

**INSIDE INFORMATION ABOUT THE FACTS AND CIRCUMSTANCES OCCURRED IN
SIRMA GROUP HOLDING JSC
DURING THE SECOND QUARTER OF 2022**

1.1. Change of persons exercising control over the company.

On 24 June 2022, the Annual general meeting of shareholders of “Sirma Group Holding” JSC decided:

- a. Removes Petar Borisov Statev as member of the Board of Directors.
- b. Elect as members of the Board of Directors:
 - Veselin Anchev Kirov
 - Yavor Ludmilov Djonev - independent member of the Board of Directors
 - Martin Veselinov Paev - independent member of the Board of Directors
 - Peyo Vasilev Popov - independent member of the Board of Directors

with remuneration and tenure commensurate with the remuneration of the current non-executive members of the Board of Directors and the tenure of the current Board of Directors.

1.2. 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.

1.3. Conclusion or execution of significant transactions.

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

1.4. 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.

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

During the period there was no change of auditors of the company.

1.6. 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.

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

- Sale of an investment in a subsidiary

On 18 January 2022, "Scaint" AD sold its investment in the subsidiary Sciant Software s.r.o in the Czech Republic for the amount of CZK 142,73.

- Purchase and sell of shares of "Sirma Group Holding" JSC from a subsidiary

In H1 2022 the subsidiary "Sirma Solutions" has acquired additional 1 500 952 shares from the capital of "Sirma Group Holding" JSC for the amount of BGN 919 524 and sold 2 906 349 shares for the amount of BGN 2 179 762.

- Sell of purchased own share of the Company

On 9 June 2022 „Sirma Group Holding“ JSC sold 499 628 purchased own shares at an average price of BGN 0.75 per share, for a total value of BGN 374 721

- Concentration of ownership of a subsidiary

On 09.06.2022, pursuant to the Strategy of „Sirma Group Holding“ JSC for ownership concentration, the shareholders of the subsidiary „Sirma Solutions“, who are also its employees, transformed their investments from shareholders of „Sirma Solutions“, into shareholders of „Sirma Group Holding“ JSC. At the same time, „Sirma Group Holding“ JSC became the sole owner of „Sirma Solutions“. The transactions for sale/purchase of shares of "Sirma Solutions" and „Sirma Group Holding“ JSC were executed on the over-the-counter market at current market prices. The following two positive effects are achieved through these transactions:

a. Synchronization of the interests of the key employees of the largest company in Sirma Group - „Sirma Solutions“, with those of the parent company, through their transformation from shareholders in „Sirma Solutions“ to shareholders in „Sirma Group Holding“ JSC;

b. „Sirma Group Holding“ JSC becomes the sole owner of its largest company „Sirma Solutions“, which will remain the only member of the Sirma Group to hold shares in the capital of „Sirma AI“ after the possible sale later this year of a majority stake in "Sirma AI" of an investment company.

1.8. 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:

- Change of the legal form and increase of the capital of a subsidiary of „Sirma Group Holding“ JSC

On 16 May 2022, an increase in the capital of “Sirma AI” EAD with non-monetary contributions was entered in the Commercial Register, on the grounds of Art. 195 of the CA, by the issuance of new 4 938 720 ordinary shares and 1 172 315 Class A shares. The capital is increased to BGN 61 110 350 under the condition that the shares are subscribed by certain persons and against the non-monetary contributions. Ordinary shares are subscribed at an issue value of BGN 10, and class A shares at an issue value of BGN 14,50.

The non-monetary contributors subscribe for shares in an amount corresponding to the value of nonmonetary contributions as follows:

a. “Sirma Solutions” AD, UIC 040529004 subscribes 2 813 759 ordinary registered shares and 654 414 Class A shares.

b. “Ontotext” AD, UIC 200356710 subscribes 2 124 961 ordinary registered shares.

c. “Sirma Group Holding” JSC, UIC 200101236 subscribes 376 855 Class A shares.

The Articles of Association of the Sirma AI JSC were amended accordingly. The new Articles of Association were also entered in the Commercial Register.

On 16 May 2022, a change in the legal form of Sirma AI from EAD (Sole Joint Stock Company) to AD (Joint Stock Company) was entered in the Commercial Register.

- Information about a proposal for purchase of shares from a subsidiary of “Sirma Group Holding” JSC

On 16 May 2022, at a meeting of the Board of Directors of Sirma Group Holding JSC, an offer received from the investment company Integral Venture Partners, London was approved in principle. In its role as leading investor Integral Venture Partners offer to purchase a majority stake in the subsidiary “Sirma AI” AD, as follows:

- Subsidiary: “Sirma AI” AD;
- Valuation of the whole company “Sirma AI” AD: EUR 28 500 000;
- Potential buyer of shares: New Frontier Technology Invest SARL (Société à responsabilité limitée, address: 15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Incorporator: EEPI1 Portco A SARL (a Luxembourg domiciled entity, part of the Integral Venture Partners group of entities);
- Potential sellers of shares: “Sirma Group Holding” JSC, “Sirma Solutions” AD and “Ontotext” AD;
- Expected proceeds from the sale: The total sale price for the shares to be sold by “Sirma Group Holding” JSC, “Sirma Solutions” AD and “Ontotext” is expected to be EUR 19 535 004, and the share of “Sirma Group Holding” JSC would be EUR 6 600 714;

- Additional conditions: the buyer would undertake to increase the capital of “Sirma AI” AD with a cash contribution of EUR 10 750 000.
- Distribution of the shares after the capital increase: 76,2% of the company's capital would belong to New Frontier Technology Invest SARL, while “Sirma Solutions” AD will retain a share of 23,80% of the capital.

Further development of the proposed transaction is subject to approval by the financing banks and the General Meeting of Shareholders of “Sirma Group Holding” JSC.

Additional information about Integral Venture Partners SARL:

Integral Investment Company is based in London. Institutions such as the EBRD, EIB, IFC, etc. participate in the investment base managed by the company. The main focus of the investment policy of the funds, managed by Integral, are Central and Southeastern Europe. The industries where the company invests are TMT (technology, media, and telecom), B2B services, healthcare, consumer goods and services.

- ***Complicated international situation***

The full-scale military invasion of Russia in Ukraine, which began on 24 February 2022, caused a wide international response and affected the countries of Europe in various aspects. The expectation is that the military conflict will have a negative impact and affect all businesses to one degree or another.

The escalation of hostilities between Russia and Ukraine, the imposition of sanctions and restrictions by the European Union, USA, Canada, Britain and other countries on Russia, the Russian Central Bank, credit institutions, companies, individuals and the closure of Russian stock exchanges, cause significant shocks, ubiquitous on financial markets. The Group has no direct exposure to Ukraine or Russia. However, the impact on the general economic situation may necessitate a revision of some assumptions and judgments. At the same time, inflationary pressures continue to increase, with military action and rising quotations on all commodities expected to increase further.

Systematic risks operate outside the Group, but have a key impact on its activities.

These risks are specific to the whole market and cannot be avoided by diversifying the risk, as they are related to the macroeconomic situation, the political situation, regional development and others.

The economic sanctions imposed on Russia by USA and the European Union in connection with the military conflict are likely to have a direct impact on the Group's activities, in relation with the indirect effects of the effect on business and consumer confidence and commodity markets.

“Sirma Group Holding” JSC informs all interested parties that the interim consolidated financial statements of the Group as at 30 June 2022 have not been verified by a registered auditor.

Date: 29.08.2022

Sofia

CEO: 
Tsvetan Alexiev