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Proxama Plc

("Proxama" or the "Group" or the "Company")

Acquisition of Aconite Technology Limited ("Aconite")

Proxama is pleased to announce that definitive agreements have now been entered into for the acquisition of the entire issued and to be issued share capital of Aconite and those such agreements have been completed, subject only to the admission to trading of the new Ordinary Shares allotted by way of initial consideration for acquisition.

The core business of Aconite comprises an established card issuance and transaction processing software business with a proven track record in EMV payments over a period of 12 years. Aconite has existing customer relationships with global financial card issuers and processors, where its software is integrated into the core operational processes for issuing and managing millions of cards.

According to its management accounts, the Aconite business has a net asset value of £(1.6 million), generated revenues of approximately £1.75 million, made a gross profit of approximately £1.5 million and recorded an EBITDA loss of approximately £0.8 million for the year ended 31 March 2014. It has existing contracted revenues of approximately £7.3 million for the next five years. The business is expected to be cash generative from January 2015, with a strong sales pipeline potentially worth £17.5 million over the next 5 years. The acquisition of Aconite is supported by the following strategic rationale:

- The Proxama/Aconite platform provides a complete end-to-end solution for card issuers to migrate from magnetic stripe cards chip cards, and from contactless chip cards to mobile devices.
- Aconite's has an already proven platform that is scalable with a card scheme and is PCI compliant.
- The combined company's operations are conducted in complementary geographic locations throughout Europe, Africa and, increasingly, the USA.
- The Directors expect that the USA EMV market will generate substantial licence and recurring revenues from Aconite solutions for migration from magnetic strip cards, as the US market is in the process of upgrading cards & terminals, presenting a significant market opportunity.
- There are synergies in forward product roadmap investment for NFC mobile card issuance.

As announced on 4 Novemembr 2014, the consideration for the acquisition of Aconite comprises an initial £2.06 million, to be satisfied by the issuance of 68,666,667 new ordinary shares ("Ordinary Shares") at an issue price of 3 pence per share (the "Initial Consideration Shares"), plus a further deferred amount of up to £1.75 million ("Earn-out Consideration"), which will be payable to management only. The Earn-out Consideration will be dependent on revenues earned from the Aconite business during the financial year ended 31 March 2016. The Earn-out Consideration will be payable in cash or settled in new Ordinary Shares, at Proxama's discretion and will be payable if relevant revenues for the period concerned exceed £3 million, with the maximum Earn-out Consideration becoming payable if such revenues reach £4.5 million.

Under the terms of the agreements for the acquisition of Aconite, those sellers who comprise management (the "Management Sellers") have given certain customary warranties in relation to the business of Aconite and it has been agreed that those Initial Consideration Shares to which Management Sellers are entitled (comprising a total of 20,892,670 of the Initial Consideration Shares) will not be allotted until the first anniversary of completion of the transaction.

All of the Initial Consideration Shares (other than those to be allotted to Management Sellers) have been conditionally allotted to the sellers of Aconite and completion of the acquisition of Aconite is conditional only on the admission of those Initial Consideration Shares (being a total of 47,773,998 new Ordinary Shares) to trading on AIM. It is expected that such admission will become effective on 8 December 2014.

Under the terms of the agreements for the acquisition of Aconite, in order to ensure an orderly market in the Company's shares, all of the sellers of Aconite have agreed that they will not dispose of Initial Consideration Shares for a period of 12 months following completion.

Disclosure and Transparency Rules

Dealings in the new Ordinary Shares allotted on completion of the acquisition of Aconite are expected to become effective on 8 December 2014. Following Admission, the Company will have 989,391,972 Ordinary Shares in issue with each Ordinary Share carrying the right to one vote. There are no Ordinary Shares currently held in treasury. The total number of voting rights in the Company therefore will be 989,391,972 and this figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Rules and Transparency Rules.

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