



RS2 Software plc

COMPANY ANNOUNCEMENT

Interim Directors' Statement

Quote:

The purpose of this company announcement is for the Board of Directors of RS2 Software p.l.c. (“RS2” or “the Group”) to provide the market with an update on the Group’s 2021 performance to date, and expectations for the next financial year.

Review of 2021 financial performance

To date, 2021 has proven to be a year of continued execution of strategy to deliver the planned growth of the Group.

In 2021 the Group added new countries to its client base in both Asia Pacific (“APAC”) and Latin America (“LATAM”). In APAC the Group is engaged in deploying new customers on its cloud in Singapore, Indonesia and Australia, while in LATAM the Group increased its customer base in Brazil as well as Columbia.

2021 financials continue to show strong top line growth, with existing business matching the published projections, despite imposed lock downs. Overall top line numbers will be delayed, primarily due to a delay in the launch of the ISO business in the United States (“US”). The ISO business refers to the Independent Sales Organisation that sells payment services to the Merchant on behalf of Banks and financial institutions. The aforementioned delay was caused by a decision taken by the Sponsor bank, which the Group had an agreement with, to exit the acquiring business entirely. That being said, the US subsidiary has successfully secured a new Sponsor allowing the company to execute the ISO business in Q1 2022. Nonetheless, the rest of the business in the US is performing as expected.

The Group’s investment in human resources provided the necessary support in order to successfully launch the new acquiring business and obtain the respective financial license required (“E Money Institute License” or “EMI license”), through BaFin, the German financial regulator. The EMI license will enable RS2 to provide a wide range of payment acceptance and other financial services to merchants and consumers across Europe, as well as to process cross-border merchant payments globally. The launch of the Group’s Financial Services sector,

Tel: +356 2134 5857
Email: info@rs2.com
Vat: MT 1185-5601
Co. Reg No: C25829

RS2 Software p.l.c, RS2 Buildings,
Fort Road, Mosta MST 1859, Malta, Europe

RS2.COM



following the successful acquisition of its EMI license, however, had to be moved to the first quarter of 2022 due to unexpected circumstances related to terminal certification.

With the onboarding of new clients, RS2 has more than doubled the volume of transactions processed on the RS2 Smart Processing platform during 2021 when compared to those processed in the recent past. This increase is expected to continue to progress with a gradual increase from RS2's current clients as well as the onboarding of new clients.

Despite the delays in expected revenue mentioned above, all other projected revenues were met, which thereby allowed the Group to successfully turn around the financial performance for the year into a respectable profit, which not only meets but exceeds projections. Furthermore, the Group's gearing is also significantly improved with the Group solely holding a minor bank loan, leaving the banking facilities available to the Group as a reserve.

Expectations for 2022

The financial services industry is in the midst of a significant transformation, accelerated by the Covid-19 pandemic. Given the key role digitalisation plays in the financial lives of more and more of the world's population, electronic payments are at the epicentre of this transformation. Payments are becoming increasingly cashless, and the industry's role in fostering inclusion has become a significant priority. Payments also are supporting the development of digital economies and are driving innovation, all while functioning as a stable backbone for our economies.

Underneath the shift to a cashless society lies a larger, more profound change, whereby the entire infrastructure of payments is being reshaped, with new business models emerging. The Processing segment continues to show strong growth, especially in the US, while Merchant Services is more prominent across Europe.

Accelerated by the pandemic, the shift to a cashless society and the rising role of payments as more than simply an exchange of value for goods and services create a once-in-a-lifetime opportunity for the payments industry to lead in financial services. At the same time, by becoming a cornerstone of the global economy, payments can serve as a catalyst for economic growth, innovation and inclusion.

The outlook for 2022 is that business will continue to accelerate with a strong pipeline gearing up for the coming year, which, together with the launch of several new exciting products for the Group, including Merchant reconciliations modules, ELO payment methods (a Brazilian

Tel: +356 2134 5857
Email: info@rs2.com
Vat: MT 1185-5601
Co. Reg No: C25829

**RS2 Software p.l.c, RS2 Buildings,
Fort Road, Mosta MST 1859, Malta, Europe**

RS2.COM



card scheme which can support credit and prepaid transactions), e-Commerce gateways “Shop & Pay” amongst others, will lead the Group to a positive 2022 and beyond.

:Unquote.

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

Dr. Ivan Gatt
Company Secretary
21 December 2021

Tel: +356 2134 5857
Email: info@rs2.com
Vat: MT 1185-5601
Co. Reg No: C25829

**RS2 Software p.l.c, RS2 Buildings,
Fort Road, Mosta MST 1859, Malta, Europe**

RS2.COM