

CIRCULAR TO SHAREHOLDERS

**THIS CIRCULAR IS BEING ISSUED TO THE SHAREHOLDERS OF RS2
SOFTWARE PLC PURSUANT TO THE REQUIREMENTS AND APPLICABLE
LEGISLATION IN MALTA**

16 NOVEMBER 2020

**REGISTERED ADDRESS: RS2 BUILDINGS, FORT ROAD, MOSTA, MALTA
COMPANY REGISTRATION NUMBER: C 25829**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE
ATTENTION**

Dear Shareholder,

I am pleased to invite you to the Extraordinary General Meeting of RS2 Software plc (“the **Company**”) to be held remotely on Tuesday 15 December 2020 at 10.30hrs (“the **EGM**”).

Enclosed within this letter you will find a Circular containing information that will put you in a better position to vote on the resolutions being put forward for your approval at the EGM.

The EGM provides an opportunity for the Company’s shareholders (“**Shareholders**”) to communicate with the directors and I sincerely hope you will take such opportunity. Should you be unable to attend the meeting in person, whether for personal reasons or due to public gathering restrictions in force, I strongly encourage you to exercise your right to vote by appointing a proxy.

The resolutions, which are of an extraordinary measure and all relating to changes in the Memorandum and Articles of Association of the Company, are being put forward for the approval of the Shareholders at the EGM and merit detailed explanation.

This Circular is intended to provide you with details of such resolutions, as well as to explain why the Company’s Board believes that the authorisations being sought are in the best interests of the Company and the Shareholders and why the Board unanimously recommends that you vote in favour of all the resolutions at the Extraordinary General Meeting.

This Circular is to be considered as complimentary to the notice of the Extraordinary General Meeting and should be read in conjunction with the same.

The following resolutions are being proposed:

EXTRAORDINARY RESOLUTIONS

Amendments to the Object clauses

1. To approve that Paragraph a) of Clause 4 of the Memorandum of Association be and is hereby deleted and replaced by the following:

“a) to develop, market, sell and install computer software and software solutions and hardware for banks, service providers and other financial and non-financial organisations.”

2. To approve that Paragraph c) of Clause 4 of the Memorandum of Association be and is hereby renumbered as Paragraph d) and that immediately after paragraph b) of Clause 4, the following paragraph be and is hereby inserted:

“c) to acquire, hold and dispose by any title whatsoever shares, debentures, securities of any other type and any other interest in any company, corporation, partnership, and any other legal person as well as in any joint venture whose objects, scope or activities are connected, complimentary or useful to the business of the Company, including in any payment institution/s, financial institution/s, credit institution/s and providers of services to such institutions as well as to merchants.”

3. To approve that immediately after the last paragraph of Clause 4 the following paragraph be and is hereby inserted:

“Nothing in the foregoing shall be construed as empowering or enabling the Company to carry out any activity or service which requires a license or other authorisation under any applicable law in force in Malta or in any other state, without such license or authorisation from the relevant competent authority or regulator and the provisions of Article 77 (3) of the Companies Act (Chapter 386 of the Laws of Malta).”

EXPLANATION TO THE PROPOSED RESOLUTIONS 1, 2 & 3 ABOVE

RS2 Strategy: Develop towards a fully integrated End2End payment player and to position the Company as a one-stop-shop service provider for all types of merchants in all regions over all payment-categories. The Company believes that, due to its current position across the industry value chain, it plays a pivotal role in the payments ecosystem. This strategy means a transformation for RS2 to gain traction towards accelerated growth and improved profitability and a sustainable position within the entire value chain.

In addition to the Company's current business lines, that is licensing and managed services, in 2020 the Company decided to enter a new business line – that of direct merchant acquiring and issuing services – building a solid and competitive offering in the market. This business line is named “Merchant Solutions”.

The Company is currently using external market leading service providers to complete its service offering for financial service providers and merchants with respective back-up alternatives available. Now in line with the Company's business strategy, and to enter into the acquiring and issuing business itself (rather than through third party service providers), the Company will offer such services directly to merchants through its fully owned subsidiary RS2 Financial Services GmbH, via an E-Money Institution (EMI) license with the German Regulator. As an EMI licenced holder, the Group will be directly subject to EU Directive 2009/110/EC of the European Parliament and Council of 16 September 2009 which came into force in Germany with the introduction of the Payment Services Oversight Act (Zahlungsdiensteaufsichtsgesetz, ZAG).

