

Annual General Meeting

2021 Financial Results &
Business Outlook

27 June 2022



Agenda

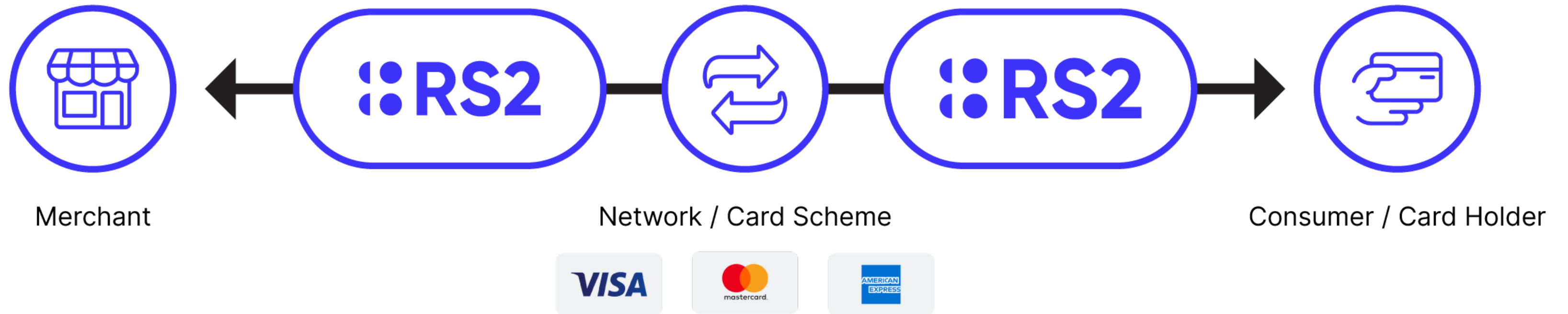
1. Company Overview
2. 2021 Financial Results & Business Outlook
3. Resolutions

Company Overview



The RS2 USP

COVERING THE ENTIRE VALUE CHAIN



- We harness the power of a **single cloud-native platform**
- We offer a truly **global omni-channel payment services**
- We cover the **entire payments value chain**

Solution Overview



Processing Solutions

- Acquiring Processing
- Issuing Processing
- Onboarding
- Settlement & Reconciliation
- Chargebacks
- Risk & Fraud
- Multi-Currency
- Global Reach
- Omnichannel

Merchant Solutions

ACQUIRING

- Global
- Alternative Payments
- POS Terminals
- E-Commerce Solutions
- Risk & Fraud

ISSUING

- Physical Cards
- Virtual Cards
- Loyalty & Reward Cards
- Wallets

FinTech Solutions









- Crypto Accounts
- BNPL
- Open Banking
- FX Services
- B2B Payments
- Payroll
- Card-Issuing
- Factoring
- Supply Chain Finance
- Instalment

Best-in-class Processing Solutions





WIDE RANGING PAYMENT SERVICES



Acquiring Solutions

 Online Authorization Services	 Interchange Optimization	 Onboarding Services	 Dispute / Chargeback Services
 RS2 Global Connect Multichannel®	 Reconciliation and Settlement Services	 Risk & Fraud Services	 Value Added Services

