

# PARITY GROUP PLC

## NOTICE OF ANNUAL GENERAL MEETING

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

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser immediately. If you have sold or transferred all your shares in Parity Group plc, please forward this document, together with the accompanying report and accounts and form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parity Group plc (the "**Company**") will be held at Pinsent Masons LLP, 30 Crown Place, London, EC2A 4ES on 25 May 2017 at 9.30 a.m. for the following purposes:

### **RESOLUTIONS**

To consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 7 inclusive will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions. Resolutions 7 to 9 inclusive are items of special business.

### **ANNUAL REPORT AND ACCOUNTS**

1. To receive the accounts of the Company for the financial year ended 31 December 2016 and the reports of the directors and auditors thereon.

### **REMUNERATION REPORT**

2. To approve the directors' remuneration report contained within the annual report and accounts for the financial year ended 31 December 2016.

### **RE-ELECTION OF DIRECTORS**

3. In accordance with article 93 of the Company's articles of association, to re-elect Mr J Conoley, who was appointed a director since the last Annual General Meeting.
4. In accordance with article 93 of the Company's articles of association, to re-elect Mr D Firth, who was appointed a director since the last Annual General Meeting.

### **REAPPOINTMENT OF AUDITORS AND AUDITORS' REMUNERATION**

5. To re-appoint KPMG LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to be held in 2018.
6. To authorise the directors to determine the auditors' remuneration.

### **DIRECTORS' AUTHORITY TO ALLOT SHARES**

7. (a) That the board be and it is hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or

convert any security into, shares in the Company up to an aggregate nominal amount of £680,827

and further,

- (b) that the board be and it is hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company comprising equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them up to an aggregate nominal amount of £680,827 and that the board may make such arrangements or exclusions as it considers necessary or expedient in respect of fractional entitlements or any legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange,

provided that the foregoing authorities shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after such expiry and the board may allot shares or grant rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired,

and further,

- (c) that the foregoing authorities are, in substitution for the existing such authorities granted at the Annual General Meeting of the Company held in 2016, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

### **PARTIAL DISAPPLICATION OF PRE-EMPTION RIGHTS**

8. That, subject to the passing of resolution 7, the board be and it is hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 7 as if sub-section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment:

- (a) of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them provided that the board may make such arrangements or exclusions as it considers necessary or expedient in respect of

fractional entitlements or any legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

- (b) (otherwise than pursuant to paragraph (a) above), of equity securities up to an aggregate nominal amount of £102,124

and shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2018, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

#### **AUTHORITY TO MAKE MARKET PURCHASES OF ITS OWN SHARES**

9. That the Company be and it is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of any of its ordinary shares, provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 10,212,402;
- (b) the minimum price which may be paid for each ordinary share is two pence, exclusive of the expenses of purchase;
- (c) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations of the ordinary shares derived from the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased;
- (d) unless previously revoked or varied, the authority conferred by this resolution shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018; and
- (e) the Company may before the expiry of this authority conclude a contract to purchase ordinary shares which will or may be executed wholly or partly after such expiry and may make such purchase of ordinary shares pursuant to any such contract as if such authority had not expired.

By order of the Board

R Antony, Company Secretary

27 April 2017

Registered office:

Dawson House

5 Jewry Street

London

EC3N 2EX

Registered number: 3539413

#### **RECOMMENDATION**

Your board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings. Explanatory notes in respect of the resolutions proposed are set out in the Appendix to this Notice.

## NOTES:

1. Only holders of ordinary shares are entitled to attend and vote at the Annual General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote 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 him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice and instructions for completion are shown on the form. To appoint a proxy, (i) the form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be completed and deposited with the Company's registrars, Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with note 5 below, in each case so as to arrive by no later than 9.30 a.m. on 23 May 2017, being 48 hours before the start of the Annual General Meeting. Completion of a form of proxy does not preclude members attending and voting in person at the Annual General Meeting, should they so wish.
3. In order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.30 p.m. on 23 May 2017, or, in the event of any adjournment, at 6.30 p.m. on the date which is 2 days before the start of the adjourned meeting (ignoring any part of any day that is not a working day). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. 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.
5. 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 UK & Ireland") specifications and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). 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 so as to be received by the issuer's agent (ID RA19) by the latest time for the receipt of proxy appointments specified in note 2 above. 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.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland 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, 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertified Securities Regulations 2001.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the powers as a member provided that they do not do so in relation to the same shares.
9. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. As at 26 April 2017 (being the last business day prior to the publication of this Notice), the Company's issued ordinary share capital consisted of 102,124,020 ordinary shares of 2 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 26 April 2017 were 102,124,020
11. A copy of this Notice can be found at [www.parity.net](http://www.parity.net).
12. You may not use any electronic address (within the meaning of section 333(4) of the Act) provided in this Notice or in any related documents (including the Chairman's letter and form of proxy) to communicate with the Company for any purposes other than those expressly stated.
13. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this Notice until the time of the Annual General Meeting and at the place of the meeting for at least 15 minutes prior to, and during, the meeting:

1. copies of the executive Directors' service agreements; and
2. copies of the non-executive Directors' letters of appointment.

## APPENDIX – EXPLANATORY NOTES ON RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

### RESOLUTION 1 – ANNUAL REPORT AND ACCOUNTS

The board of directors will present its report and the accounts of the Company for the financial year ended 31 December 2016.

### RESOLUTION 2 – REMUNERATION REPORT

The vote is advisory only but the views of the shareholders will be taken into account by the Company's remuneration committee. The directors' remuneration report is set out on pages 18 to 22 of the report and accounts of the Company for the financial year ended 31 December 2016.

