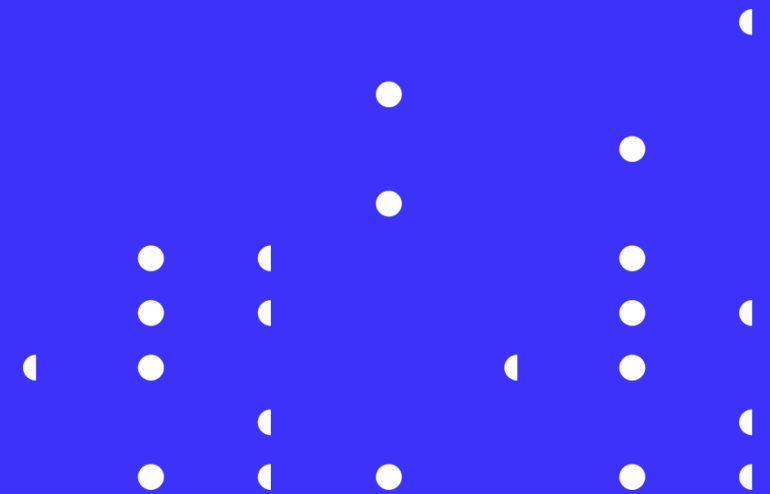




together beyond payments

# Offer of 28,571,400 Preference Shares at an Offer Price of €1.75

Friday, 26 February 2021



# Agenda

- 1 RS2 background
- 2 Business lines and revenue models
- 3 Payments market landscape
- 4 RS2 Strategy
- 5 Financial highlights
- 6 Information about the Offer

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# Key figures

**250**  
Banks and PSPs served

**>95%**  
Customer retention

**350 Million**  
Cards issued



**16 Million**  
Merchants served  
indirectly

**480**  
Employees

**25 Billion**  
Transactions processed

**80 Million**  
Transactions per hour

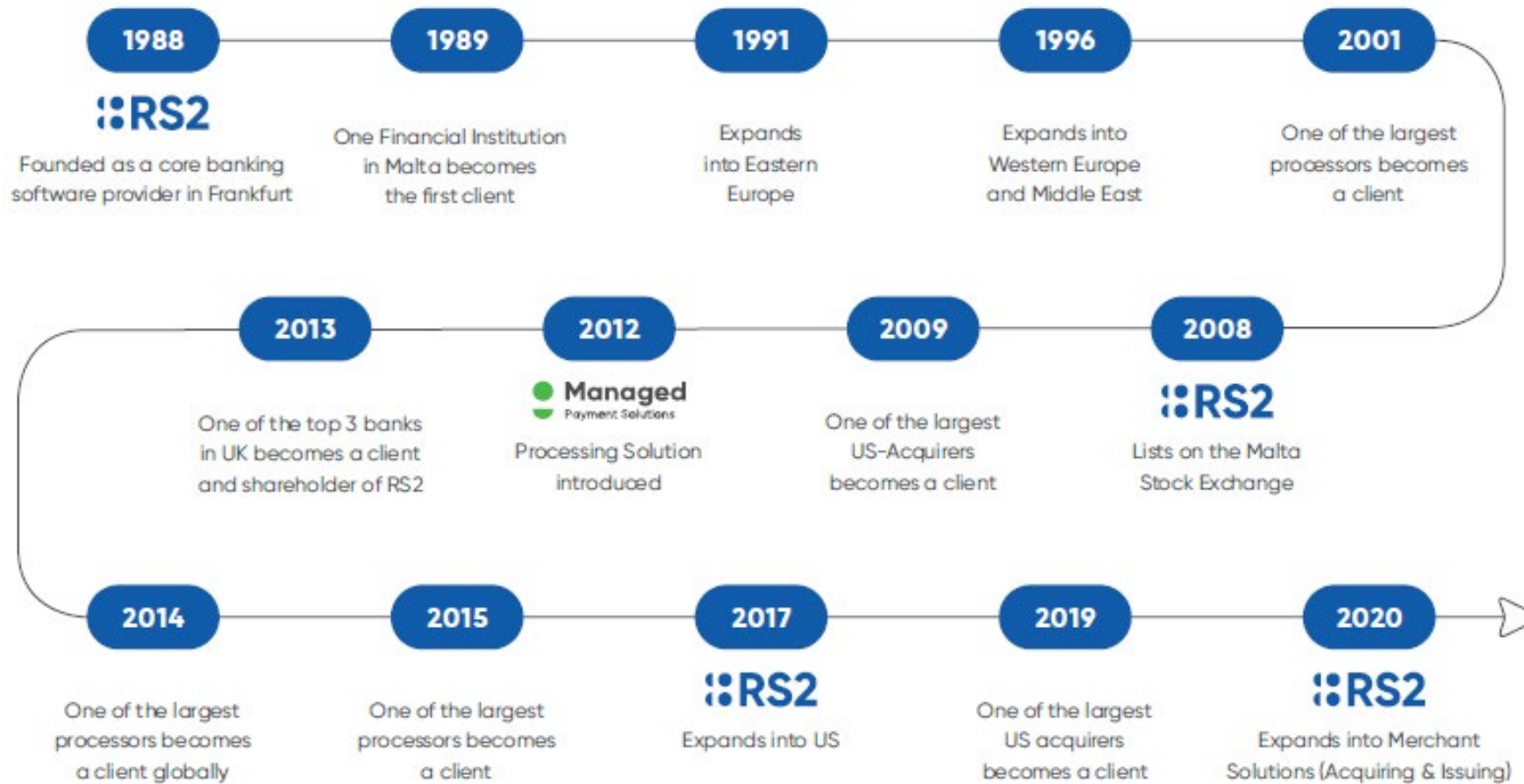
Large and scalable platform used by marquee clients across the globe

\*All figures relate to the BankWORKS® software

# >30 years in the industry

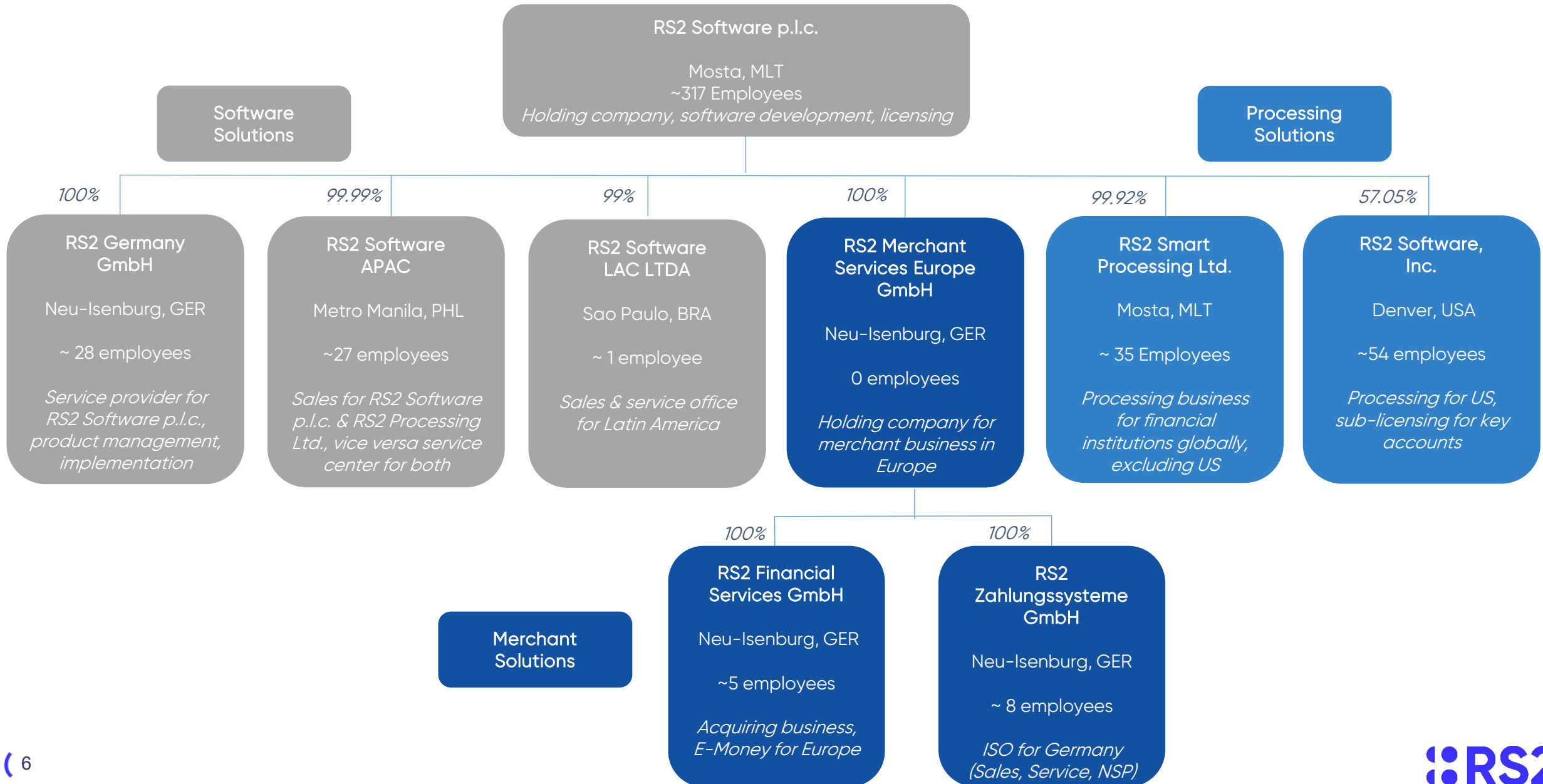
## RS2 History

Over 30 years of experiences in payments and early mover in e-commerce & omni/multi-channel in 2001