The EMI license will be required in order to manage the merchant funding and to be able to provide acquiring services and to issue payment instruments, including pre-paid cards for consumers or to be used to fund micro and small sized merchants.

The Objects Clause of the Memorandum of Association, as it stands today, needs to be updated, amended and extended in order to enable and empower the Company to implement its objectives and expansion plans in terms of its business strategy, hence the above proposed changes.

EXTRAORDINARY RESOLUTIONS:

Changes to Share Capital

- 4. To approve that the Authorised Share Capital of the Company be varied and increased as follows, with the appropriate amendments made to Clause 7(a) of the Memorandum of Association:**

That the Authorised Share Capital of the Company be increased from twelve million Euro (€12,000,000) to eighteen million Euro (€18,000,000) and shall be split between fourteen million four hundred thousand Euro (€14,400,000) divided into two hundred and forty million (240,000,000) Ordinary Shares of six Euro cents (€0.06) each, and three million six hundred thousand Euro (€3,600,000) divided into sixty million (60,000,000) Preference Shares of six Euro cents (€0.06) each.

- 5. To approve that paragraph b) of Clause 7 of the Memorandum of Association of the Company be amended to reflect the current share capital of the Company.**
- 6. To approve that pursuant to resolutions proposed in 4 and 5 above, Clause 7 be and is hereby deleted and replaced by the following:**

"7. SHARE CAPITAL

- a) That the Authorised Share Capital of the Company is eighteen million Euro (€18,000,000) and split between fourteen million four hundred thousand Euro (€14,400,000) divided into two hundred and forty million (240,000,000) Ordinary Shares of six Euro cents (€0.06) each, and three million six hundred thousand Euro (€3,600,000) divided into sixty million (60,000,000) Preference Shares of six Euro cents (€0.06) each.**
- b) The issued share capital is of eleven million five hundred and seventy eight thousand one hundred and fourteen Euro and fourteen cents (€11,578,114.14) divided into one hundred and ninety two million nine hundred and sixty eight thousand five hundred and sixty nine (192,968,569) Ordinary shares of six Euro cents (€0.06) each.**

- c) Every member shall have two (2) votes in respect of each Ordinary Share held by him. Save where otherwise provided, all Ordinary Shares shall rank *pari passu*.
- d) Subject to the provisions of article 113 of the Companies Act, as from time to time obtaining, in issuing and Shares, the Company through the Board of Directors shall be entitled to make a discount to the person to whom the said shares are issued and allotted.
- e) In the event of there being any unissued shares in the capital of the Company, such shares shall be at the disposal of the Board of Directors who, subject to any provision in the Memorandum and Articles of Association, may allot, issue or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such times as the Board of Directors shall think fit.
- f) Preference Shares shall have the following rights attached thereto:
 - i) The holder of Preference Shares shall have the right to attend general meetings of the Company and to receive notices, reports and balance sheets as the holders of any class of Ordinary Shares, but, subject to the immediately following paragraph, shall not have the right to vote at any general meeting of the Company.
 - ii) Preference shareholders shall have the right to vote only at any general meeting of the Company convened for the purpose:
 - 1) of reducing the capital of the Company; or
 - 2) winding up of the Company; or
 - 3) where the proposition to be submitted directly affects their rights and privileges; or
 - 4) when the dividend on their shares is in arrears by more than six (6) months.

In such case where the holder of Preference Shares shall have the right to vote, such shareholder shall have one (1) vote in respect of each Preference Share held by him.

- iii) The holders of Preference Shares shall not be entitled to any participation in the profits and assets of the Company except as provided hereunder.
- iv) The holders of Preference Shares shall not be entitled to participate in the assets of the Company except by way of distribution of assets to its members on its winding up and this in the same manner as holders of Ordinary Shares. In any such

case the holders of Preference Shares shall not enjoy any preference over the holders of the other shares.

