



RS2 Software p.l.c.

COMPANY ANNOUNCEMENT

The following is a Company announcement issued by RS2 Software p.l.c. (hereinafter the “Company”) pursuant to the Malta Financial Services Authority Capital Markets Rules.

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 2022 performance to date, and expectations for the next financial year.

Review of 2022 financial performance

Despite a challenging economic environment, with customers being cautious to execute signed projects while also holding back new ones, 2022 has proven to be a year of continued execution of strategy and resilience to remain on track to achieve the Group’s long-term targets. This was possible thanks to our dedicated Team, Management and Board of Directors, who reacted very quickly to the new challenges and adapted to the lessons learnt during the pandemic turmoil, solidifying the Group’s more robust organization for any turbulence ahead.

The Group has extended its offering in Latin America (LATAM) through market entry in Mexico, Columbia and Peru, where transaction processing services to Payment Service Providers (PSPs), banks and financial institutions, that provide acquiring services to online merchants and stores and shops, will be serviced. In Asia Pacific (APAC), services were extended to Singapore and Malaysia. In the Philippines, the Group is in the process of adding InstaPay, the real-time online local scheme, which will allow the offering of services to banks in the market using our own developed mobile application for fund transfers, bill payments and other banking services.

The US subsidiary, while continuing to ramp up its client base with respect to the Independent Sales Organisations (ISO) processing business, has, enhanced its strategy and will be focusing on the following three business lines:

- Enterprise business, whereby RS2 manages the client’s private infrastructure on the cloud, in addition to providing processing and other services;
- Acquiring processing, which focuses on Payment Facilitators (PayFacs), Payment Service Providers (PSPs) and follow up on the existing ISO pipeline;
- Issuing processing (a new business line).

RS2 Smart Processing continues to increase its transaction processing volumes through new and existing customers. It is also working on standardising its product and service offering to improve time-to- market and profitability, thus enabling the Group to also offer services to smaller clients.

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To service the latter RS2 Smart Processing is developing a fully digitalized service enabling a client to self-onboard and choose the services required for its business and market needs.

In May 2021 it was announced that RS2 Financial Services GmbH was granted an E-Money institution (EMI) licence by the German Federal Financial Supervisory Authority (BaFin). In addition to this, the subsidiary became a principle member of Visa and MasterCard. As an EMI institution and principle member, the Group is now able to provide direct acquiring and issuing services to merchants, which were set in motion in 2022.

RS2 Financial Services is very well positioned in the European market, and in Germany in particular, where, together with RS2 Smart Processing, will be able to provide not only an acquiring service but also that of processing thus further strengthening the position the Group on the market.

The 2022 financial results to date show a stable top line compared to prior year, despite the current market conditions. Together with the repercussions resulting from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy which entered a period of feeble growth and elevated inflation. This affected the Group's forecast for the year by way of customers delaying projects or stretching investments to bare minimum. A significant stagnation in investment was noted mid-year 2022, so the Group applied counter measures and started seeing positive ramp up in top line and bottom line in the last few months of the year.

With the onboarding of new clients, RS2 has processed more than 1.25 billion technical transactions over the past 12 months on the RS2 Smart Processing platform. 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.

Expectations for 2023

The payments industry is constantly evolving and 2023 is shaping up to be a year of significant innovation and change with focus on making payments more convenient, secure and personalised for consumers. Taking advantage of the latest advancements in technology and security, customers can expect a seamless payment experience when paying online or at the store.

RS2 Group will continue to concentrate on implementing and delivering its strategy around its main business pillars of growing and expanding the managed service business, ramping up the US expansion and building its own direct acquiring business.

The Group also plans to invest further in its infrastructure to strengthen the technology and complete the product to play a more active role in the digitalisation of the whole customer journey, to offer omni-channel solutions and go beyond traditional payment solutions.

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The Group also considering some merger and acquisition activities to increase its merchant portfolio.

The outlook for 2023 indicates that business will ramp up with a stronger pipeline gearing up for the coming year, which, together with the launch of several new exciting products for the Group, including Merchant reconciliations modules, Merchant and Partner Portals and Tokenisation for Issuing Services amongst others, will lead the Group to a successful 2023 and beyond.

A handwritten signature in blue ink, appearing to read 'Ivan Gatt', written in a cursive style.

Dr. Ivan Gatt
Company Secretary
20/01/2023