Issuing Solutions

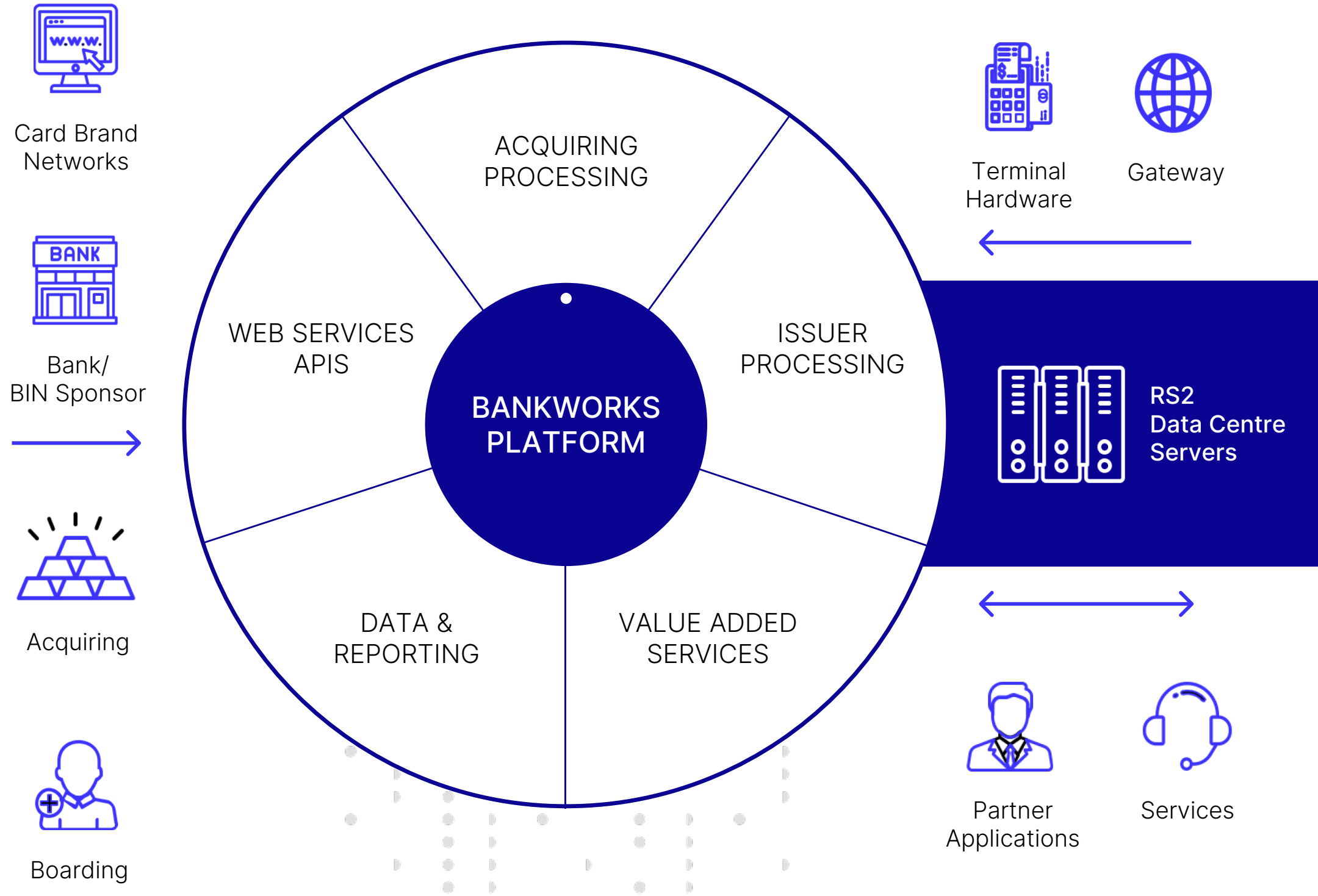
 One Platform for Cards and Services	 Card / PIN Management and Controls	 Processing, Maintenance and Reporting	 Value Added Services
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Our Single Global Platform

BANKWORKS

- Payments-as-a-Service: single, fully-digital payments platform for merchants
- Enable innovators to disrupt markets by connecting to global payments networks
- Simple integration <4 hours
- Delivered world-wide through existing relationships
- Cloud-native offering with strong APIs - removes need for human engagement