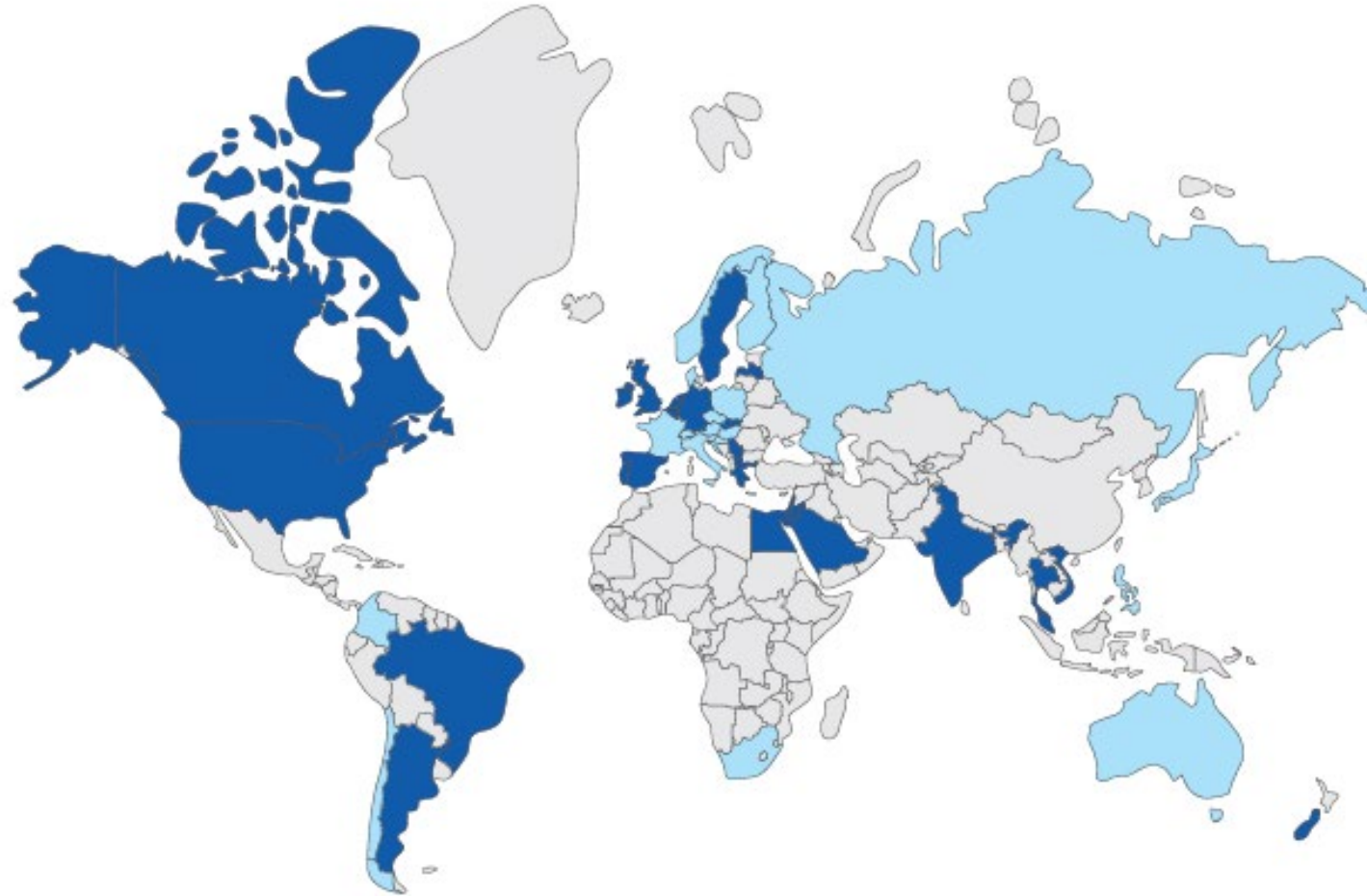
RS2 has gradually transformed into a global, diversified provider of comprehensive payment solutions

# Group Structure



# Worldwide presence

Strong Global Presence and Large Untapped Market Potential



■ Direct Countries  
■ Indirect Countries

**6** 

**Offices worldwide**

Offices in Mosta (Malta), Frankfurt (Germany), Denver (USA), Amman (Jordan), BGC (Philippines), Sao Paulo (Brazil)

**26** 

**Number of countries with active clients**

**71** 

**Number of countries with interchange coverage**

**1** 

**Country with Merchant Services live**  
Germany

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# Business lines

## Software Solutions

*Licencing of BankWORKS® software to banks and financial institutions*

- Selling term or perpetual licences
- Customisation, implementation and installation services
- Upgrades, enhancement and update mandated by card organisations
- Additional services including onsite support for testing, implementation, training
- Enhanced services

## Processing Solutions

*Processing of payment transactions utilising BankWORKS® software*

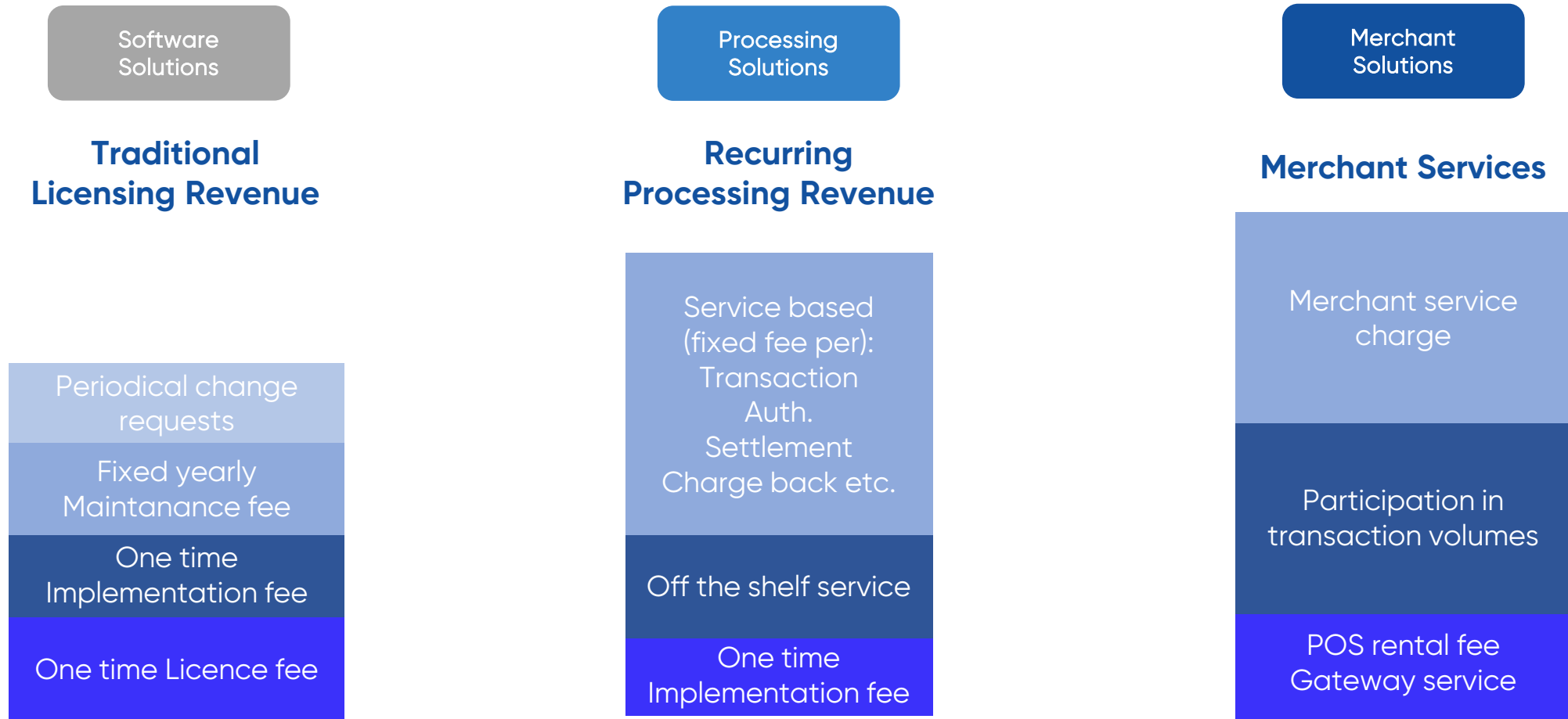
- BankWORKS® as a managed service
- Clients can access payments as a service on a private/public cloud solution for acquiring, issuing, clearing and settlement covering multiple omni-channels
- Provision of installation services (setup)
- Other services including statements, chargebacks, merchant portal, e-commerce gateway

