

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

If you are in any doubt about the action you should take, you should consult an independent financial adviser. If you have recently sold or transferred your shares in Proactis Holdings plc you should forward this document to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

PROACTIS HOLDINGS PLC

(incorporated and registered in England and Wales under company number 05752247)

**Annual General Meeting
and
Capital Reduction**

Annual General Meeting to be held the
offices of finnCap Ltd at 60 New Broad
Street, London EC2M 1JJ at 10.00 a.m.
on 29 January 2020

Registered Office:
Riverview Court
Castle Gate
Wetherby
LS22 6LE

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Date
Publication of this document	13 December 2019
Latest time and date for receipt of Forms of Proxy for AGM	10.00 a.m. on 27 January 2020
Annual General Meeting	10.00 a.m. on 29 January 2020
Date of Court Hearing for initial directions	7 February 2020
Date of Court Hearing to confirm the Capital Reduction	18 February 2020
Effective Date	19 February 2020

Notes

1. The expected dates for the confirmation of the Capital Reduction by the Court and the Capital Reduction becoming effective are based on provisional dates that have been obtained for the required Court hearings of the Company's application. These provisional hearing dates are subject to change and dependent on the Court's timetable. If the expected dates of the Court hearings are changed (and consequently the Effective Date), the Company will give notice of this to the extent practicable and material by issuing an announcement on the Company's website.
2. The timetable assumes that there is no adjournment of the AGM. If there is an adjournment, all subsequent dates are likely to be later than those shown.
3. References in this document to times and dates are to London (GMT) times and dates, unless otherwise stated.

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context otherwise requires:

Act	Companies Act 2006 (as amended);
AGM or Annual General Meeting	the annual general meeting of the Company, notice of which is set out at the end of this document;
Articles	the articles of association of the Company;
Board or Directors	the directors of the Company or any duly appointed committee thereof;
Capital Reduction	the proposed cancellation of the Share Premium Account as set out in the Notice of AGM;
Company or Proactis	Proactis Holdings plc;
Court	the High Court of Justice in England and Wales;
Court Hearing	a hearing by the Court in connection with the Capital Reduction;
Court Order	the order of the Court confirming the Capital Reduction;
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
CREST Regulations	the Uncertificated Securities Regulations 2001 (as amended);
Effective Date	19 February 2020, being the currently expected date upon which the Capital Reduction will become effective;
Form of Proxy	the form of proxy accompanying this document relating to the AGM;
Group	the Company and its subsidiaries and subsidiary undertakings (in each case as defined in the Act);
Notice of AGM	the notice of AGM, set out at the end of this document;
Registrars	Link Asset Services of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
Resolutions	the resolutions to be proposed at the AGM, which are set out in full in the Notice of AGM, and Resolution means any one of them;
Share Premium Account	the share premium account of the Company;
Shareholders	holders of Shares; and
Shares	ordinary shares of £0.10 each in the capital of the Company.

LETTER TO SHAREHOLDERS

PROACTIS HOLDINGS PLC

(incorporated and registered in England and Wales under company number 05752247)

Registered Office:
Riverview Court
Castle Gate
Wetherby
LS22 6LE

13 December 2019

To: Shareholders of Proactis Holdings plc and, for information purposes only, to holders of options and awards over or relating to ordinary shares of £0.10 each in the capital of the Company

Dear Shareholder,

Notice of AGM and Capital Reduction

1. Introduction and the AGM

I am pleased to provide you with details of our AGM which we are holding at the offices of finnCap Ltd at 60 New Broad Street, London EC2M 1JJ at 10.00 a.m. on 29 January 2020. The formal notice of the AGM is set out at the end of this document.

If you would like to vote on the Resolutions but cannot attend the AGM, please complete the Form of Proxy sent to you with this document and return it to the Registrars, Link Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, as soon as possible. The Registrars must receive the duly completed Form of Proxy by no later than 10.00 a.m. on 27 January 2020.

Any ordinary resolution will be passed if a simple majority of the votes cast (in person or by proxy) at the AGM are in favour of it. Any special resolution will be passed if 75 per cent. or more of the votes cast (in person or by proxy) at the AGM are in favour of it.