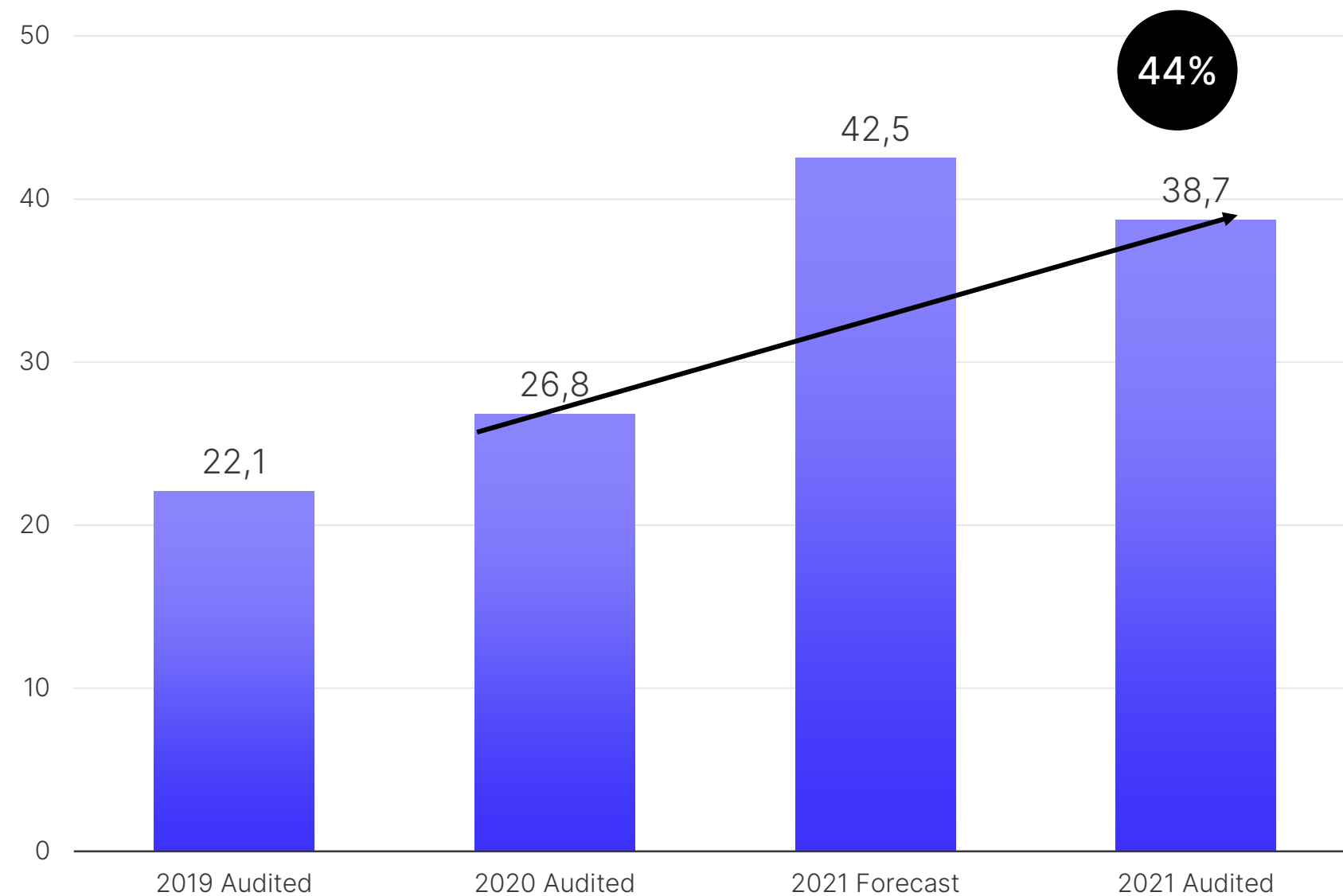
2021 Financial Results & Business Outlook



Revenues

KEY FIGURES

Revenues (€M)

