of contracts not related to the Company's ordinary activities.

During the period under review, there were no signed or executed contracts that were not related to the company's ordinary activities.

7. Formation or termination of a court or arbitration case relating to the debts or claims of the company or its subsidiaries with a claiming price of at least 10 percent of the company's equity.

No court or arbitration case was opened or terminated during the period under review.

8. Purchase, sale or pledge of shares in companies from the issuer or its subsidiary.

During the period under review, there was no purchase, sale or pledge of shareholdings in commercial companies by the issuer or its subsidiary.

9. Other circumstances that the Company considers may be relevant to investors in taking a decision to acquire, sell or continue to hold publicly available securities:

Substantial events occurred in the group until the end of Q3 2017:

- ***New bank loan to Sirma Group Holding JSC***

On January 26, 2018 Sirma Group Holding JSC entered into a bank loan agreement as follows:

- *Type of loan: investment credit;*
- *Creditor: Unicredit Bulbank AD;*
- *Borrower: Sirma Group Holding JSC;*
- *Solvency debtor and collateral in the sense of the FCAA: Sirma Solutions JSC with UIC: UIC 040529004 and Sirma Enterprise Systems JSC with UIC 200421236;*
- *Loan amount: BGN 9 780 000 (nine million seven hundred and eighty thousand BGN);*
- *Interest rate: 3M SOFIBOR + 1.35% per annum;*
- *Deadline for implementation: 30.07.2018;*
- *Repayment deadline: 14.06.2022;*
- *Collateral:*
 1. *A pledge under the terms of the Special Pledges Act in favor of the Creditor on the commercial enterprise of Sirma Solutions JSC with a carrying value of the assets as at 30.10.2017 amounting to 54 706 142.44 (fifty four million seven hundred and six thousand one hundred forty two and 0.44) BGN;*
 2. *Pursuant to the order of the Commercial Law on the holdings of Sirma Group Holding JSC 2 443 682 ordinary, dematerialized registered voting shares with a nominal value of 10 (ten) BGN each of the capital of Sirma Solutions JSC;*
 3. *Financial collateral in the form of a pledge on all receivables, current and future, of the Borrower (s) and of the third liable persons who are legal entities in all accounts in national and foreign currency, which are held by the Bank.*

- ***A contract for the purchase of a minority stake in Ontotext***

On March 12, 2018, Sirma Group Holding JSC concluded a contract for the purchase of shares by Ontotext JSC with UIC: 20356710 as follows:

- *Type of transaction: purchase of all the shares owned by the seller in Ontotext JSC with UIC: 20356710;*
- *Seller: New Europe Venture Equity El PI / Assignee of the Nevec venture capital fund;*
- *Buyer: Sirma Group Holding JSC;*
- *Number of shares: 4.187.087 (four million one hundred and eighty seven thousand and eighty seven) of the voting shares of Class A1, each with a par value of 1 / one / BGN of the capital of Ontotext JSC representing 100% of the shares grade A1 and 26.06% of the company's capital;*
- *Purchase price: EUR 4,200,000 (four million two hundred thousand), payable as follows: EUR 1,000,000 (EUR 1 million) shall be paid by the Buyer for the end of the Shares, as agreed in the contract;*

EUR 1,000,000 (one million) euro should be paid by Buyer by 30.06.2018;

EUR 2,200,000 (two million two hundred thousand) euros should be paid within three days after entering the Buyer's capital increase in the Commercial Register, but not later than 15 March 2019;

• Secured Transactions:

BETWEEN 1:

Type of assets to be pledged: 1,968,131 book-entry shares of Sirma Group Holding owned by Tsvetan Borisov Alexiev, each with a nominal value of BGN 1 denominated in the Central Depository.

BETWEEN 2:

Type of assets to be settled: 1,968,130 dematerialized shares of Sirma Group Holding, owned by Atanas Kostadinov Kiriakov, each with a nominal value of BGN 1 (one lev), reflected in the Central Depository.

BETWEEN 3:

Type of property to be settled: 1,968,130 dematerialized shares of Sirma Group Holding, owned by Georgi Parvanov Marinov, each with a nominal value of BGN 1 (one lev), reflected in the Central Depository.

• Date of transfer of the shares: *The transfer of the Shares from the Seller to the Purchaser will take place on the business day following the day on which the following conditions are met:*

- Buyer must certify that the bets (described above) are duly established in favor of the Seller;

- The parties provide all corporate decisions, powers of attorney, certificates, declarations and other supporting documentation that is necessary in connection with the transfer of the Shares from the Seller to the Purchaser;

• Changes in the management bodies of Ontotext JSC: *Zlatolina Mukova and Konstantin Petrov leave the Board of Directors of Ontotext JSC.*

• Method of financing the first tranche of the purchase: *investment bank credit.*

Currently, the deal is not closed due to the expiration of the fund and waiting for the record of its continuation.