## Merchant Solutions

*Offering issuing and acquiring payment solutions directly to merchants*

- Acquiring (merchant's products and services)
- Issuing (consumer products and services)
- Authorisation
- Clearing and reconciliation
- Fraud and risk management
- Settlement and funding services

# Revenue Model Transformation



Transforming the Group's revenue generation model from dependence on one-time licence fees to ongoing and recurring revenue based on number and value of transactions processed

# Revenue Model Transformation

## Illustrative Revenue Models

Software Solutions

### Traditional Licensing Revenue

Periodical change requests	<b>Revenue Example:</b> <b>License fee:</b> €1000 one time payment <b>Implementation fee:</b> €200 one time payment <b>Maintenance:</b> 21% of 1000 = €210 paid yearly <b>Project lifecycle between 8-24 months</b>
Fixed yearly Maintenance fee	
One time Implementation fee	
One time Licence fee	

Processing Solutions

### Recurring Processing Revenue

Service based (fixed fee per): Transaction Auth. Settlement Charge back etc.	<b>Revenue Example of 1000 Transactions:</b> <b>Implementation fee:</b> €100 <b>Authorization fee:</b> 0.2x1000=€200 <b>Settlement fee:</b> 0.3x1000=€300 <b>Chargeback fee:</b> 2x5=€10 <b>Customer total bill per month</b> =EUR 510x10=5.100 <b>Project Lifecycle between 1-4 months</b>
Off the shelf service	
One time Implementation fee	

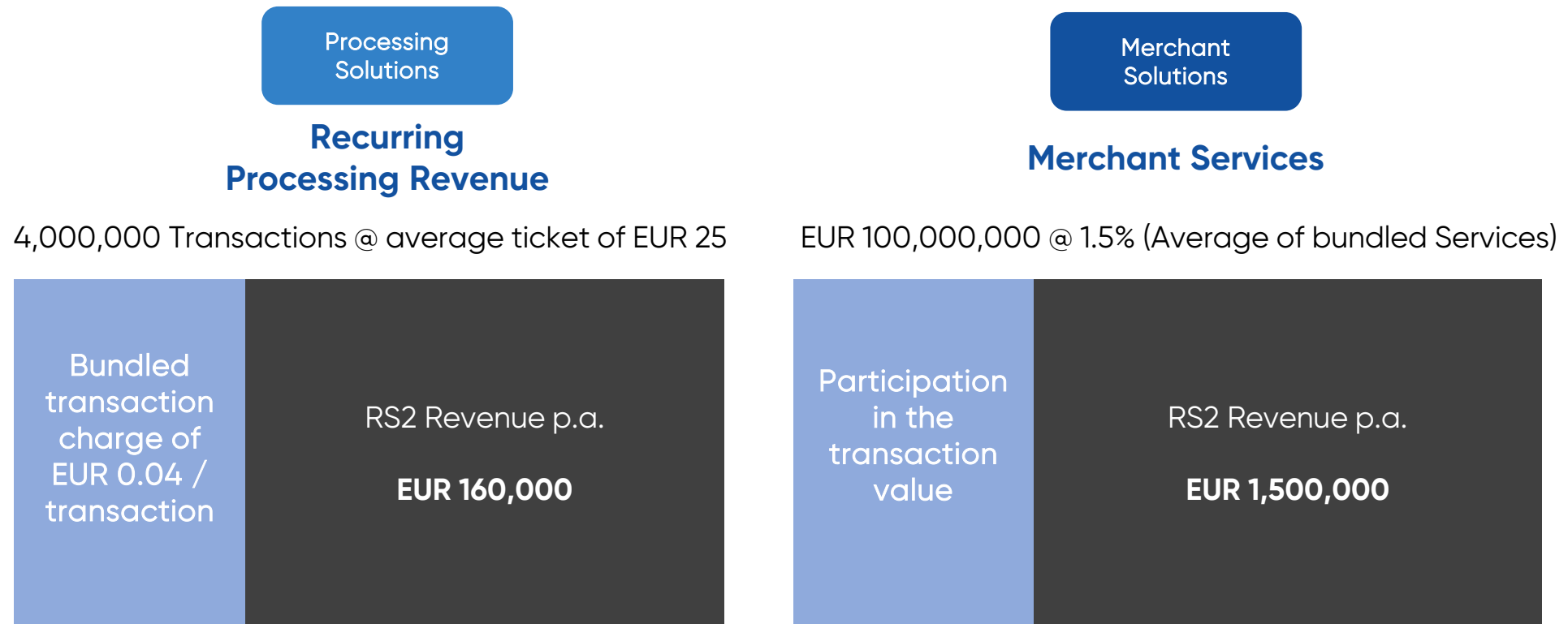
Merchant Solutions

### Merchant Services

Merchant service charge	<b>Revenue Example:</b> <b>Consumer buys for:</b> €100 <b>Issuing Bank charges:</b> €1.00 <b>Card Schemes charges:</b> €0.50 <b>RS2FS:</b> 0.2 + 1.5% = €1.677x1000.000=1,670.000 Per day <b>Merchant paid = €96,82</b> <b>+ Fixed Transaction Routing-Fee</b> = 5 - 10 Cent / Tx <b>+ Optional Value Add Fees (DCC, Charge Back etc.)</b> <b>+ Rental Fee for Terminal/Gateway</b> = €10 - €40 per month <b>Project Lifecycle 2 weeks</b>
Participation in transaction volumes	
POS rental fee Gateway service	