- v) When a dividend is declared payable in respect of any financial period, the holders of Preference Shares shall be entitled to a dividend at a premium ("Premium Dividend") over the dividend distributed and payable to the holders of Ordinary Shares. Such Premium dividend shall be determined by the Board of Directors at the time of issue of the said Preference Shares, but such Premium Dividend shall not be less than ten per cent (10%).
- vi) The holders of Preference Shares shall qualify in the same manner as the holders of Ordinary Shares to be entitled to any bonus shares issued by the Company. The provisions of paragraph ix) of this Clause 7 (f) shall apply in determining the number and manner of bonus shares to which the holders of Preference Shares shall be entitled to receive by way of bonus shares.
- vii) Preference Shares shall be non-cumulative and shall not be redeemable.
- viii) The holders of Preference Shares shall not have any rights of pre-emption in respect of allotment of Preference shares to officers and employees of the Company and, or its subsidiaries.
- ix) Subject to the above, Preference Shares shall rank pari passu with Ordinary Shares irrespective of the nominal value attached thereto.

Extraordinary Resolution

Waiver of Pre-emption rights

7. To approve that (i) in the context of the Directors issuing and allotting any of the Preference Shares to employees and Officers of the Company or of its subsidiaries and (ii) in the context of a public offering of any Preference Shares and their issuance and allotment subsequent thereto the holders of Ordinary Shares and Preference Shares in the Company do and hereby irrevocably waive all their rights of pre-emption deriving from their shareholding.

Extraordinary Resolution

Authority to Directors to issue and allot unissued Authorised Share Capital

- 8. To approve that the Directors be and are hereby authorised from time to time to allot from the unissued Authorised Share Capital within a period of five years from the date of approval of this resolution, as same may be extended according to law, any of the said unissued authorised share capital, whether Ordinary Shares or Preference Shares, in any amounts and at the time/s and in the manner as the Board of Directors may in its own absolute discretion from time to time determine, but subject to any limitation applicable as a result of any of the other resolutions approved during this general meeting.**

EXPLANATION TO RESOLUTIONS 4, 5, 6, 7 & 8 ABOVE

To date, the Group (i.e. the Company and its Subsidiaries) has financed its investment through its internally generated cash flow and from bank financing. To forge ahead with its plans for accelerated growth, the Group is looking to outside financing via the introduction of Preference Shares in the Company.

This funding will allow the Group to follow its ambitious but sustainable growth strategy, which may possibly eventually require additional debt financing depending on the extent and progress of growth. Management believes that this is an appropriate time to take RS2 to the next level in re-positioning the Company to a fully integrated payment service provider, reflecting the robust foundations from the market-side as well as the demand from current client base to serve as an impetus for future growth.

With regards to the increase of the Authorised Ordinary Shares, these shares would provide the Company with the capacity and flexibility needed in the event that the Company would require raising of further capital to act in a timely manner to opportunities, and to be able to bring on board strategic investors which will enhance shareholder value, if and as needed. Taken as a whole, the increase in the Ordinary Share capital and the creation of the new Preference Shares is being done in order to restructure the Share Capital of the Company to enable the planned growth. For the avoidance of misinterpretation, no authorisation is being sought for the allotment of any authorised Ordinary Shares at this forthcoming EGM.

The proposed Preference Shares shall form part of one class of Preference Shares in the Company.

The company intends to issue the said Preference Share for which Admissibility to Listing will be sought. The application will be made with the Listing Authority and the Malta Stock Exchange for the Preference share to be admitted to Listing and Trading on the Official List of the Malta Stock Exchange.

A public announcement will be issued when an application to the MFSA is submitted and the timelines would be communicated in due course via a prospectus to be issued in this respect.

The following are the rights attaching to the Preference Shares:

- Dividends: The Preference Shares shall carry the right to participate in the distribution of dividends at a premium, of a minimum of ten per cent (10%) to that declared by the Company to all other Ordinary Shares which will be determined at issuing stage. [Clause 7 (f) (v)]
- Voting Rights: The Preference Shareholders are not entitled to vote at meetings of the Ordinary Shareholders of the Company (save in those circumstances as contemplated by law); [Clause 7 (f) (i) & (ii)]
- Capital Distributions: The Preference Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, *pari passu* with all other ordinary shares of the same class; [Clause 7(f) (iii)]
- Pre-Emption: The Preference Shares shall not have any rights of pre-emption in respect of allotment of Preference shares to officers and employees of the Company and, or its subsidiaries; [Clause 7 (f) (viii)]
- Assets upon Liquidation: All holders of Shares shall rank *pari passu* upon any distribution of assets in a winding up; [Clause 7 (f) (x)]