The purpose of this document is to provide you with information about the AGM and the Resolutions to be proposed at it. The Resolutions include a proposal to approve the Capital Reduction, and this document also explains why the Board considers the Capital Reduction to be in the best interests of the Company and its Shareholders. Shareholders should note that, amongst other things, unless Resolution 9 is approved at the AGM (and the Court subsequently confirms the Capital Reduction), the Capital Reduction will not take place.

2. Capital Reduction

2.1 Introduction

At present, the Company has negative distributable reserves in its accounts. This means that under the Act, the Company is currently prevented from making distributions to its Shareholders, should it be considered desirable to do so in the future, subject to the satisfactory financial performance of the Company and the requirements of the Act. Accordingly, the approval of Shareholders is being sought to carry out a reduction of the Company's capital by way of the cancellation of the amount standing to the credit of the Share Premium Account so as to create distributable reserves. The Capital Reduction is conditional upon, amongst other things, the Company obtaining approval of its Shareholders at the AGM to Resolution 9.

2.2 Proposal

As at 31 July 2019, the Company had a profit and loss account deficit of £40,238,827. At the same date the balance standing to the credit of the Share Premium Account amounted to £83,512,866. Since 31 July 2019, the Company has further issued 313,832 new ordinary shares, resulting in the Share Premium Account currently standing at £83,658,484.

The Capital Reduction is proposed to be effected by cancelling the balance standing to the credit of the Share Premium Account. Cancelling the balance of the Share Premium Account will, subject to the discharge of any undertakings required by the Court as explained below, be sufficient to eliminate entirely the deficit on the profit and loss account and create positive distributable reserves. As a result, any positive distributable reserved generated by the Company after the date on which the Capital Reduction takes effect would be available for the Board to use for the purpose of paying dividends, should circumstances in the future make it desirable to do so and subject to the requirements of the Act.

It is therefore proposed that the amount standing to the credit of the Share Premium Account (such amount being £83,658,484 as at 12 December 2019) is cancelled.

2.3 Approval and consent of Shareholders

In order to effect the Capital Reduction, the Company requires the approval of Shareholders in the manner described in this letter. The Capital Reduction cannot be effected unless, amongst other things, the Company receives the approval of at least 75 per cent. of those Shareholders attending and voting (in person or by proxy) on Resolution 9 at the AGM.

2.4 Court approval

In addition to the approval by Shareholders of Resolution 9, the Capital Reduction requires the approval of the Court. Accordingly, following the AGM, an application will be made to the Court in order to seek such approval.

In providing its approval of the Capital Reduction, the Court may require protection for the creditors (including contingent creditors) of the Company whose debts remain outstanding on the relevant date, except in the case of creditors who have consented to the Capital Reduction. Any such creditor protection may include seeking the consent of the Company's creditors to the Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging the non-consenting creditors of the Company.

It is anticipated that the initial directions Court Hearing in relation to the Capital Reduction will take place on 7 February 2020, with the final Court Hearing taking place on 18 February 2020 and the Capital Reduction becoming effective on the same or next following business day, following the necessary registration of the Court Order at Companies House.

There will be no change in the number of Shares in issue (or their nominal value) following the implementation of the Capital Reduction. The Capital Reduction will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. The distributable reserves arising on the Capital Reduction will, subject to the discharge of any undertaking(s) required by the Court as explained below, support the Company's ability to pay dividends, should circumstances in the future make it desirable to do so and subject to the requirements of the Act.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the Capital Reduction would be (or would likely to be) confirmed by the Court would not be in the best interests of the Company and/or its Shareholders as a whole. The Board has undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that, as at the date (if any) on which the Court Order relating to the Capital Reduction and the statement of capital in respect of the Capital Reduction have both been registered by the Registrar of Companies at Companies House and the Capital Reduction will therefore become effective, the Company's creditors will be sufficiently protected.

3. Recommendation

The directors of the Company consider that all the Resolutions to be put to the AGM are in the best interests of the Company and its Shareholders as a whole. The directors of the Company intend to vote in favour of all the Resolutions to be put to the AGM and unanimously recommend that you do so as well.