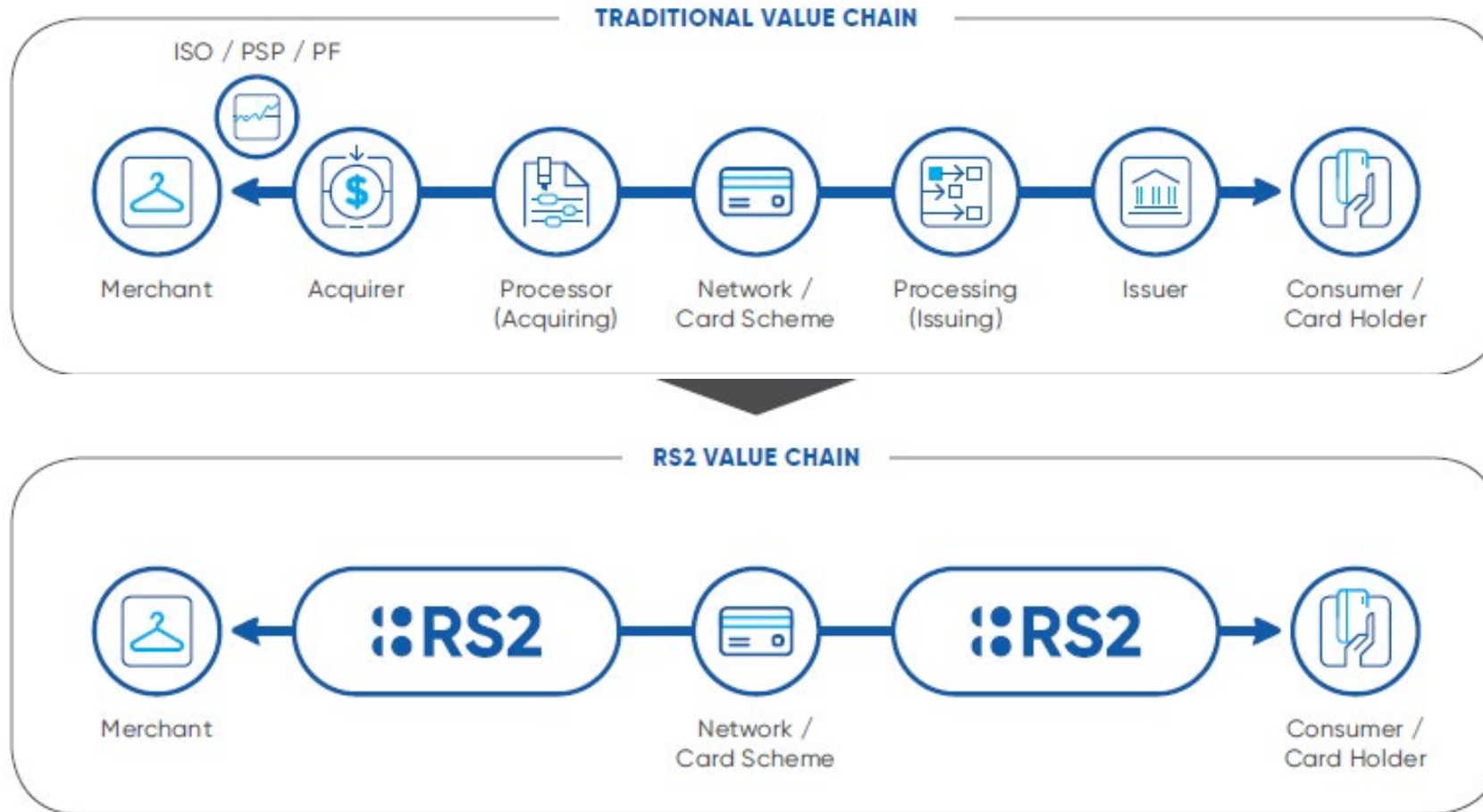
# Revenue Model Transformation

Illustrative Revenue Model for a merchant having €100,000,000 yearly turnover



**BEING PART OF THE TRANSACTION, INSTEAD OF BEING AROUND IT**

# RS2 in the Value Chain



## The RS2 Way

Control the value chain

Take out complexities

Lift synergies to build a better solution

# Merchant Solutions business line

## RS2's market approach

- Obtain EMI licence from BaFin in Germany – required to manager merchant funding and to provide acquiring services and issue payment instructions
- Build a high performance team
- Market entry strategy – primarily Europe and in a second step the US
- Product and service offering to attract target clients

## Current status

- EMI in an advanced stage of approval process
- Management team and organisation structure in place
- Market entry strategy defined, first acquisition made in January 2020 – Kalicom Zahlungssysteme GmbH – starting point for RS2's direct merchant business (>4000 terminals, >2000 merchants)

Roll-out of services in phases over the coming twelve to eighteen months

# Agenda

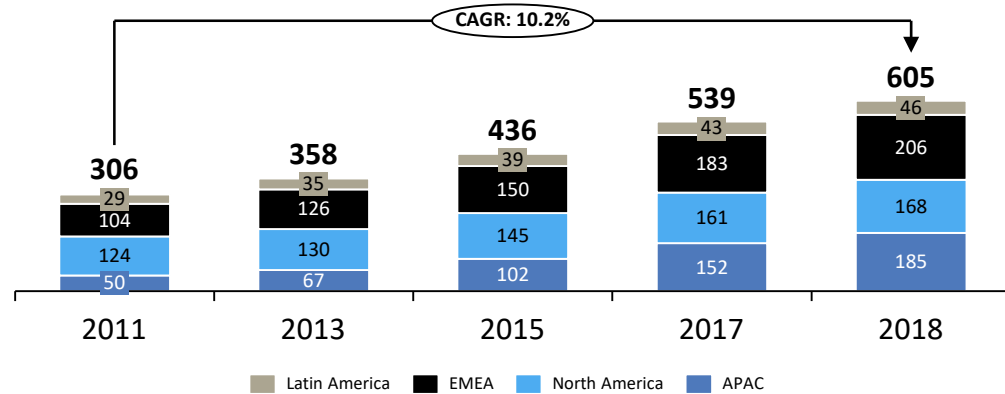
- 1 RS2 background
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# Payments market global development

## Five main trends for opportunities and challenges in the payments ecosystems

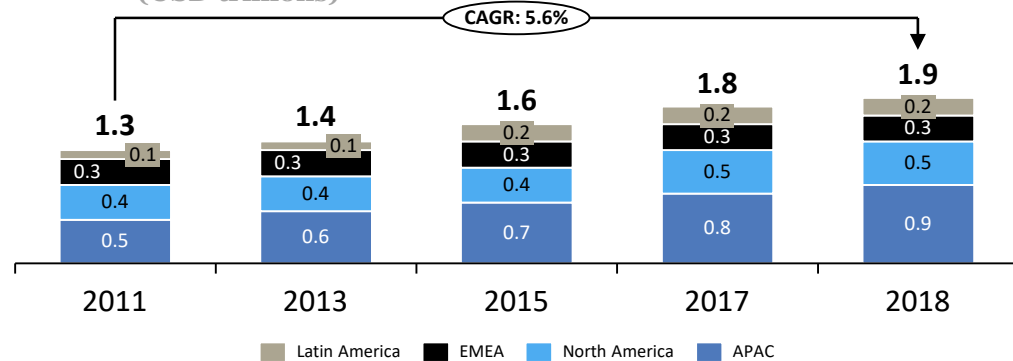
### Global non-cash transactions

(trillions)



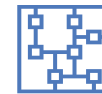
### Global payment revenues by region

(USD trillions)



Source: McKinsey Global Payments Map, Capgemini World Payments Report

### Market trends



**Dynamic market growth:** Non-cash transactions grew by 12% globally during 2018, Asia and CEMEA growing by 20-30%. Drivers are mobile payments, contactless payments and shift to e-commerce.



**Technology invests of incumbents:** Main payment providers modernized their operations and infrastructure to support new product offerings and new technologies in order to generate new revenue sources.



**Consolidations:** The payments market is undergoing an unprecedented wave of consolidation with intensive M&A in payment services related to acquiring and broader merchant servicing.



**Boosted competition:** New entrants, especially Big Techs, have changed the dynamics in the industry as businesses and consumers shift from cash to digital payment methods – Apple as a game-changer.

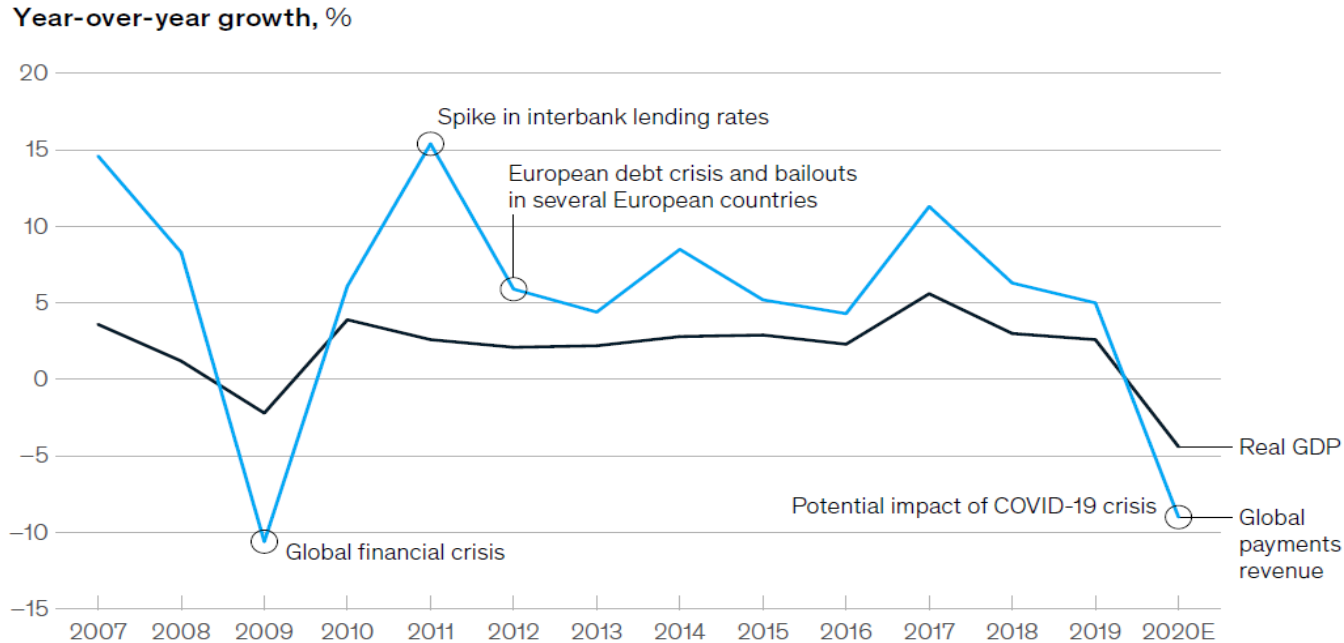


**Regulatory environment:** The EU has developed a comprehensive legislative payment framework aimed at keeping pace with the rapid evolution of the industry as well as preserve financial stability, while creating a more competitive payment system (PSD2) and ICF regulation.



