

To
BSE – Sofia AD
Financial Supervision Commission
Investment Community
Sofia

Re.: decision for capital increase of Sirma Group Holding JSC

Date: 03.05.2018

Dear Sirs,

Pursuant to the requirements of the Public Offering of Securities Act (POSA), Ordinance 2 of the Financial Supervision Commission (FSC) and Regulation 596/2014 of the EP and the Council, we hereby inform you that on 02.05.2018 at the meeting of the Board of Directors of Sirma Group Holding JSC a decision for a capital increase of Sirma Group Holding AD was taken, as follows:

Pursuant to Art. 196, para. 1 and Art. 194, para. 1 of the Commercial Code, Art. 112 of the POSA and pursuant to the authorization by the Company's Articles of Incorporation to increase the capital, the Board of Directors increases the capital of Sirma Group Holding JSC, from BGN 59 360 518 divided into 59 360 518 ordinary registered dematerialized shares each with the right to one vote and a nominal value of BGN 1.00 to BGN 98 934 197 through the issuance of new 39 573 679 dematerialized shares with the right to one vote and a nominal value of BGN 1 and an issue value of BGN 1.00 per share, as follows:

The increase of the capital will be made under the conditions of a public offering for the newly issued shares after the publication of a Prospectus, certified by the Financial Supervision Commission (FSC), prepared in compliance with the legal requirements.

1. Amount of recruited capital, tolerances, number, nominal and issue value, types of shares and rights thereon.

The capital of Sirma Group Holding AD increased from BGN 59,360,518 to BGN 98,934,197 by issuing 39,573,679 ordinary dematerialized voting shares with a nominal value of BGN 1.00 each. The Company's capital will be increased only if at least 19 786 839 shares with a nominal value of BGN 1.00 and issue price of BGN 1.00 each are subscribed and paid, in which case the capital of the Company will be increased only with the value of the subscribed shares. No deviation above the upper limit of the recruited capital is possible.

Each share of the new issue has a nominal value of BGN 1.00 and an issue price of BGN 1.00. All shares issued by Sirma Group Holding JSC, as well as the shares of the new issue are of one class - ordinary, dematerialized, registered with the right to one vote at the General Meeting of the Shareholders, right to dividend and liquidation share, proportional to the nominal value of the share. Increasing capital with rights excludes the possibility of damaging the interests of shareholders.

2. Issuing rights. Ratio of Rights Issued to New Shares. Minimum and maximum number of shares that can be purchased against issued rights.

Pursuant to Art. 112b, para. 2 of POSA and as the decision for increase is taken by the management body, the persons who have acquired shares at the latest 7 days after the date of the announcement of the disclosure for the public offering under Art. 92a, para. 1 of POSA. Within three business days after the expiration of 7 (seven) days from the announcement and publication of the announcement for the public offering, the Central Depository AD shall open accounts for the rights of these persons based on data from the Book of Shareholders. One right is issued against each existing share at the end of the specified period. 1.5 (one and one half) rights allow the subscription of 1 new share. Once the rights have been granted, any person may acquire rights in the period for their transfer / trade and during the open auction; exercised 1.5 rights allow the subscription of 1 new share, at issuing price of BGN 1.00. Every person can record a number of shares equal to the number of rights acquired and / or held by him, divided by 1.5 and rounding up to the smaller integer when receiving a non-whole number. Rights are transferred within the transfer period defined below.

3. Starting and closing date, terms and procedure for transfer of rights. Initial and end terms and procedure for subscription of shares of the new issue by the rights holder.

3.1. Initial term for transfer of rights and for subscription of shares under Art. 112b, para. 4 and 5 of the POSA - the third business day, following the expiration of 7 (seven) days from the date of publication of the announcement for the public offering under Art. 92a of the POSA in one central media (Extri News) and on the websites of Sirma Group Holding JSC and that of the authorized investment intermediary First Financial Brokerage House EOOD.

