

CIRCULAR TO SHAREHOLDERS

THIS CIRCULAR IS BEING ISSUED TO THE SHAREHOLDERS OF RS2 SOFTWARE P.L.C. PURSUANT TO  
THE REQUIREMENTS AND APPLICABLE LEGISLATION IN MALTA

18 MAY 2023

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 Annual General Meeting (AGM) of RS2 Software p.l.c. ("the Company") to be held on Thursday 15 June at 10:30hrs, ("the AGM").

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

The AGM provides an opportunity for the Company's shareholders ("Shareholders") to communicate with the Directors and I sincerely hope you will take such opportunity.

The ordinary business of the AGM includes the consideration of (1) the financial statements for the year ended 31 December 2021 and the Directors' and Auditors' Reports (which were made public in the Company Announcement published on the 28 April 2023 on the Malta Stock Exchange website and made available on the Company's website), (2) the appointment of the Company's auditors and the authorisation of the Board of Directors to fix their remuneration, (3) the re-election of the directors and (4) determining the maximum aggregate emoluments that may be paid to the Directors of the Company in any financial year.

The resolutions, which are of extraordinary measures, the subject matter of this circular and relate to changes to the Memorandum and Articles of Association of the Company, are being put forward for the approval of the Shareholders at the AGM and which merit an explanation (the numerical order of the resolutions hereunder reproduced retain the same numerical order as they appear on the Notice to Shareholders).

This Circular is intended to provide you with the details of such resolutions, as well as to explain why the Company's Board of Directors believe that the authorisation being sought are in the best interest of the Company and the Shareholders – and why the Board recommends that you vote in favour of the resolutions at the forthcoming AGM.

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

**The following Extraordinary Resolutions (Special Business) are being proposed:**

**Amendments to Clause 1 of the Memorandum of Association of the Company**

**Name**

5. To approve that the name of the Company changes from RS2 Software plc to RS2 plc.
6. Conditional to the approval of Resolution 5, that name of the Company RS2 Software plc whereby occurs in the Memorandum and Articles of Association and any other documents of the Company be substituted by the new name RS2 plc.
7. Conditional to the approval of Resolution 5 and 6, that the directors of the Company are hereby authorized to make all and necessary applications and to carry out all formalities to execute and file all forms and documents that may be necessary to give effect to the foregoing Resolution 5.

**EXPLANATION TO THE PROPOSED RESOLUTION 5, 6 & 7 ABOVE**

**Proposed Change in Company Name from "RS2 Software p.l.c." to "RS2 p.l.c."**

**Background**

- RS2 Software p.l.c. ("RS2") is the publicly listed company behind the BankWORKS® payment processing software used by major banks, payment service providers and other financial institutions all over the world.
- Established in 1988, RS2 has continually focused on the development and implementation of highly scalable, reliable and flexible card payment processing solutions for an industry-leading, end-to-end solution for Card Issuing, Card Acquiring and ATM Services.
- Until 2013, RS2 focused on selling licenses to use its processing software BankWORKS® revenue being generated from payments for the licenses of the software as well as regular payments for service and upkeep of the platform, performed by RS2 staff (Licencing Solutions).
- In 2013 the Group's strategy shifted and it started to focus on offering new Processing Solutions (while continuing to provide development and maintenance services to its licensed clients.)
- The Processing Solution is what is commonly referred to as a 'managed service' processing of transactions on behalf of clients while using the Group's own BankWORKS® software solution.
- The reasons for the Group shifting its strategy were based on the following considerations:
  - A mega-trend in the payment industry pointing at payment service providers, payment facilitators and independent sales organisations creating a demand for such an offering;
  - Consolidation and globalisation in the payment business requiring a modern and global platform; and revenue streams of the Processing Solution being more attractive than the licensing model.

- In 2020, RS2 decided to pursue a third strong pillar in addition to the managed services business by entering direct merchant acquiring and issuing services by building a solid and competitive offering in the market to be in a position to provide a more comprehensive service offering to its clients and attract new ones (Merchant Solutions). The Group applied for and was awarded its own E-Money Institution (EMI) licence that is regulated by BaFin (the German financial authority).
- This will result in a further shift in the revenue model for the Group as with the Merchant Solutions it is be able to charge a percentage of the transaction value, rather than a flat fee per transaction, as in case of the Processing Solutions.

#### Rationale for the Name Change

- The existing Company name, RS2 Software p.l.c., is still reflective of the original business model of developing and implementing a pure software solution.
- This name does not only overlook the major revenue-generating stream of the business i.e. the Processing Solution, but it also poses the additional risk of creating an impression within the Company's key markets that the Company does not support a broader product offering and potentially hinder the Company from various new business opportunities
- It may also impact the Company's market standing by implying our technology is legacy in nature.

## **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 4, 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.

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 read 'M. Schembri', with a long horizontal flourish extending to the right.

Yours sincerely,  
Mr. Mario Schembri  
Chairman

## COMPANY DETAILS

<b>Company Name</b>	RS2 Software p.l.c.
<b>Company Number</b>	C 25829
<b>Registered Office</b>	RS2 Buildings, Fort Road, Mosta, Malta
<b>Company Directors</b>	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] Rasa Karapandza [Non-Executive Director] Natalie Strange [Non-Executive Director]
<b>Company Secretary</b>	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