# Impact of COVID-19 on payments

According to McKinsey, the economic impact of COVID-19 is comparable to financial crisis



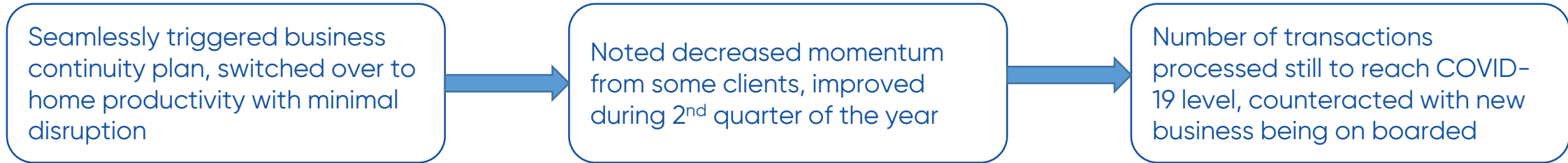
- The economic impact of COVID-19 is comparable to that of the 2008/2009 financial crisis.
- Instead of growing by 6%, as projected by McKinsey, activity could drop by as much as 8% to 10% of total revenues
- Payment data on COVID-19 impact is still very limited, scenarios still trend based rather than data based.
- Projection of industry performance rests on assumption about overall economic activity

- Payment systems have proved resilient and reliable
- Card payments, especially contactless, are rising strongly

**COVID-19 has accelerated cash-less payments globally**

# Impact of COVID-19 on payments

## Impact on RS2



## Impact on payment industry

### Short term

- Significant decrease of global payment-revenue with negative growth
- Most affected industries: Hospitality and tourism, retail, airlines, events, hotels, restaurants. But also some segments can benefit from the crisis, like: E-Commerce, garden/flower-retail, food delivery service, supermarkets.
- Acceleration of cash displacement towards contactless payment infrastructure and migration to terminals without pin-pads

### Mid-long term

- Accelerated shift from POS to E-Commerce
- Shift in consumer behavior will lead in an accelerated growth for card based payments at POS
- Self-checkout or "order & collect" solutions gaining popularity pre-crisis, contactless payment cards with increasing penetration
- Expected uptake in regional travel on the back of certain international travel (e.g. cruises) shifting spending patterns and revenue opportunities.
- Proven effectiveness of virtual meetings reducing business travel expected could lead to a lasting drop for some segments, like airlines and hotels.

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# RS2 Unique Selling Propositions

## Key differentiators



### Reliable performance

Robust 99.999 % availability and high performance engine



### One Global Platform

Global state of the art solution and global coverage, instant and real time payments



### Scalable

Cloud-based solution linearly scalable with no lead-time for infrastructure upgrade



### Omni Channel

True omni-channel covering all payment sources (online, offline, mobile)



### API enabled

Single platform with single API integration – one source code for SMEs and large Enterprises



### Highly Configurable

Configurable by client, region, currency, business type and channel



### Customer experience

High integration over the payment value chain enables superior customer support

- Process local and international payments
- Single view of their transactions
  - Quicker time to market



### Value-added services

DCC, MCA, Installments, reporting, merchant and partner portal, global reconciliation, FX

# RS2 Vision and Mission Statement

Truly global & fully integrated E2E digital omni/multi-channel payment service provider



## Vision

Our ambition is to become a **fully integrated, digital omni-/multichannel payment service provider** – simple, innovative, targeted to consumer demands and with global reach



## Mission

Deliver all payment services out of one hand, worldwide scalable and agile solutions combined with best in class customer service – we empower financial service provider & merchants to benefit from digitalization of payment and on-us processing

# Cornerstones of RS2 Group Strategy

Five pillars will drive the strategy, to build an integrated omni-channel service provider



## Processing

- Best-in class Processing for Issuing & Acquiring - Global platform with a single API
- Switching
- Disputes
- Risk-Management
- ICF/CSF-Optimization
- Empowering on-us



## Acquiring & Issuing

- Direct merchant acquiring-business under own license in EU
- Strong position in Germany and US as a starting point for further growth in other countries (as follow your customer strategy)
- Issuing for Loyalty, Prepaid, closed-loop cards



## PSP / Alternative Payments

- PSP-solution, incl. capability to offer integrated one-stop-shop payment solutions ("omni-channel")
- Alternative payments in E-Commerce (e.g. Billpay, Ratepay, iDeal, Elo, Wallets)



## Terminal & Technical Network

- Own technical network operations
- Sales & Rent of terminals incl. own terminal management



## Strategic Add-on Services

- Dunning/Collection
- Factoring
- Cash Management
- B2B payment

One Contract + Reconciliation + Reporting + Billing

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# Financial Highlights

Strategic shift from Licence Solutions to Processing Solutions and Merchant Solutions

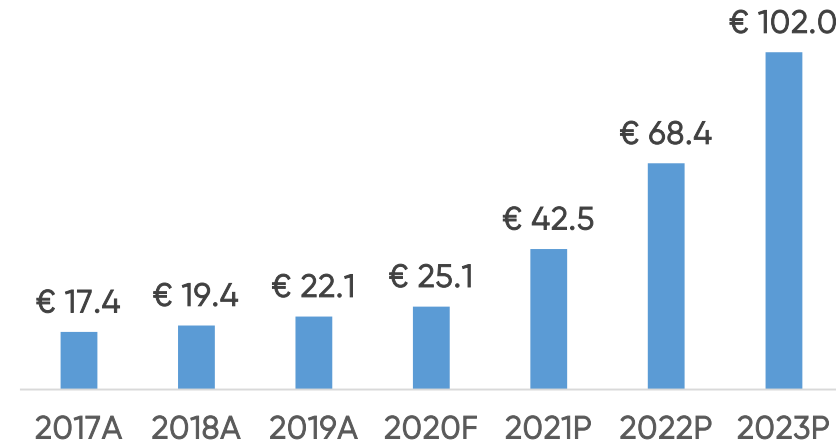
Transforming the revenue generation model from dependence on one-time licence fees to ongoing and recurring revenue based on number and value of transactions processed

On boarding of high volume clients

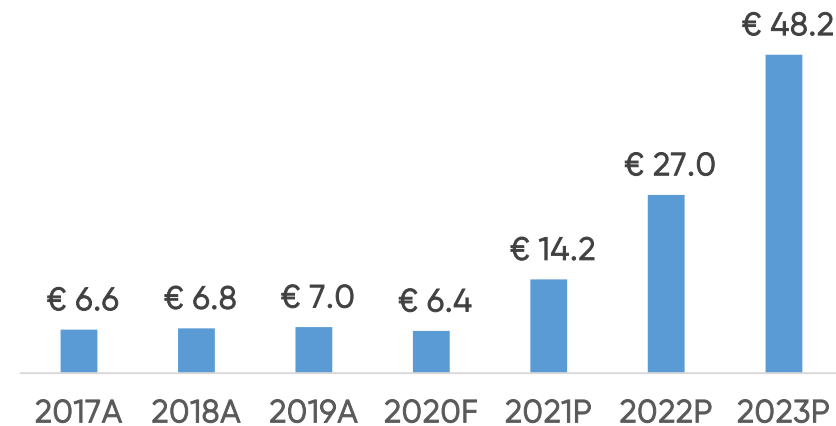
Constant increase in volume processed

Cost of sales expected to increase at a slower rate than the expected ramp up of revenue, increasing gross profit margins

Revenue (€millions)



Gross Profit (€millions)