Mandatory Takeover
Bids, Squeeze-Out and
Sell-Out Rules:

Chapter 11 of the Listing Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids and the squeeze-out and sell-out mechanisms. The Shareholders of the Company may be protected by the said Listing Rules in the event that the Company is the subject of a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority - www.mfsa.com.mt; [Clause 7 (f) (ix)]

Other:

The Shares shall be non-cumulative and shall not be redeemable nor convertible into any other form of security. [Clause 7 (f) (vii)]

The company is recommending that, in the context of the Directors issuing and allotting any of the Preference Shares, the current shareholders waive their pre-emption rights deriving from their shareholding and this for a period of five (5) years, which five-year term may be extended for a further period of five (5) years in terms of the law.

The reason for this waiver stems from the desire of the Company to allow for the preference share to be undertaken more flexibly, i.e. open for subscription to all categories of investors. Furthermore, from a practical point of view this waiver will ensure a timelier and more cost-effective manner of allocation.

What are the benefits and risks when waiving pre-emption rights?

In broad terms, pre-emption rights are deemed necessary to protect shareholders against involuntary dilution of their existing shareholdings, i.e. a reduction in the percentage of their current stake in the Company.

Whilst acknowledging that the intake of new preference shareholders will initially result in reduced equity percentage, the positive indicators for taking in new preference shareholders is the Company's business strategy that indicates the further growth will result in an increase in income to the shareholders, coupled with an increase in the value of the shareholders' shares. In other words, the shareholder will get a smaller slice but of a bigger pie. The benefit to the shareholders is that his or her

income goes up as well as the value of their shares. The Company's planned growth ought to be of comfort that the income from the shareholders' reduced equity percentage will be greater than their income before the allotment of the preference shares, not necessarily in terms of dividend payment but more so in terms of share price, i.e. capital appreciation.

Having said all the above there is no certainty in commercial transactions and predictions may lack precision.

Whilst the Company is conscious of the rights that give the Company's existing shareholders the first opportunity to acquire any such new class of shares and the effect of the waiver of such rights, the Company undertakes, for the benefit of the current shareholders, to give preference to existing ordinary shareholders in case of over subscription of any offer of Preference Shares made during such period when the pre-emption rights are waived. The terms of such allocation policy, still to be drawn up, is intended to support a sufficiently dispersed shareholder base to facilitate as far as practicable, an active secondary market in the Preference Shares.

One must also keep in mind that such preference shares carry no voting rights – save in those circumstances mentioned above in the proposed changes to Article 7 (b) (f) i) & ii) of the Articles of Association of the company (proposed Resolution 6) and besides, the proposed number of authorised Preference Shares will not exceed 25% of the authorised Ordinary Shares. Moreover, in those particular circumstances when the Preference Shareholders can vote, the 2 votes to 1 vote ratio in favour of the Ordinary Shareholders is intended to maintain as close as possible the current status as enjoyed by the Ordinary Shareholders.

With regards to the proposed resolution number 8, the reason for this addition is to provide the Company the flexibility to allot from time to time any such amount as the Board deems appropriate, of unissued share capital whether Ordinary Shares or Preference Shares; naturally subject to any limitations and approval at a general meeting.

For all the reasons above, the proposed resolutions are intended to enable and empower the Company to implement its objectives and expansion plans in terms of its business strategy.