Yours sincerely,

Alan Aubrey
Chairman

PROACTIS HOLDINGS PLC

(incorporated and registered in England and Wales under company number 05752247)

NOTICE IS GIVEN that the **ANNUAL GENERAL MEETING** of **PROACTIS HOLDINGS PLC** (the **Company**) will be held at the offices of finnCap Ltd at 60 New Broad Street, London EC2M 1JJ at 10.00 a.m. on 29 January 2020 for the following purposes:

To consider and, if thought fit, pass the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:

Ordinary Business

1. To adopt and receive the directors' report and the audited accounts of the Company for the year ended 31 July 2019.
2. To re-appoint Tim Sykes as a director of the Company in accordance with article 33 of the Company's articles of association, who offers himself for re-appointment as a director.
3. To re-appoint Alan Aubrey as a director of the Company in accordance with article 33 of the Company's articles of association, who offers himself for re-appointment as a director.
4. To re-appoint Richard Hughes as a director of the Company in accordance with article 28 of the Company's articles of association, who offers himself for re-appointment as a director.
5. To appoint KPMG LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
6. To authorise the audit committee of the board of directors of the Company to determine the auditor's remuneration.
7. To authorise the directors of the Company generally and unconditionally pursuant to section 551 of the Companies Act 2006 (the **Act**) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (**Rights**) up to an aggregate nominal amount of £3,185,000 (being approximately one third of the issued share capital of the Company as at the date of this notice), provided that this authority shall expire on the earlier of the date falling six months from the expiry of the Company's current financial year and the conclusion of the next annual general meeting of the Company after the passing of this resolution unless varied, revoked or renewed by the Company in general meeting, save that the Company may before the expiry of the authority granted by this resolution make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors of the Company may allot shares and grant Rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired and the authority granted by this resolution is in substitution for all previous authorities granted to the directors of the Company to allot shares and grant Rights which (to the extent that they remain in force and unutilised) are revoked but without prejudice to any allotment of shares or grant of Rights made or entered into prior to the date that this resolution is passed.

8. To empower the directors of the Company (subject to the passing of resolution 7) pursuant to sections 570 and 573 of the Companies Act 2006 (the **Act**) to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 7 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act as if section 561(1) of the Act and sections (1) - (6) of section 562 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
- 8.1 in connection with or pursuant to an offer of such securities by way of a pre-emptive offer (as defined below); and
- 8.2 the allotment (otherwise than pursuant to sub-paragraph 8.1) of equity securities up to an aggregate nominal amount of £955,000 (being approximately 10% of the issued share capital of the Company as at the date of this notice),

and shall expire on the earlier of the date falling six months from the expiry of the Company's current financial year and the conclusion of the next annual general meeting after the passing of this resolution, save that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired and the power granted by this resolution is in substitution for all previous powers granted to the directors of the Company pursuant to sections 570 and 573 of the Act which (to the extent that they remain in force and unutilised) are revoked but without prejudice to any allotment of equity securities made or entered into prior to the date that this resolution is passed.

For the purpose of this resolution: **pre-emptive offer** means a rights issue, open offer or other pre-emptive issue or offer to (i) holders of ordinary shares in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on the record date(s) for such allotment; and (ii) persons who are holders of other classes of equity securities if this is required by the rights of such securities (if any) or, if the directors of the Company consider necessary, as permitted by the rights of those securities, but subject in both cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory or any other matter whatsoever.

9. That the share premium account of the Company be cancelled.

Dated: 13 December 2019

By order of the board
Richard Hughes

Company Secretary

Registered office:
Riverview Court
Castle Gate
Wetherby
LS22 6LE

Notes

- 1 This notice is the formal notification to shareholders of the Company's AGM, its date, time and place, and the matters to be considered. If you are in any doubt as to what action to take you should consult an independent adviser.
- 2 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended) (the **CREST Regulations**) only those shareholders registered in the register of members of the Company as at 10.00 p.m. on 27 January 2020 as holders of ordinary shares of £0.10 each in the capital of the Company shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 10.00 p.m. on 27 January 2020 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 3 Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A proxy form, which may be used to make such appointment and give proxy instructions, accompanies this notice. Proxy forms must be in the hands of the Company's Registrars, Link Asset Services, by 10.00 a.m. on 27 January 2020. Further details of how to appoint a proxy are set out in the notes to the proxy form.
- 4 The return of a proxy form or any CREST Proxy Instructions (as described in note 11) will not prevent a member attending the AGM and voting in person if he/she so wishes.
- 5 If a member appoints a proxy or proxies and then decides to attend the AGM in person and vote using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding that which the member is entitled to pursuant to the member's entire shareholding. If you do not have a proxy form and/or believe that you should have one, you should contact Link Asset Services at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Additional proxy form(s) may be obtained by photocopying the form.
- 6 To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in note 8. Please note that the cut-off time for receipt of proxy appointments (see note 3) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 7 Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Asset Services at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
- 8 If you submit more than one valid proxy appointment, whichever appointment is the last dated (provided that such date is on or before the date of delivery but otherwise regardless of the actual date of execution or the date of its delivery) shall be treated as replacing and revoking the others as regards that share.