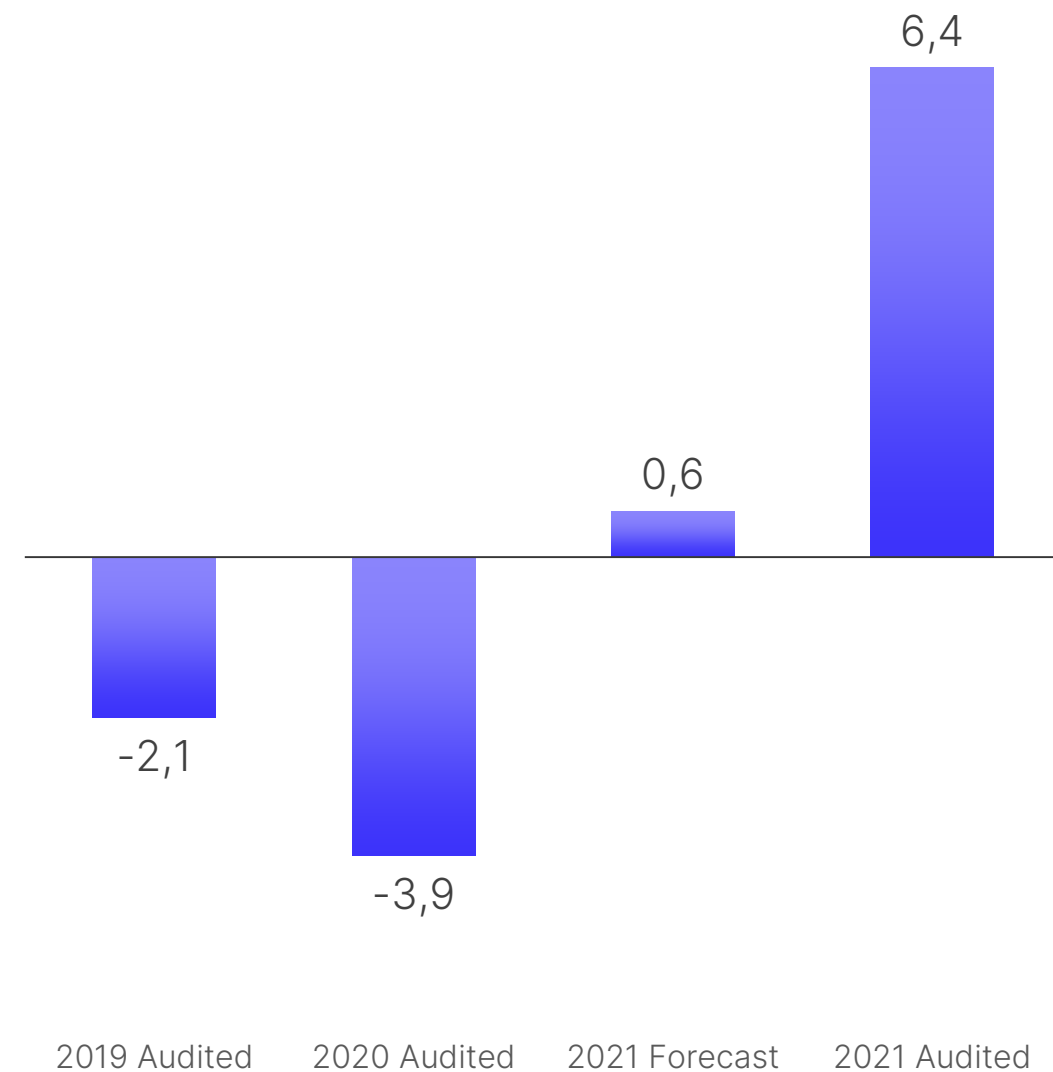


- Revenues during 2021 amounted to €38.7m translating into an increase of 44% over the prior year.
- Revenue fell short of the projections of €42.5m published in early 2021.
- The movement of €3.8m is due to a delayed launch of US ISO business as well as operations of RS2 FS (both are now live).
- In fact, the actual revenue figure of €38.7m generated in 2021 is in line with the amount of forecasted business that, at the time of the capital raise, was either already contracted/committed or to be derived from existing clients.