# Financial Highlights

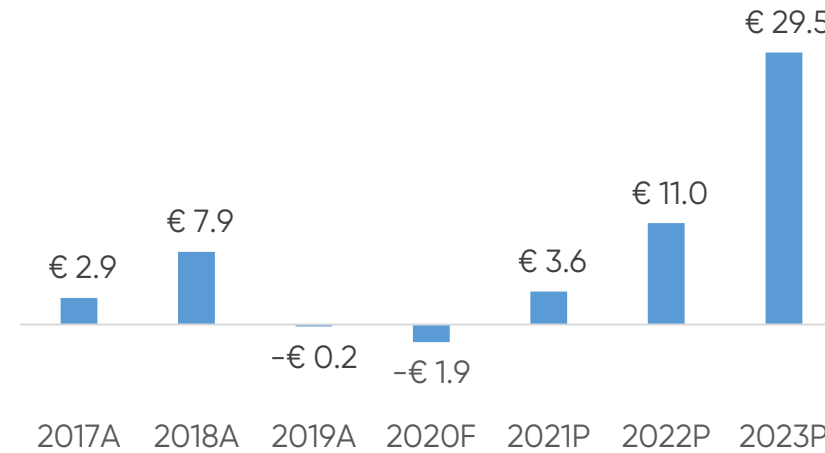
A period of significant investment during the past three years in the United States and in Merchant Solutions – costs increasing at a faster rate than revenue

A large extent of investment is of an operational nature, up to 2020 absorbed within the Income Statement

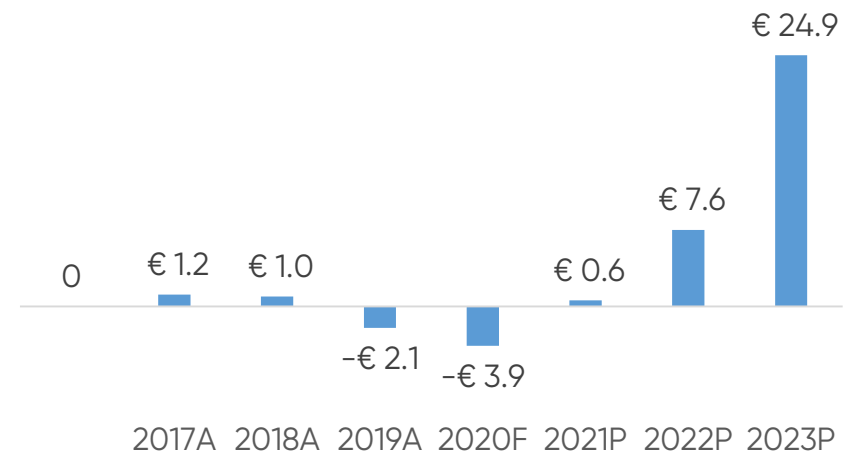
As from end 2020, early 2021 transitioning from implementation mode on significant clients to processing mode, revenues realised

Investment in the Group's own micro services capabilities, slower rate of increase in infrastructure costs compared to the rate of increase in transactions processed

### EBITDA (€millions)



### Profit before tax (€millions)



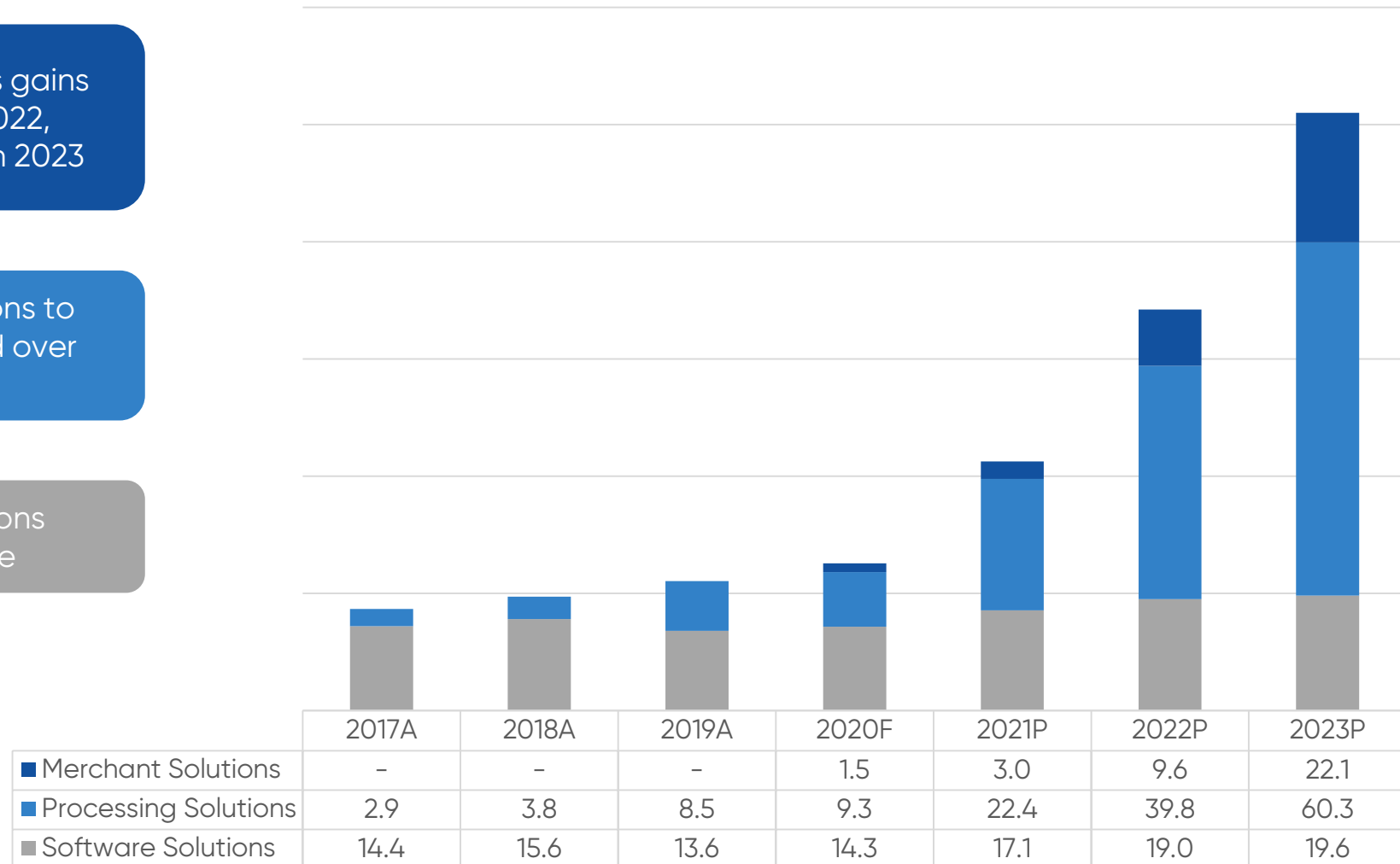
# Financial Highlights

Revenue by Business Segment 2017 – 2023 (€millions)

