

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

26 MAY 2022

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 remotely on Monday 27 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 27th April 2022 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 the Object Clauses of the Memorandum of Association

Registered Office

5. To approve that the title of Clause 3 be changed from **Registered Office** to **Registered Office & Electronic Mail Address**.
6. To approve that Clause 3 be hereby deleted and replaced by the following:

The registered office of the Company shall be at RS2 Buildings, Fort Road, Mosta, Malta, or any other address in Malta which may be determined from time to time by the Board of Directors. The electronic mail address of the Company shall be info@rs2.com or such other address as may be determined from time to time by the Board of Directors.

Share capital

7. 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 eighteen million Euro (€18,000,000) to twenty-one million six hundred thousand Euro (€21,600,000) and shall be split between eighteen million Euro (€18,000,000) divided into three hundred million (300,000,000) 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.

8. To approve that pursuant to the resolution proposed in 7 above, Clause 7a) be and is hereby deleted and replaced by the following:

"7. SHARE CAPITAL

- a) That the Authorised Share Capital of the Company is twenty-one million six hundred thousand Euro (€21,600,000) and split between eighteen million Euro (€18,000,000) divided into three hundred million (300,000,000) 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."

EXPLANATION TO THE PROPOSED RESOLUTION 5, 6, 7, & 8 ABOVE

Resolutions 5 & 6: This amendment is being proposed to reflect the changes introduced through Act LX of 2021 amending the Maltese Companies Act [CAP 386 of the Laws of Malta] which introduced the requirement that the Memorandum of the Company needs to list not just the registered office of the company but the company's electronic mail address as well.

<https://legislation.mt/eli/act/2021/60/eng>

Resolutions 7 & 8: You will recall that during the Extraordinary General Meeting (EGM) held on the 15th December 2020, the shareholders considered and approved that the Authorised Share Capital of the Company be increased from twelve million Euro to eighteen million Euro and shall be split between fourteen million four hundred thousand Euro divided into two hundred and forty million Ordinary Shares of six Euro cents each, and three million six hundred thousand Euro divided in to sixty million Preference Shares of six Euro cents each.

The explanation to the above resolution was given in the circular that was distributed to all shareholders prior to the EGM. The Board of Directors had explained that the increase of the Authorised Share Capital would provide the Company with the capacity and flexibility needed in the event that the Company would require raising further capital to act in a timely manner to opportunities and be able to bring on board strategic investors which will enhance shareholder value, if and as needed.

The Board of Directors is now proposing a further increase of the Authorised Share Capital for the very same reasons given above. The Company remains ambitious in its strategy for sustainable growth and the proposed increase in Authorised Share Capital will provide the Company with the appropriate set-up to be able to act quickly when opportunities present themselves and to implement its objectives and expansion plans in terms of its business strategy.

Authority to Directors to issue and allot unissued Authorised Share Capital

9. 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 THE PROPOSED RESOLUTION 9 ABOVE

Once again reference is made to the EGM held on the 15th December 2020 during which the shareholders considered and approved that the Directors be 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 the 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 the said EGM.

The Board of Directors is hereby simply proposing that the above authorisation, which is valid for a period of five years, be extended/renewed for a further term. The reason for this is purely to link up with the proposed resolutions 6 and 7 above, giving the Company the authorisation and opportunity to act in a timely manner when implementing its strategy.

Amendments to the Articles of Association

10. To approve that Article 87.2 be and is hereby deleted and replaced by the following:

The Directors shall cause a copy of the profit and loss account and balance sheet, together with any Directors' and Auditors' report attached thereto, to be made available in electronic form on the Company's website or in any such form as the Malta Financial Services Authority may determine from time to time.

11. To approve the deletion of Article 94.1 which reads as follows:

All holders of ordinary shares shall rank "pari passu" upon any distribution of assets in a winding up. The holders of preference shares of the Company shall at all times rank prior to the holders of ordinary shares upon any distribution of assets in a winding up. As between the holders of different issues of preference shares they shall rank in accordance with the relative terms.

12. To approve that pursuant to the approval of resolution 10 above, Article 94.2 be renumbered to Article 94.
13. To approve that wherever "Listing Rules" appears throughout the Articles of Association, be changed to "Capital Markets Rules" to reflect the changes in the Financial Markets Act (Cap 345) as amended by Act No. XLVI of 2021.
14. To approve that wherever "Listing Authority" appears throughout the Articles of Association, be changed to "Malta Financial Services Authority" to reflect the changes in the Financial Markets Act (Cap 345) as amended by Act No. XLVI of 2021.

EXPLANATION TO THE PROPOSED RESOLUTION 10, 11, 12, 13, & 14 ABOVE

Resolution 10: The Company is focused on leading by example and working in a more sustainable environment. In this regard, the Board of Directors had discussed how the Company can continue to do better in this regard, and one such way of reducing the impact on the environment is not to mail out printed copies of the Annual Report .

The Board of Directors, in line with the above, is proposing the approval of resolution 11 which enables the Company to implement its environmentally conscious strategy by making the annual report available in electronic format on the Company's website, and/or as otherwise directed by the Malta Financial Services Authority.

Resolution 11 & 12. During the EGM of the 15th December 2020, the shareholders approved a number of resolutions in terms of which a new class of shares, Preference Shares was created. The said Preference Shares and Ordinary Share ranked "*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 the Ordinary Shares upon any distribution of assets in a winding up. All this is reflected in Clause 7 (iv) of the Memorandum of Articles which reads:

"the holders of Preference Shares shall not be entitled to 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.”

and in Article 9.1 of the Articles of Association, which reads:

“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 holders of Ordinary Shares upon any distribution of assets in a winding up.”

The above two quoted clause and article were approved during the said EGM.

It transpired that Article 94.1, which pre-dated the above-mentioned changes made to the Memorandum and Articles of Association of the Company, was overseen, and was not changed or amended to reflect the “*pari passu*” ranking of Ordinary shares and Preference shares as introduced with the changes to Clause 7 (iv) and Articles 9.1 above.

To correct this omission, the Board of Directors is proposing to delete Article 94.1. Article 94.1 (apart from being inconsistent to the changes made) is now superfluous with the introduction of Clause 7 (iv) and Article 9.1.

Resolutions 13 and 14 need no particular explanation as these are purely required to make the necessary changes throughout the Articles of Association to be harmonious with the new terminologies in terms of Act No. XLVI pf 2021.

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 7, 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 'Mario Schembri', with a long horizontal stroke extending to the right.

Yours sincerely,
Mr. Mario Schembri
Chairman

COMPANY DETAILS

Company Name	RS2 Software p.l.c.
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] Rasa Karapandza [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