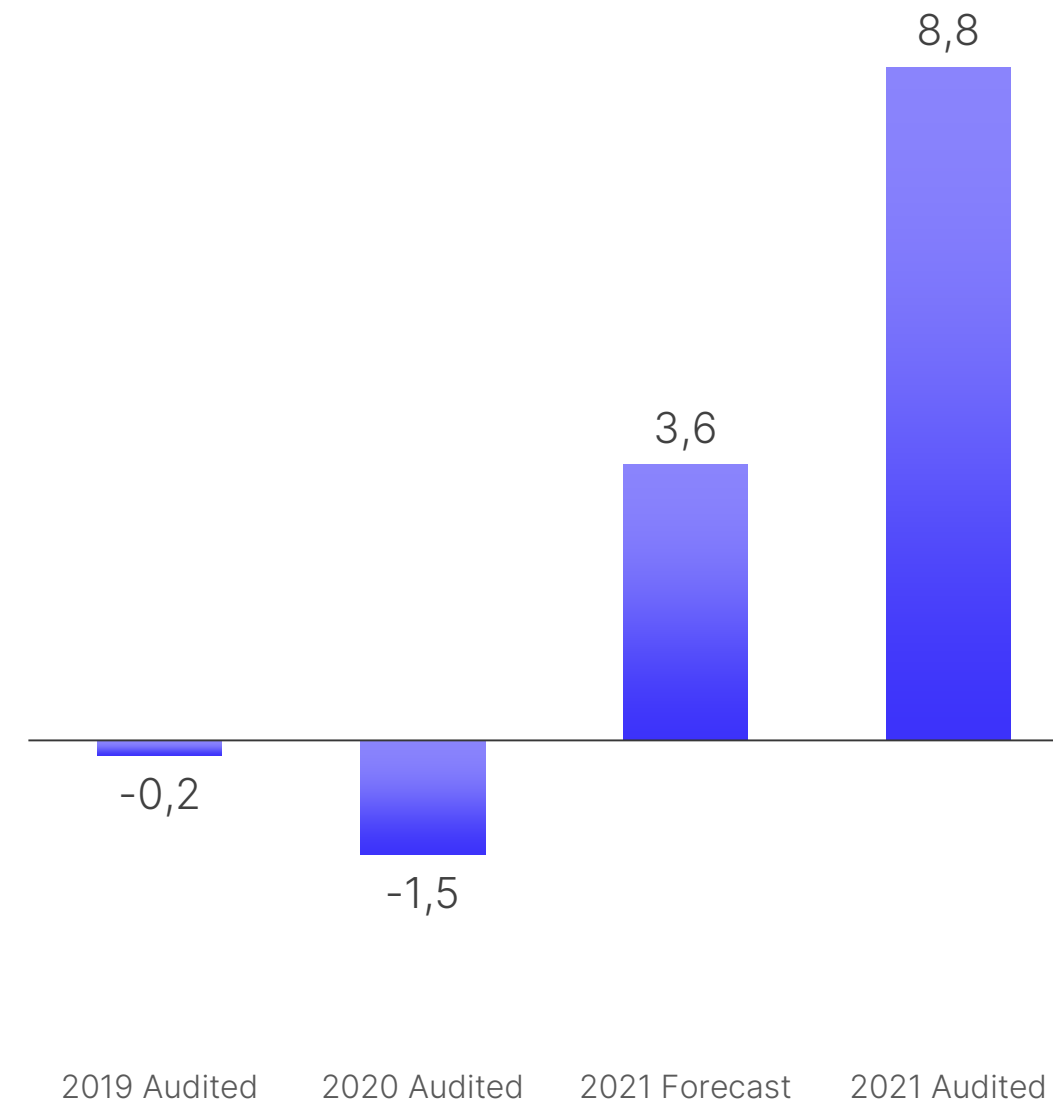
NBIT & EBITDA

KEY FIGURES

NIBT



EBITDA



- NIBT significantly above previous year (+ €10.3m)
- Positive deviation to forecast (+ €5.8m) mainly coming from lower personnel costs, 3rd party expenses, and IT costs.
- Personnel and 3rd party costs deviations are primarily resulting from reductions in the US after a change in management, together with the delayed ISO business launch.
- IT costs are lower due to the US data centre launch being delayed and lower SP hosting and license costs.