Extraordinary Resolution

SHARE OPTION SCHEME

Allotment of Share to Officers and Employee

9. To approve that subject to and conditional to the approval of Resolution 4, 5, 6, 7 & 8 above: -
 - (i) The Board be and is hereby authorised to issue and allot Preference Shares up to a maximum amount in the aggregate of 10% Preference Shares, to Officers of the Company or its subsidiaries of the Company and to such employees of the Company or of the Company's subsidiaries as the Board of Directors may from time to time determine and this in accordance with any contractual arrangement between the said employees of the Company and/or its subsidiaries or according to such Share Option Scheme that may be established by the Board of Directors as provided in the immediately following resolution. Subject to what is provided in the immediately following resolution, such issue and allotment shall be for such amount of Preference Shares and under such terms and conditions as the Board of Directors may from time to time determine.
 - (ii) The Directors be and are hereby authorized to establish and set up a Share Option Scheme that is based on the Share Option Scheme that had been approved by the shareholders of the company by means of a resolution of the company in general meeting held on the 29th April 2008 ("mail scheme") but containing such necessary modifications as the Board of Directors may establish, provided that any Shares made available under such scheme shall be treated as counting against any limits on individual or overall participation in the main scheme.
 - (iii) For the purposes of the resolutions passed and approved during this general meeting the term "officers" shall have the same meaning as is attributed to it by the Companies Act 1995 (Cap. 366 of the Laws of Malta).

EXPLANATION TO RESOLUTION 9 ABOVE

The Company's business has for the last years grown consistently and it has become imperative to seek and engage high calibre directors, officers and key employees who are expected to contribute significantly to the success of the Company and its subsidiaries and to perform at the highest level and to further the best interests of the Company and its shareholders.

The purpose of a Share Option Scheme is to provide a financial incentive that will help the Company attract, retain and motivate the most qualified directors, officers and employees. Directors, officials and key employees will have the opportunity to participate in the Plan with added incentives to continue in the long-term service of the company. The plan will create in such persons a more direct interest in the future success of the operations of the company and in turn this ought to translate into increases in shareholder value.

For this purpose, the Company is proposing to earmark 10% of the authorised Preference share for this purpose. This being the first step in the process of creating and implementing the Share Option Scheme. The mechanisms, procedures and processes will be determined by the Board broadly based on the Share Option Scheme that had been approved by the shareholders of the Company by means of a resolution approved during the general meeting of the 29th April 2008.

The Company is also recommending that, in the context of the Directors issuing and allotting any of the preference shares to directors, officers and key employees of the Company or its subsidiaries, the current shareholder waive their pre-emption rights deriving from their shareholding.

EXTRAORDINARY RESOLUTIONS

Changes to the Articles of Association to cater for virtual meetings.

10. To approve that Article 33. 1 be deleted and replaced by the following:

33.1 Subject to the provisions of the Act the annual general meetings of the Company shall be held at such time and place as the Directors shall appoint. Should it be possible according to Maltese law, a General Meeting may be convened, held or concluded, whether wholly or partly, by Electronic Means as the Directors may in each particular case decide.

11. To approve that Article 40. 1 be deleted and replaced by the following:

40.1 At the commencement of any General Meeting, whether annual or extraordinary, the Chairman may lay down to the meeting the procedure which shall be adopted for the proceedings of that meeting. Such procedure shall be binding on the Members. The Chairman shall have the duty and the right to ensure that a General Meeting in a physical place be conducted in an orderly manner and in a way so as not to adversely affect the health or safety of any person attending the meeting, and the Chairman may for such purpose at his/her discretion refuse physical entry to or attendance by any Member, whether in person or by proxy, at the place of the meeting, and may also adjourn the meeting or take such other actions or measures as he/she may deem appropriate in the circumstances.

12. To approve that Article 42 of the Articles of Association of the Company be deleted and is hereby replaced by the following

42. The Chairman may, with the consent of any meeting at which a quorum is present, or if in his/her opinion if it appears to him/her that (i) an adjournment is necessary to protect the safety of any person attending the meeting or (ii) to ensure that the business of the meeting is conducted in an orderly manner, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unattended or unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not

be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

13. To approve that Article 47 of the Articles of Association of the Company be deleted and replaced by the following:

47. Subject to any rights or restrictions for the time being attached to any class or classes of Equity Securities, on a show of hands every Member present in person shall have one vote, and on a poll every Member holding Ordinary Share shall have two votes for each Ordinary Share carrying voting rights of which he is the holder. On a poll or on a show of hands votes may be given either personally or by proxy.

14. To approve to insert the following Articles immediately after Articles 53A of the Articles of Association of the Company:

53B When a general meeting is convened by the Directors of the Company or in accordance with Article 132 of the Act, the Notice convening the General Meeting or where applicable the Order of the Court shall specify the manner how the General Meeting shall take place and how the Members entitled to attend and vote at such meeting may participate at the meeting and vote.