### RESOLUTIONS 3 AND 4 RE-ELECTION OF DIRECTORS

Under article 93 of the Company's articles of association, any director appointed since the last Annual General Meeting is required to retire and offer himself or herself for re-election at the next Annual General Meeting. Accordingly, Mr J Conoley and Mr D Firth retire and offer themselves for re-election.

The board presents the following biographical information in respect of the re-election of directors:

#### ***John Conoley, Non-Executive Chairman***

John Conoley, 56, joined the Board as Group non-executive Chairman on 27th April 2017, and is Chairman of both the Remuneration Committee and the Nominations Committee. John Conoley brings over 30 years IT industry knowledge and significant executive and non-executive Board level experience of AIM listed technology software and services businesses. John's current roles include NetDimensions, the talent management technology platform, where he is Non-Executive Director, and eServGlobal, the innovative mobile financial services plc, where he has served as both Non-Executive Director and is currently Executive Chairman. He previously served as CEO of London listed Psion PLC.

#### ***David Firth, Non-Executive Director***

David Firth, 56, was appointed to the Board as a non-executive Director on the 14 September 2016, and is Chairman of the Audit Committee. David was previously the Finance Director of Penna Consulting plc for over 16 years and has a wealth of experience in the people management and consultancy markets. Prior to that, David has held senior finance positions in public companies across a number of sectors including financial markets, recruitment, IT services, motor retailing and advertising. He was a member of the finance team at Parity for the period 1993 to 1999 and served as its Group Finance Director from 1995.

The board of directors confirms that Mr J Conoley and Mr D Firth continue to perform effectively and demonstrate commitment to their respective roles.

## RESOLUTIONS 5 AND 6 – REAPPOINTMENT OF AUDITORS AND AUDITORS' REMUNERATION

The appointment of KPMG LLP as auditors of the Company terminates at the conclusion of this Annual General Meeting. The directors recommend the reappointment of KPMG LLP and seek authority to determine their remuneration.

### RESOLUTION 7 – DIRECTORS' AUTHORITY TO ALLOT SHARES

Under the Companies Act 2006 (the "Act"), the directors of a company may only allot unissued shares in the capital of the company or grant rights to subscribe for, or convert any security into, shares in the company if they are authorised to do so by the shareholders at a general meeting or by the company's articles of association.

The authority is in two parts. Part (a) limits the directors' authority to allot shares to an aggregate nominal amount of £680,827, representing approximately one-third of the Company's issued ordinary share capital as at 26 April 2017 (being the last business day prior to the publication of this Notice). The Company does not currently hold any shares as treasury shares. This authority will expire at the conclusion of the next Annual General Meeting to be held in 2018 and replaces the existing authority. The Company has passed resolutions on this basis for a number of years.

In line with the guidance issued by the Investment Association part (b) of the authority would confer on the directors authority to issue shares or grant rights to subscribe for or convert any securities into ordinary shares up to an additional aggregate nominal amount of £680,827, representing approximately one-third of the Company's issued ordinary share capital as at 26 April 2017 (being the last business day prior to the publication of this Notice), but only in connection with a rights issue.

The directors have no present intention to use these authorities but consider it desirable that they should have the flexibility to allot unissued shares if circumstances arise where it may be advantageous for them to do so.

### RESOLUTION 8 – PARTIAL DISAPPLICATION OF PRE-EMPTION RIGHTS

This resolution will, if approved, renew the directors' authority to allot equity securities (as defined in the Act) for cash and otherwise than to existing shareholders pro rata to their holdings. This authority, which will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018, is limited to the allotment of (a) equity securities in connection with a rights issue and (b) equity securities up to an aggregate nominal amount of £102,124, representing approximately 5% of the Company's issued ordinary share capital as at 26 April 2017 (being the last business day prior to the publication of this Notice). The authority will also include any sale by the Company of shares held as treasury shares. The directors intend to observe the institutional guidelines in respect of allotments of shares for cash. These presently require that the annual authority should not exceed 5% of the issued ordinary share capital and that no more than 7.5% of the issued ordinary share capital should be allotted for cash on a non pre-emptive basis in any rolling three year period without prior consultation with the shareholders.

## **RESOLUTION 9 – AUTHORITY TO MAKE MARKET PURCHASES OF ITS OWN SHARES**

This resolution will, if approved, renew the authority of the Company to purchase up to 10% of its issued ordinary share capital in the market. The maximum and minimum prices are stated in the resolution. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018.

The authority granted by this resolution will only be exercised if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Under the Act, companies whose shares are traded on AIM may hold shares that they purchase in treasury as an alternative to cancelling them. Such shares may subsequently be cancelled, sold for cash or used to satisfy share options or awards under share incentive plans. The Company is not entitled to exercise any rights, including the right to attend and vote at meetings, in respect of these shares whilst held in treasury. In addition, no dividend or other distribution of the Company's assets may be made to the Company in respect of such shares.

If the directors exercise the authority conferred by resolution 9, they may consider holding those shares in treasury rather than cancelling them. The directors believe that holding shares in treasury would give the Company the ability to allot treasury shares quickly and cost effectively and may provide the Company with greater flexibility in the management of its share capital.

The total numbers of options to subscribe for ordinary shares that were outstanding as at 26 April 2017 were 6,697,667. The proportion of the issued ordinary share capital of the Company conferring the right to vote that such options represented at that time was 6.56% and the proportion of the issued ordinary share capital of the Company conferring the right to vote that they will represent if the full authority to purchase shares is used is 7.29%. The Company has no warrants in issue in relation to its shares.