RS2 Group Statements of Profit or Loss

Business Performance

Amounts in €m	Audited	Audited	Forecast	Audited	Variance	Variance
<u>Statements of Profit or Loss for the year ended</u>	<u>Dec-19</u>	<u>Dec-20</u>	<u>Dec-21</u>	<u>Dec-21</u>	ACT Dec-21 vs ACT Dec-20	ACT Dec-21 vs FC Dec-21
Revenue	22,1	26,8	42,5	38,7	11,9	(3,8)
Cost of Sales	(15,1)	(18,6)	(28,3)	(21,7)	(3,1)	6,6
Gross profit	7,0	8,2	14,2	16,9	8,8	2,8
Marketing and promotional expenses	(1,9)	(1,5)	(3,3)	(1,4)	0,1	1,9
Administrative expenses	(7,0)	(8,3)	(10,0)	(8,5)	(0,1)	1,5
Other income	-	0,1	-	0,3	0,2	0,3
Other expenses	(0,1)	(1,9)	-	(0,9)	1,0	(0,9)
Results from Operating Expenses	(2,0)	(3,4)	0,9	6,6	10,0	5,6
Net finance costs	(0,1)	(0,4)	(0,3)	(0,1)	0,3	0,2
(Loss)/Profit before income tax	(2,1)	(3,8)	0,6	6,4	10,3	5,8
Income tax expense	(1,1)	(2,1)	(0,6)	(3,1)	(1,0)	(2,5)
(Loss)/Profit for the year	(3,2)	(5,9)	(0,0)	3,4	9,3	3,4

- Following the losses reported in 2019 and 2020, RS2 recorded a profit of €3.4m for 2021 which is well above the marginal net income forecast at the time of the capital raise in 2021.
- Despite delays in the launch of the US ISO business and the FS business all other projected revenues were met, allowing the Group to successfully turn around its financial performance into a strong profit exceeding projected results.
- During 2021, the Group processed 750 million transactions.

RS2 Group Statements of Financial Position ^{1 of 2}

BUSINESS PERFORMANCE

Amounts in €m	Audited	Audited	Audited	ACT
	<u>Dec-19</u>	<u>Dec-20</u>	<u>Dec-21</u>	Variance Dec-21 vs Dec-20
Assets				
Property, plant & equipment	9.2	8.8	9.2	0.4
Right-of-use assets	2.6	2.2	2.1	(0.1)
Intangible assets & goodwill	9.0	12.8	15.7	2.9
Deferred tax assets	0.0	0.2	-	(0.2)
Other investment	0.2	-	-	-
Loans receivable	0.8	0.8	-	(0.8)
Finance lease receivable	0.0	0.1	0.1	0.0
Total non-current assets	21.8	25.0	27.2	2.2
Trade & other receivables	4.2	2.7	6.1	3.3
Finance lease receivable	0.0	0.0	0.1	0.0
Loans receivable	0.1	0.0	0.9	0.9
Prepayments	0.7	0.8	1.3	0.5
Accrued income & contract costs	2.6	2.4	3.8	1.4
Inventory	0.0	0.0	0.1	0.1
Cash at bank & in hand	2.4	6.8	8.2	1.4
	10.0	12.8	20.4	7.6
Non-current asset held-for-sale	0.0	0.3	-	(0.3)
Total current assets	10.0	13.1	20.4	7.3
Total assets	31.8	38.1	47.6	9.5

- Intangible assets and goodwill have increased due to internally generated software.
- Loans receivable refers to amounts due to RS2 Software plc from ITM (top co.) which will be settled by way of shares in RS2 Software INC.
- Trade receivables include amounts outstanding at year-end, the majority of which were settled to date. The Group has a few slow paying debtors but none which are problematic.
- RS2 Group has a solid cash position as at 31 December 2021. Cash at bank and in hand totalled €8.2m for RS2 Group. The o/d facility of €10m is available but not being utilised.