Merchant solutions gains momentum in 2022, increases further in 2023

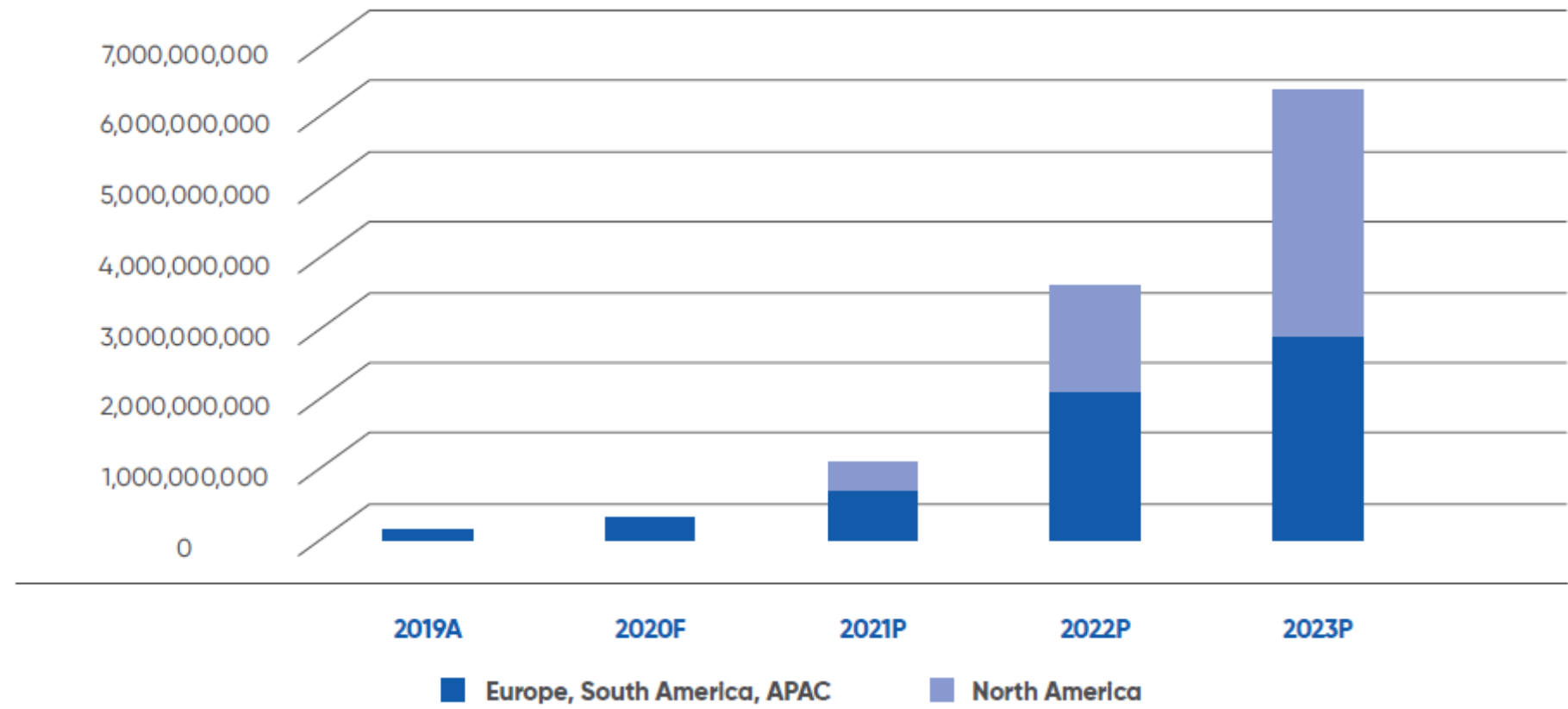
Processing solutions to increase threefold over 2021-2023

Software Solutions remains stable



# Financial Highlights

## Number of transactions processed

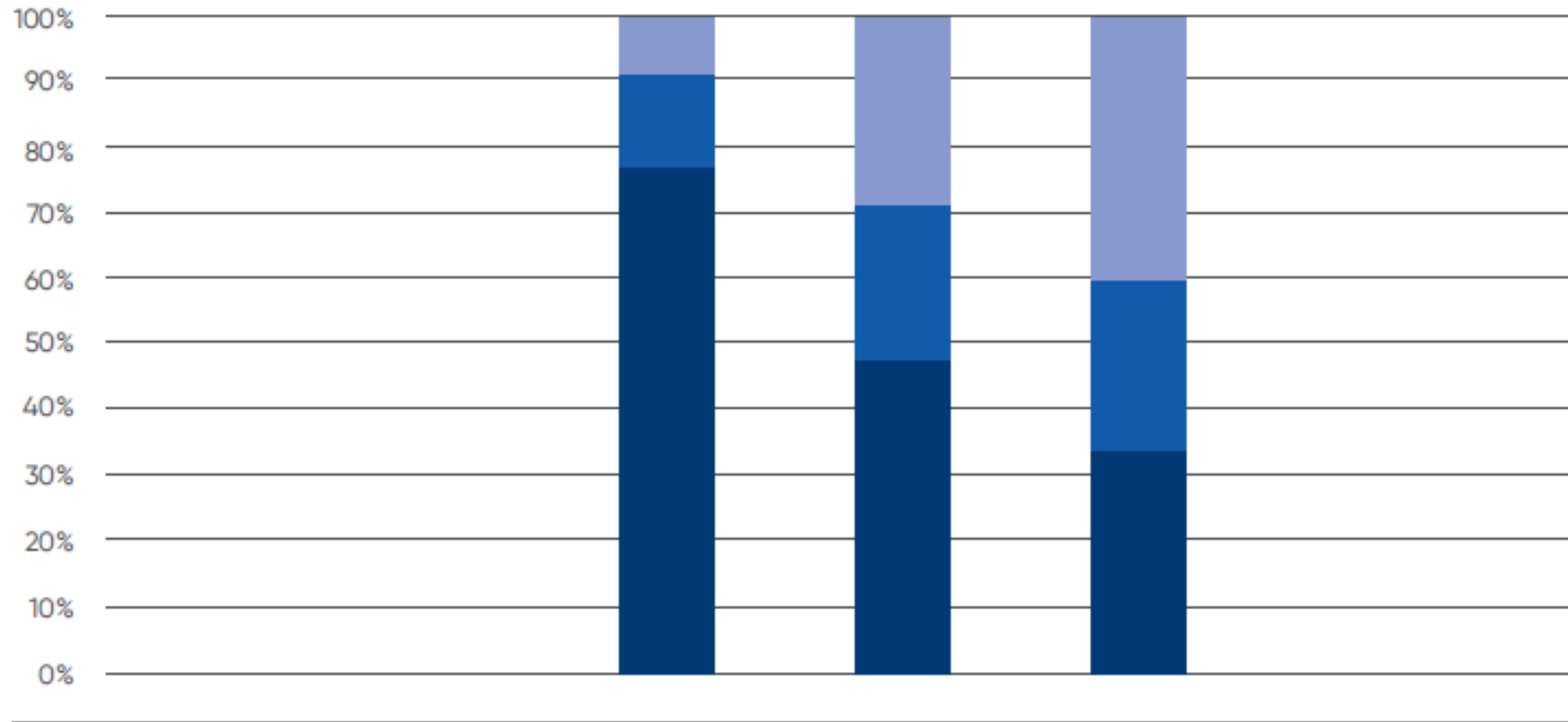


# Financial Highlights

High degree of revenue from existing, contracted, committed clients

High visibility of future revenue streams

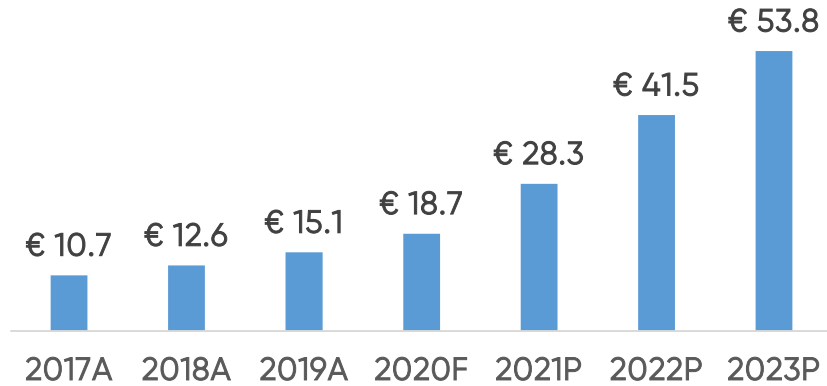
## Revenue generation



	2021P	2022P	2023P
Business Pipeline	9%	29%	40%
New contracted/committed clients	14%	23%	26%
Existing clients	77%	48%	34%

# Financial Highlights

Cost of Sales (€millions)



Supplementing the operations teams for the Processing Solution in Europe and the US

Increasing headcount relative to value added services

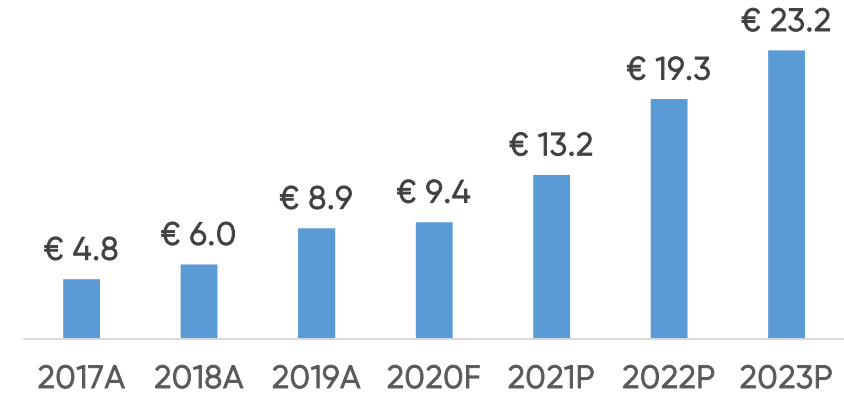
Ramping up headcount in Merchant Solution for full launch

Formation of Product Enhancement Focus team

Strengthening group infrastructure, increasing technical unit

Investment in infrastructure costs to meet increased demand

Marketing & Admin Expenses (€millions)