53A General Meeting may be held in any of the following manners as the Directors of the Company or the Court may decide, namely: -

- (i) Exclusively by the physical participation in person or by proxy in a physical place or places where the meeting shall take place;
- (ii) By allowing Members entitled to attend and vote at such a meeting to participate in the meeting by Electronic Means, including any of the following as the Directors shall decide, namely:-
 - (a) Real-time transmission of the General Meeting through such means and platforms as the Directors shall determine;
 - (b) Real-time two-way communication enabling the Members to address the General Meeting from a remote location through such means and platforms as the Directors shall determine;

- (c) A mechanism for casting votes [whether before or] during the General Meeting, without the need to appoint a proxy holder who is physically present at the meeting, as the Directors may decide.

53D When the participation of Members in a General Meeting is made possible by Electronic Means the Company shall take the appropriate measures, and subject the said participation to such requirements and constraints as are necessary to ensure the identification of Members and the security of the electronic communication and this only to the extent that such requirements or constraints are proportionate to the achievement of these objectives.

53E The Members entitled to attend and vote at such meetings shall be informed of any requirements or restrictions which the Company puts in place pursuant to Article 53D.

53F Where votes by Members are cast electronically, an electronic confirmation of receipt of the votes shall be sent to the person that casts the vote.

53G Any Member who casts a vote during a General Meeting by Electronic Means or a third party nominated by him/her, shall be entitled after the closing of the general meeting to obtain, upon request, confirmation that his/her votes have been validly recorded and counted by the Company. Any such request shall be made in writing or by email addressed to the Chairman of the Company, and the Company shall reply to such request within a reasonable time.

53H The format of the electronic confirmation of receipt of the votes shall comply with the Commission Delegated Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights, and with any applicable law.

53I Following a notice convening a General Meeting which specifies that Members shall only or may participate, at a general meeting by Electronic Means, any member who wishes to participate in such meeting by Electronic Means shall be counted present at the meeting for the purposes of determining the quorum only if the Member:-

- (a) attends the meeting in the manner provided in Article 53C (ii) (a) or (b);

(b) is verified by the Company Secretary as attending the meeting in the manner provided in Article 53C (ii) (a) or (b); and

(c) is acknowledged by Electronic Means by the Chairman of the General Meeting as present at the meeting.

53J The Company may, if the notice convening a General Meeting so provides, require Members, before the meeting, to send to the Chairman of the meeting, by mail or electronic mail, the matters which the Member wishes to raise at the meeting, and each such matter, if substantial and relevant and sent within a reasonable time before the meeting (in any case at least ten working days prior to the date of the meeting), is to be responded to at [or before] the meeting by Electronic Means.

53K In the case of conflict between any provision of Articles 53B to 53J (both included) and the rest of the Articles, the provisions of Articles 53B to 53J (both included) shall prevail.

EXPLANATION TO RESOLUTIONS 10, 11, 12, 13 and 14 ABOVE:

General Meetings provide one of the few opportunities shareholders have to question the board, engage directly with management, and hear the views of other shareholders.

The outbreak of the Coronavirus, has brought about the introduction of restrictions and possible outright bans on large gatherings, social distancing and travel restrictions, which has not only created the desirability but more so the need to introduce procedures for conducting “virtual” General Meetings.

A “Virtual Meeting” is a meeting of shareholders that is held through the use of technology, through electronic (video and/or audio) means, and *without* an in-person component.

The Memorandum of Association of the company does not have the requisite articles in place that enable the Company to hold “virtual” General Meetings and since it is in the best interest of the shareholders to have such articles in place, the following changes and additions to the Memorandum of Association are being proposed.

Without the proposed changes to the articles in the Memorandum of Association, the Company will be running the risk of being nevertheless obliged to hold a General Meeting, within the restrictions and confines imposed thus obstructing or seriously impinging on the shareholders’ right to a full or meaningful engagement in the meeting, or worse still being unable to hold General Meetings within the prescribed legal timeframe in breach of the law. The proposed changes will provide the option

and flexibility to hold an in-person meeting, a virtual meeting or possibly a combination of the two.