RS2 Group Statements of Financial Position 2 of 2

BUSINESS PERFORMANCE

Amounts in €m

	Audited	Audited	Audited	ACT
	Dec-19	Dec-20	Dec-21	Variance Dec-21 vs Dec-20
Equity				
Ordinary Share Capital	11.6	11.6	11.6	-
Preference Share Capital	-	-	0.5	0.5
Other equity	-	(0.1)	-	0.1
Reserves	(0.2)	(1.6)	13.1	14.7
Retained earnings	5.6	1.8	5.0	3.1
Total equity attributable to equity holders of the Company	17.0	11.7	30.2	18.5
Non-controlling interest	(2.9)	(4.6)	(4.8)	(0.1)
Total equity	14.1	7.1	25.4	18.4
Liabilities				
Bank borrowings	0.1	1.6	1.1	(0.5)
Lease liabilities	2.2	1.9	1.8	(0.2)
Employee benefits	3.0	3.8	4.0	0.2
Deferred tax liability	1.4	1.5	2.4	0.9
Total non-current liabilities	6.7	8.8	9.2	0.4
Bank borrowings	3.9	10.1	0.5	(9.6)
Trade and other payables	1.7	2.2	1.9	(0.3)
Lease liabilities	0.4	0.3	0.4	0.1
Current tax payable	0.6	2.9	3.3	0.5
Accruals and provisions	1.8	3.5	3.9	0.4
Employee benefits	0.8	1.4	1.4	(0.0)
Deferred income	1.8	1.9	1.6	(0.3)
Total current liabilities	11.0	22.2	12.9	(9.3)
Total liabilities	17.7	31.0	22.2	(8.8)
Total equity and liabilities	31.8	38.1	47.6	9.5

- The movement in Reserves is mainly attributable to share premium which arose from the preference share issue.
- Bank borrowings of €1.6m comprise the loan taken out to finance the Kalicom acquisition (2020: €2m). In 2020, such borrowings also include the overdraft facility of €9.7m, which was fully repaid upon issuance of the preference shares. This enabled the Group to be in a net current asset position as at December 21.
- The liability arising from performance-related share-based payment arrangements (cash-settled) of the US subsidiary increased from €1.1m in FY20 to €1.4m in FY21, the movement being principally related to the buyback of shares of a senior member of management of RS2 INC who left the Group, which buyback was fully settled after year-end.
- As announced in the capital raise, the Group will further strengthen its capital base for further growth investments by resuming dividend payments from 2023.

Outlook 2022 / 23 ^{1 of 2}

BUSINESS PERFORMANCE

The Group continues to grow and deliver against strategic milestones:

- As planned, the Group is expanding its operations into Mexico, Chile and Peru as well as in Singapore and Indonesia and winning new clients in all regions.
- The Group is scaling and digitalising its operations globally to be able to deliver against client demand.
- With some delays both the ISO business in the US as well as the Financial Services business in Europe have been launched and are now expected to ramp up.
- The Financial Services business has been passported to Austria and the first E-Money product has been launched.
- The Group continues to invest in order to deliver new products to the market such as the payment gateway Shop & Pay, a new reconciliation module, fully automated dispute management solutions and as well as the next generation merchant and partner portal.

While tech stocks globally are being impacted drastically and are down by up to 60%, the stock performance of RS2 can be deemed to be relatively stable with a drop of approximately 5%, proving a stable investment for shareholders.