- *Decision on the purchase of own shares by Sirma Enterprise Systems*

On 12.03.2018 The General Meeting of Shareholders of Sirma Enterprise Systems adopts a decision Sirma Enterprise Systems to buy back own shares, owned by shareholders in the company. The board of directors will execute the redemption under the following conditions:

- The maximum number of redemption shares is 2024 (two thousand and twenty-four) ordinary shares;*
- Price - 49,60 BGN per share and maximum price 49,60 BGN per share.*
- The buyout deadline is 30.04.2018.*
- Way of redemption - with a purchase contract*

Pursuant to Article 6, paragraph 1 of the Statute of Sirma Enterprise Systems provides that the shareholder offers his shares to the Company for redemption upon termination of the employment relationship between the shareholder holding Class A shares and the Company.

Redemption will take place under the following conditions:

- *The maximum number of shares to be redeemed is 11 068 (eleven thousand and sixty-eight) of the nominal, Class A shares;*
- *Price: 1/3 of the nominal value of the shares or 3.33 BGN per share.*
- *Way of redemption - with a purchase contract.*

- Creation of Sirma Software Inc. and separation of intangible assets to create the SENPAI cognitive platform in it.

On March 13, 2018, a new subsidiary of Sirma USA Inc., a part of Sirma Group Holding JSC - Sirma Software Inc., was set up as follows:

- *Name: Sirma Software Inc., Delaware;*
- *Address: Coastal Highway 16192, City of Lewes, County of Sussex, Delaware 19958, USA;*
- *Capital: USD 11,711,476;*
- *Shares: 11,711,476 ordinary shares with a nominal price of USD 1.00;*
- *Owner of the capital: 100% Sirma USA Inc.;*
- *Management: a one-tier management system with a board of directors;*
- *Chairman of the Board of Directors - Tsvetan Alexiev;*
- *Executive Director - Deyan Nenov.*

The Company was created for the purpose of separating Sirma Group Holding's assets from Sirma USA in the newly established company, according to the Group's Strategy.

On March 14, 2018, with a share transfer agreement concluded between Sirma USA Inc. on the one hand and Sirma Solutions JSC and Sirma Group Inc. on the other, all 11,711,476 ordinary shares with a nominal price of USD 1.00 from the capital of Sirma Software Inc. was transferred to Sirma Solutions JSC and Sirma Group Inc. in 97.5% of the capital (11,418,689 shares) of Sirma Solutions JSC and 2.5% of the capital (292,787 shares) of " Sirma Group Inc. ".

The deal is part of a series of actions to separate Sirma Group Holding's core assets from Sirma USA at Sirma Software Inc., in line with the Group's Strategy.

- Upcoming Restructuring in 2018 according to the strategy of Sirma Group Holding JSC

There is a series of legal actions to concentrate assets and businesses related to cognitive technology at Sirma Enterprise Systems JSC, which will be renamed Sirma AI:

- *Completion of the transaction with the purchase of a minority stake in OT - 26% of the capital - EUR 4.2 M;*
 - *Purchase of TP of Ontotext JSC from Sirma AI - BGN 21 M;*
 - *Purchase of a separate part of TP of Sirma Solutions JSC from Sirma AI - BGN 12 M*
 - *Purchase of TP of Sirma Software Inc. from Sirma AI - \$ 11.8 M*
 - *Purchase of a separate part of TP of Datium JSC from Sirma AI - BGN 1 M;*
 - *Assignment of SGM Intangible Assets of 5M and receivables of SGM 3M in Sirma AI;*
- Increase of the capital of Sirma AI with an amount of receivables amounting to BGN 61M.*

- **Merger of subsidiaries of the Holding**

Pursuant to the Strategy of Sirma Group Holding JSC, on 04.05.2018 two of the subsidiaries of the Holding were merged: Sirma Group Inc. and Sirma USA.

The new company from 08.05.2018 will be Sirma Group Inc. and will be based in the USA, Idaho 83702, Boise 202 N, 9th Street Suite 303B.

- **Sirma gets its Prospectus approved by FSC**

On 12.06.2018 the Financial Supervision Commission, with its decision № 585-E, approved the Prospectus for a secondary public offering of Sirma Group Holding JSC. The authorized investment intermediary and the manager servicing the capital increase is "First Financial Brokerage House" Ltd.

According to the approved [Prospectus](#), 39 573 679 new, ordinary dematerialized voting shares with a nominal value of BGN 1 will be subject to the public offering. The public offering will be successful only if at least 19 786 839 shares with a nominal value of BGN 1 and an issue value of BGN 1 each are subscribed.

The traded shares are classified as: ordinary, registered, dematerialized, freely transferable, and give the same rights to shareholders, such as voting rights, dividend rights and a liquidation share in proportion to the nominal value.

The funds raised will be used for investments in technology and global business development of the Group.

The ISIN code of the shares of "Sirma Group Holding" JSC is BG1100032140 with ticker SKK.

Date: 29.10.2018

Sofia

CEO:



Tsvetan Alexiev