In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Link Asset Services at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 27 January 2020. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to note 5, your appointment will remain valid.

- 9 If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the meeting and any such representative(s) shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.
- 10 To submit a proxy electronically using the link www.signalshares.com you will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code which is detailed on your proxy form.
- 11 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**Euroclear**) specifications, and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted to the issuer's agent (ID RA10) by 10.00 a.m. on 27 January 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

- 12 Shareholders may not use any electronic address provided in either this document or any related documents (including the enclosed form of proxy and letter to shareholders) to communicate with the Company for any purposes other than those expressly stated.
- 13 Please note that the AGM is a private meeting for shareholders, proxies and duly authorised representatives. Non-shareholders, including spouses and partners, are not entitled (as of right) to attend the meeting. A disabled shareholder may, however, be accompanied by a carer who need not be a shareholder.
- 14 As at 12 December 2019 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 95,532,628 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 December 2019 were 95,532,628.

Explanations of resolutions

Resolution 1 – Accounts

The directors of the Company are obliged to present to shareholders the report of the directors and the accounts for the Company for the year ended 31 July 2019. That report and those accounts, and the report of the Company's auditors on those accounts, are set out in the report and accounts delivered with this notice.

Resolution 2, 3 and 4 – Re-appointment of directors

At each AGM one third of the directors for the time being are required to retire. A director who wishes to retire and not offer himself for re-election shall be included in the calculation of the one third. If the number of relevant directors is not a multiple of three, the number nearest to but not less than one third of directors are obliged to retire. Directors due to retire by rotation are those who have been longest in office since their last re-appointment and as between persons who become or were last re-appointed on the same day those due to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director is eligible for re-appointment. Tim Sykes and Alan Aubrey retire by rotation and offer themselves for re-appointment. Richard Hughes also offers himself for reappointment in accordance with article 28, as he was appointed as a director after the last annual general meeting of the Company.

Resolution 5

This resolution proposes that KPMG LLP be appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company and, in accordance with standard practice, **Resolution 6** authorises the audit committee of the board of directors to agree the auditor's remuneration.

Resolution 7 – Authority to allot shares

This resolution grants the directors authority to allot shares or grant rights to subscribe for, or to convert any security into, shares up to an aggregate nominal amount of £3,185,000 (being approximately one third of the Company's ordinary share capital in issue at the date of the AGM notice). It is not the directors' current intention to utilise this authority (if granted), except to grant options under the Company's share option schemes. This authority replaces the existing like authorities to the extent unutilised.

Resolution 8 – Disapplication of statutory pre-emption rights

This resolution disapplies the statutory pre-emption rights which would otherwise apply on an issue of shares for cash and is limited to: (i) allotments of equity securities in connection with rights issues or other pre-emptive offers where the securities attributable to the interests of all shareholders are proportionate (as nearly as may be) to the number of shares held; and (ii) allotments of equity securities up to a further aggregate nominal amount of £955,000 (being approximately 10 per cent. of the Company's ordinary share capital in issue at the date of the AGM notice).

This replaces any existing powers to disapply pre-emption rights to the extent unutilised.

Resolution 9 – Capital Reduction

This resolution approves a capital reduction by way of cancellation of the amount standing to the credit of the Company's share premium account (such amount being £83,658,484 as at 12 December 2019). Cancelling the share premium account will allow the Company to eliminate the deficit on its retained profit and loss account and create positive distributable reserves which can be used to pay dividends in the future, should circumstances at the time make it desirable for the Company to do so.