3.2. Deadline for transfer of rights under Art. 112b, para. 4 of POSA - the first working day, following the expiration of 14 days as of the starting date under item 3.1.

3.3. The transfer of rights through their purchase (sale of rights), pursuant to Art. 112b, para. 6 and the following from POSA, shall be executed on the main market of the "Bulgarian Stock Exchange - Sofia" AD (BSE), by submitting a sale order to the respective investment intermediary in which the accounts of rights of the respective clients are held, respectively through a purchase order to an investment intermediary, a member of the regulated market. For the acquisition of rights by other means, the provisions of the Regulations of Central Depository AD shall apply. The start date for the trading with rights coincides with the start date under 3.1. According to the Rules of BSE - Sofia AD, the last trading date for stock exchange options is 2 working days before the closing date

under item 3.2. Shareholders who do not wish to participate in the capital increase as well as all other rights holders are entitled to sell their rights in the order specified by the end of the trading session on the last trading day, until the last day of transfer of the rights, but not later than that provided for under the regulations of the Central Depository AD. On the 5th business day following the deadline for the transfer of the rights under item 3.2. "Sirma Group Holding" JSC, through the investment intermediary "First Financial Brokerage House" EOOD offers for sale under the auction conditions those rights against which no shares of the new issue have been subscribed until the expiry of the transfer period. "Sirma Group Holding" AD will allocate the amount received from the sale of the non-exercised rights, less the costs of the sale, proportionally to their owners. Amounts obtained from the sale of rights are transferred to a special account opened by the Central Depository AD and can not be used until the capital increase has been entered in the Commercial Register. The distribution of the amounts resulting from the sale of rights, both within the term of their transfer and at the auction, shall be carried out with the assistance of the Central Depository under the terms and conditions of its Rules. At the beginning of each business day during the subscription, the Central Depository shall publicly disclose information about the rights exercised up to the end of the previous business day. Those acquiring rights in the auction sale may subscribe the respective number of shares until the expiration of the subscription deadline under item 3.4.

3.4. Deadline for the subscription of the shares under Art. 112b, para. 5 of the POSA - the first working day, following the expiration of 15 working days, from the date of expiration of the transfer of the rights under item 3.2. Subscription is not allowed before the start date and after the specified subscription deadline.

3.5. The subscription of the shares of the new issue will be subject to the following terms and conditions:

3.5.1. Individuals who have acquired rights on personal accounts declare the transfer of rights under their sub-accounts to an investment intermediary. Holders of shares with rights as well as all other rights holders, who have acquired the same within the time limit for their transfer, may subscribe the respective number of shares against them until the expiry of the transfer period of the rights under item 3.2, rights will be sold officially at an auction. Persons who have acquired auctioned rights may subscribe the respective number of shares until the deadline for subscription under item 3.4. The Company provides the possibility to subscribe shares by remote means through the Central Depository and its members. The subscription of shares is made by submitting written requests. All persons holding shares with rights as well as all other holders of rights acquired within the term of their transfer and / or at auction shall file the applications for subscription of shares to the authorized investment intermediary "First Financial Brokerage House" EOOD, with its seat and address Sofia, 2, Enos Str., floor 4, phone: +359 2 460 64 11, e-mail: Anna.Georgieva@ffbh.bg, servicing the capital increase and / or the investment intermediaries, members of the Central Depository, where the clients' accounts for the rights they hold are kept, as per the current procedures and the Rules of the Central Depository. Subscription requests are submitted to the above-mentioned investment intermediary on a business day from 9:00 AM to 5:00 PM, subject to regulatory requirements.

3.5.2. The subscription of shares is considered valid only if it is made by a shareholder with shares with rights and / or by another right holder up to the possible number of shares under item 2 and the entire issue value of the subscribed shares has been paid up to the subscription deadline, under the conditions set out below. Upon partial payment of the issue value, the respective number of shares for which it has been paid in full is considered to be effective. The deposit of the share price for the the subscribed shares is paid in a special escrow account opened in the name of Sirma Group Holding JSC with UniCredit Bulbank AD. The escrow account must be credited by the person subscribing to the shares at the latest by the deadline for the subscription of the shares.

