



RS2 Software p.l.c.

COMPANY ANNOUNCEMENT

Interim Directors' Statement

Quote

In 2017 the Group continued the implementation of its strategy in terms of geographical expansion and the development of the managed services business.

Both offices in Asia and the US are fully operational and working to support the core team in Malta in terms of development and project delivery.

The strategy of the Group is to develop these offices to be extended arms to the European operation and will have four main tasks to perform:

- > Core development: dedicated resources in the satellite offices will be an extension of the core team in Malta that is working on the development of core system.
- > Local and custom development: this unit will focus mainly on the specific requirements and development needed in their local markets.
- > Managed Service Operation: this workforce will be responsible for running the operation for the local customers in the respective Market.
- > Sales and Marketing: a dedicated team in the different offices will support Sales and Marketing activities in the local markets.

With this in mind the Group will be efficiently utilizing the satellite offices by increasing productivity, reducing costs and delivering services around the clock.

Over the past year, the Group has continued to build its strong network to implement its global acquiring strategy partnering with Fintech companies and local banks in various jurisdictions throughout Europe, Middle East, Asia Pacific and North America in order to provide banks, PSPs and Multinational merchants using BankWORKS as one single platform to process their businesses around the globe. With this said the Group managed to form an alliance with a large corporation that provides 42% of the global travel market to offer their client processing services and consolidation of their business.

The Group is diligently working on securing multi-million Euro processing deals for its managed services company in different regions. These deals could be closed by end of Q1 and Q2 2018.



In terms of project delivery and implementations, the Group has delivered through its managed services, multiple projects in the Middle East, Europe and Latin America. It is in advanced stages of completing the implementation for customers in Canada and Columbia, translating these businesses into recurring income starting in 2018. Such efforts, targeting to grow the managed services business line, are yielding results, with the Group expecting to register a 50% growth in its corresponding revenue streams for the current year compared to last year.

In terms of its licencing business, the Group has completed a significant licence implementation project of one of its largest clients in the UK in July of this year. Since its Go-Live date, this client has successfully been processing an ever growing number of merchants and their respective transactions. During the third quarter, the Group has also concluded an agreement with a Middle Eastern company, which provides online credit card processing and Online Payments, for a licence sale and its subsequent implementation.

Behind this success is the company's solid innovation efforts which remain a pivotal aspect for the Group. Our R&D team constantly enhances and implements new features in BankWORKS® using the latest technology to ensure that RS2 remains at the forefront as a market leader.

Overall the Group's revenue for 2017 remains stable and comparable to 2016. Despite the Group's continued global expansion in the current year, it expects to maintain, and possibly marginally improve its profitability, over the prior year. The Board sustains its confidence in the Group's strategic business model and development, its underlying technology and product BankWORKS®, the resulting revenue pipeline and the global expansionary and growth targets.

Sales pipeline across the different regions and across the two business lines is very healthy and conducive to successfully implementing the Group's expansion strategy.

Unquote

A handwritten signature in black ink, appearing to read 'Ivan Gatt', with a horizontal line underneath.

Dr Ivan Gatt
Company Secretary

27 November 2017