Increased efforts in marketing to boost group profile and brand awareness

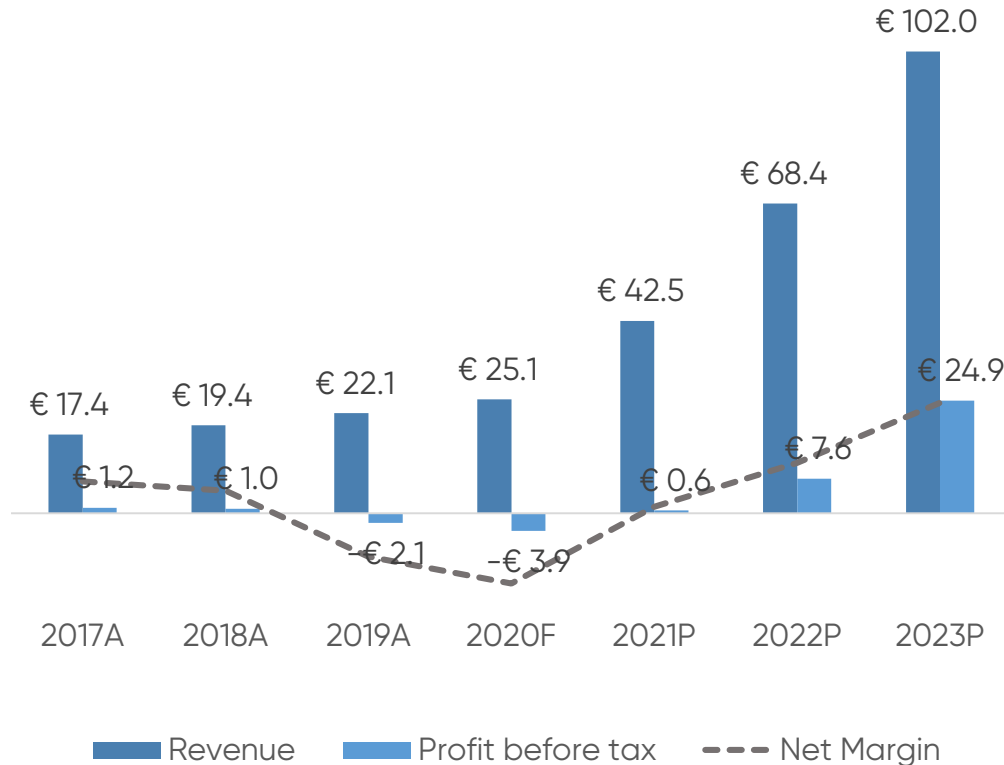
Strengthening its sales and marketing team in order to ensure a healthy pipeline

Enhanced administrative functions to reflect growth

Increased amortisation (COS) and depreciation expenses (Admin) reflecting enhanced investment in BankWORKS® and infrastructure necessary to increase processing capacity

# Financial Highlights

## Revenue vs. Profit before Tax (€millions)



## Investments paying off

- Shift from Software Solutions into Processing and Merchant Solutions
- Major clients with high transaction volumes going live late 2020/early 2021
- Onboarding of new high-volume clients, additional volumes from existing clients
- Major customer in US on a hybrid Software and Processing Solutions model
- Limited revenues from other US clients in past results, 2021 will see the launch of the core processing business in the US
- Merchant Solutions first full year of revenues – Europe in 2022, USA in 2023
- Investment in the Group's own micro services capabilities, slower rate of increase in infrastructure costs compared to the rate of increase in transactions processed.

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# Rationale for Preference Share Issue

- Increase group profile and brand awareness
- Foster organic growth investment to ramp up and strengthen operations by focusing on Europe and USA
- Invest in organisation and regional expansion by scaling up sales, marketing and market communication
- Invest further in its own acquiring business initially in Europe and the US and subsequently globally
- Develop and execute the technology roadmap to enhance product capability and service offering
- Support RS2 in pursuing growth over profitability in the medium term
- Repay short-term bank facilities mainly composed of bank overdrafts taken to finance the Group's investment in operating expenditure necessary to execute its growth plans
- Sign accretive add-on acquisitions of companies to enhance our capability, to scale and improve time-to market through M&A transactions



# Use of Proceeds

€4m

Further investment in United States

€6m

Additional investment in Merchant Services

€5m

Product enhancements in line with Product Road Map

€10m

Repayment of short term bank facilities

The first €25m have been modelled into the financial projections for 2021 to 2023

€15m

M&A transactions to complement Group's business & growth plans

€10m

Further investment in platform and service offering

Due to their nature, M&A transactions cannot be timed or can they be assessed. The additional investment in the technical capabilities will be required following the attainment of certain levels of growth and operations. Impact on income statement cannot be assessed at this time, thus not reflected in financial projections

# Information about the Offer

## Up to 28,571,400 Preference Shares having nominal value of €0.06 per share at an Offer Price of €1.75

(Offer Price of €1.75 representing a discount of circa 18% to the trade weighted average price of the Company's Ordinary Shares over a twelve-month period from 11 February 2020 to 8 February 2021 and a premium of €1.69 over nominal value)

### Available for subscription as follows:

Up to 14,285,700 Preference Shares reserved for subscription by Financial Intermediaries through an Intermediaries' Offer\*;

Remaining balance\*\* available for subscription by:

- a) Preferred Applicants
- b) the general public.

\*minimum applications of 150,000 Preference Shares per underlying applicant and in multiples of 100 Preference Shares thereafter

\*\* minimum applications of 1,000 Preference Shares per underlying applicant and in multiples of 100 Preference Shares thereafter

### Preferred Applicants:

RS2 shareholders – holders of ordinary shares in RS2 Software p.l.c. appearing on the share register as at 19 February 2021 (with last trading on 17 February 2021)

RS2 employees – those persons employed by the Company and its subsidiaries as at 19 February 2021

In determining the allocation policy, the Company will be giving preference to Preferred Applicants.

# Rights attaching to the Shares

	Preference Shares	Ordinary Shares
<b>Dividends</b>	<input checked="" type="checkbox"/> Premium of =/> 10% over Ordinary Shares	<input checked="" type="checkbox"/>
<b>Bonus Shares</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Voting Rights</b>	<input checked="" type="checkbox"/> 1 vote per share In specific circumstances as outlined in M&A	<input checked="" type="checkbox"/> 2 votes per share At all general meetings of the Company
<b>Capital Distributions</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Pre-emption</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Assets upon Liquidation</b>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Other</b>	<input checked="" type="checkbox"/> Non-cumulative, non-redeemable, non-convertible	<input type="checkbox"/> N/A

# Expected timetable

Event	Date
1. Application Forms mailed to RS2 Ordinary Shareholders	26 February 2021
2. Opening of Offer Period	3 March 2021
3. Intermediaries' Offer date	17 March 2021
4. Closing of Offer Period	30 March 2021
5. Announcement of basis of acceptance through a company announcement	9 April 2021
6. Refund of unallocated monies, if any	16 April 2021
7. Dispatch of allotment letters	16 April 2021
8. Expected date of admission of the Preference Shares to listing	16 April 2021
9. Expected date of commencement of trading in the Preference Shares	19 April 2021

Offer Period may close before 30 March 2021 in the event of over-subscription

# Investment Rationale

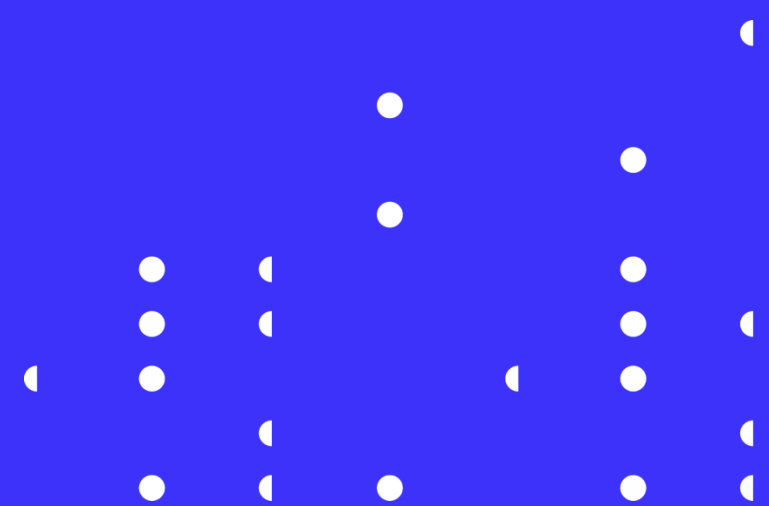
## Key highlights and growth strategy



Thank you.



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Question time.

 **RS2**

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