3.6. The special account of Sirma Group Holding AD for payment of the new shares will be specified in the announcement for the public offering under Art. 92a, para. 1 of POSA.

3.7. According to Art. 89, para. 2 of the POSA, the money raised in the special account can not be used before the subscription is completed and the increase of the capital is entered in the Commercial Register at the Registry Agency.

4. Procedure provided that all proposed shares are subscribed before the end of the subscription; that all proposed shares are not subscribed before the end of the subscription; that more than the offered shares are subscribed by the end of the subscription.

If all shares of this issue are subscribed before the subscription deadline, Sirma Group Holding JSC shall notify the Financial Supervision Commission (FSC) within 3 working days, according to Art. 112b, para. 12 of POSA and shall take the necessary actions to register the increase in the Commercial Register and to register the issue in the Central Depository AD, FSC and BSE - Sofia AD. If until the end of the subscription not all shares are subscribed, but at least 19 786 839 shares are subscribed and paid, the capital is increased up to the amount of the subscribed and paid shares and the new issue of this amount shall be registered with the Central Depository AD, FSC and BSE - Sofia AD. The increase of the capital with rights excludes the possibility of subscription of more than the shares referred to in item 1.

5. Order and terms for return of the collected contributions and the interest due in the event of an unsuccessful subscription.

If the subscription is unsuccessful, Sirma Group Holding JSC shall notify the FSC as per the regulations in Art. 84, para. 3 of the POSA. Sirma Group Holding JSC is obliged on the day of the announcement under Art. 84, para. 3 of the POSA to notify the Bank of the outcome of the subscription, to publish on the Internet pages of Sirma Group Holding JSC and the investment intermediary First Financial Brokerage House EOOD an invitation to the persons who have subscribed shares to announce the terms and conditions for return the raised sums, as well as declare the invitation for disclosure in the Commercial Register and publish it in a central media (Extri News). The amounts paid, together with the accumulated interest paid by the bank will be reimbursed to investors within 30 days of the notification under Art. 84, para. 3 of POSA by means of a transfer to a bank account specified by them or in cash at the address of the Bank. In the event

that the capital increase is not entered in the Commercial Register, Sirma Group Holding JSC shall immediately notify the FSC, the BSE and the Central Depository and publish in the above-mentioned daily media a notice within 3 days from the effective date of the refusal and refund the amounts received in 30 - the day following the notification under the same procedure.

6. Receipt of the supporting documents for the issued shares and for the contributions made.

Following the recording of the increase of the capital in the Commercial Register, the Company will register the issue of shares in the Central Depository AD. The Central Depository AD will open new or credit existing investor accounts with the new shares subscribed and paid for. The shares of the persons under the sub-accounts of investment intermediaries in the Central Depository AD will be allocated to the respective sub-accounts. The shares of the capital increase of the persons having accounts in Register A of the Central Depository will receive the new shares of Sirma Group Holding JSC in the accounts of the Register A. Upon request, the investors can obtain certificates - depository receipts - for the new shares received by them. Issuance of depository receipts shall be made by the Central Depository AD through the respective investment intermediary at the request of the shareholder and in accordance with the Regulations of the Central Depository AD and the internal procedures of the intermediary.

A document certifying the contributions made is the payment document (payment order or an input note) and is received from the servicing bank through which the investor orders the payment or pays the due amount against the subscribed shares.

7. The purpose for which the raised funds will be spent: implementation of the product portfolio development strategy; implementation of the strategy for the reorganization of the corporate structure; marketing and selling of the product portfolio, including the commercialization of newly developed products.

- **Investment intermediary:** First Financial Brokerage House AD under the above terms.

With kind respect,

Stanislav Tanushev
Investor Relations Director
Sirma Group Holding JSC