

CIRCULAR TO SHAREHOLDERS

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

26 MAY 2021

**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 plc (“the Company”) to be held remotely on Thursday 24 June 2021 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 resolution 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. Should you be unable to attend the meeting in person, I strongly encourage you to exercise your right to vote by appointing a proxy.

The ordinary business of the AGM includes the consideration of the 2020 Annual Report and Financial Statements, the appointment of auditors and approval of their fees, the appointment of directors and approval of aggregate emoluments of directors.

The resolution, the subject matter of this circular, is of an extraordinary measure and relates to a change in the Articles of Association of the Company, which is being put forward for the approval of the Shareholders at the AGM and which merits an explanation.

This Circular is intended to provide you with the necessary information for a better understanding of the extraordinary resolution and why the Company’s Board of Directors believes that the authorization being sought is in the best interest of the Company and the Shareholders and why the Board of Directors unanimously recommends that you vote in favour of the resolution at the 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 Resolution (Special Business) is being proposed:

Amendment to the Object clauses of the Memorandum of Association.

To approve that immediately after Clause 4(d), the following new Clause 4(e) be and is hereby inserted:

4(e) To receive from the assets of the company dividends, capital gains, interests, royalties and similar income, rents and any other income or gains derived from such assets or from their disposal, whether arising in or outside Malta, and including profits or gains attributable to permanent establishments (including branches) whether situated in or outside Malta.

EXPLANTION TO THE PROPOSED RESOLUTION ABOVE

Malta does not impose any withholding tax on outgoing dividends, interest and royalties irrespective of the recipient's tax residence and status. However, income received from overseas may be subject to a withholding tax and therefore Maltese Companies are entitled to a tax credit for any tax that has been paid outside Malta, including relief for underlying tax. With respect to income allocated to the foreign income account, companies may claim relief under the Flat Rate Foreign Tax Credit method (FRFTC), and as result may be taxed at lower rates of tax on such income.

In terms of Article 92 of the Income Tax Act a company may claim FRFTC if it is empowered to do so. Subsequent to various discussions between the tax authorities and the Institute of Financial Practitioner (IFSP), an agreement was reached upon a specific wording which is to be included within the Memorandum and Articles of Association of the respective company as a means to satisfy such requirement. Having the respective empowerment clause within the Company's Memorandum and Articles of Association, provides the Company with the option to apply FRFTC upon receipt of foreign income/dividends.

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

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] 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