EXTRAORDINARY RESOLUTIONS

Amendment of Articles of Association

Definition of Member

15. To approve that, subject to and conditional to the approval of the above resolutions 4, 5, 6, 7 & 8 above, that the definition of "Member" as contained in Article 2 of the Articles of Association be and are hereby deleted and replaced by the following:-

"Member" means a person registered by the Company as the holder of Equity Securities but in the case of holders of Preference Shares limitedly with such rights as attached to such shares in accordance with the Memorandum of Association and/or with the terms of issue of such shares".

16. To approve that, subject to and conditional to the approval of the above resolutions 4, 5, 6, 7, & 8 that Article 3.6 of the Articles of Association be and are hereby deleted and be substituted by the following:-

Preference Shares

"3.6 Subject to the provisions of the Act any preference shares may, with the sanction of an ordinary resolution, be issued either as non-redeemable or on the terms that they are, or at the option of the Company liable, to be redeemed on such terms and in such manner as the Company, before the issue, may by ordinary resolution determine."

17. To approve that, subject to and conditional to the approval of the above resolutions 4, 5, 6, 7 & 8 that Article 9. 1 to 9. 3 (inclusively) of the Articles of Association be and are hereby deleted.
18. To approve that, subject to and conditional to the approval of the above resolutions 4, 5, 6, 7 & 8 that a new Article 9.1 be and is hereby inserted immediately after Article 8.5 of the Articles of Association:

“9.1 All holders of Ordinary Shares and Preference Shares shall rank "pari passu" upon any distribution of assets in a winding up. The holders of Preference Shares of the Company shall not rank prior to the holders of Ordinary Shares upon any distribution of assets in a winding up.”

EXPLANATION TO RESOLUTIONS 14 TO 18 ABOVE

If the above-proposed resolutions 4, 5, 6, 7, 8 & 9 are approved, then the above proposed amendments to the Articles of Association need to be implemented in order to reflect the changes in the said approved resolutions. There is little or no explanation necessary for the changes since these are purely intended for thoroughness, completion and inclusiveness of the above-proposed resolutions.

Please note that according to Article 53 of the Articles of Association of the Company for an Extraordinary Resolution to be successfully approved, it has to be passed by a Member or Members having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the Equity Securities represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the Equity Securities entitled to vote at the meeting.

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a Member or Members having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the Equity Securities represented and entitled to vote at the meeting. However, if more than half in nominal value of all the Equity Securities having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such Equity Securities so represented shall suffice.

With regards to **Resolution 7**, Article 53A of the Articles of Association of the Company will apply in that the said resolution will be deemed not to have been passed unless approved by Member/s holding in aggregate not less than seventy five per cent (75%) in nominal value of all the Equity Securities represented and entitled to vote at the meeting, and at least ninety per cent (90%) in nominal value of all the Equity Securities entitled to vote at the meeting.

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a Member or Members having the right to attend and vote at the meeting holding in the aggregate not less than seventy-five per cent (75%) in nominal value of the Equity Securities represented and entitled to vote at the meeting. However, if more than half in nominal value of all the Equity Securities having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such Equity Securities so represented shall suffice.

Further information

You are advised to read the whole of this document and not to rely solely on parts of it.

All the Directors of the Company, whose names appear on page 21, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Shareholders who remain in doubt as to what action to take are encouraged to seek appropriate independent professional advice.

Where any or all of the shares have been sold or transferred by the addressee, the Circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Recommendation

The Board of the Company considers that all the resolutions set out in this Circular are in the best interests of Shareholders as a whole.

Accordingly, the Directors of the Company unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings.

A handwritten signature in black ink, appearing to be 'M. Schembri', written in a cursive style.

Yours sincerely,
Mr. Mario Schembri
Chairman

COMPANY DETAILS

Company Name	RS2 Software plc
Company Number	C 25829
Registered Office	RS2 Buildings, Fort Road, Mosta, Malta
Company Directors	Mario Schembri [Chairman & Non-Executive Director] Radi Abd el Haj [Executive Director] Robert Tufigno [Non-Executive Director] Franco Azzopardi [Non-Executive Director] John Elkins [Non-Executive Director] Raša Karapandža [Non-Executive Director] David Price [Non-Executive Director]
Company Secretary	Ivan Gatt

Documents available for inspection

The following documents will be available for inspection at the Company's registered office for fourteen (14) days from the date of publication of the Circular:

- Memorandum and Articles of Association