Outlook 2022 / 23 ^{2 of 2}

BUSINESS PERFORMANCE

However, despite these positive developments the Group is facing some unpredicted challenges in 2022:

- A strong economic downturn following the aggressive war of Russia on Ukraine can be noticed worldwide. The Group is seeing customers delaying projects as well as stretching investments thin. The Group is expecting to see the full impact in the second half of 2022.
- The heated recruitment market is impacting the delivery to meet high demand. At the same time, attrition of IT resources globally is high, thus slowing the delivery down. The Group is taking appropriate measures to overcome this shortage through cooperation with external partners.
- In line with their agreement, a long standing client decided to execute the terms of their agreement and take the development in-house. This will impact the Group`s top line with around €3m in 2022 and €5m in 2023.
- Even though the US ISO business has launched, the ramp up will happen slower than anticipated, negatively impacting top and bottom lines of the US entity.
- RS2 Financial Services will launch its full services in Q3 leading to respective delays in ramping up the business.

While the Group is continuing to grow it is however, expecting lower revenue as compared to initial published forecasts, but still expecting a solid bottom line performance for 2022.



Q&A

Resolutions



Ordinary Resolutions

The following Ordinary Resolutions are being proposed

1. To Approve the Accounts

That the Financial Statements for the year ended 31 December 2021 and the Directors' and Auditors' Report thereon be hereby received and approved.

The Directors' Report is being taken as read.

Ordinary Business

2. To appoint Auditors

That the appointment of Deloitte Audit Limited as Auditors, be hereby approved and the Board of Directors be hereby authorised to fix their remuneration.

Ordinary Business

3. Appointment of Directors

That in accordance with the provisions of Article 56.4 of the Articles of Association of the Company, since there are less nominations than there are vacancies, no election will take place and that the nominees

Mr. Mario Schembri,
Mr. Radi Abd el Haj,
Dr. Robert Tufigno,
Mr. Franco Azzopardi,
Mr. John Elkins,
Prof. Raša Karapandža and
Mr. David Price

be automatically appointed as Directors.

Ordinary Business

4. Aggregate emoluments of Directors

That, for the purpose of Article 63 of the Articles of Association, the maximum aggregate emoluments that may be paid to the Directors of the Company in any financial year shall be €500,000.

Special Business

Amendments to the Object Clauses of the Memorandum of Association

The following Extraordinary Resolutions (Special Business) are being proposed:

Registered Office

5. To approve that the title of Clause 3 be changed from Registered Office to Registered Office & Electronic Mail Address.

6. To approve that Clause 3 be hereby deleted and replaced by the following:

The registered office of the Company shall be at RS2 Buildings, Fort Road, Mosta, Malta, or any other address in Malta which may be determined from time to time by the Board of Directors. The electronic mail address of the Company shall be info@rs2.com or such other address as may be determined from time to time by the Board of Directors.

Share capital

7. To approve that the Authorised Share Capital of the Company be varied and increased as follows, with the appropriate amendments made to Clause 7(a) of the Memorandum of Association:

That the Authorised Share Capital of the Company be increased from eighteen million Euro (€18,000,000) to twenty-one million six hundred thousand Euro (€21,600,000) and shall be split between eighteen million Euro (€18,000,000) divided into three hundred million (300,000,000) Ordinary Shares of six Euro cents (€0.06) each, and three million six hundred thousand Euro (€3,600,000) divided into sixty million (60,000,000) Preference Shares of six Euro cents (€0.06) each.

Share capital

8. To approve that pursuant to the resolution proposed in 7 above, Clause 7a) be and is hereby deleted and replaced by the following:

“7. SHARE CAPITAL

- a. That the Authorised Share Capital of the Company is twenty-one million six hundred thousand Euro (€21,600,000) and split between eighteen million Euro (€18,000,000) divided into three hundred million (300,000,000) Ordinary Shares of six Euro cents (€0.06) each, and three million six hundred thousand Euro (€3,600,000) divided into sixty million (60,000,000) Preference Shares of six Euro cents (€0.06) each.”

Authority to Directors to issue and allot unissued Authorised Share Capital

9. To approve that the Directors be and are hereby authorised from time to time to allot from the unissued Authorised Share Capital within a period of five years from the date of approval of this resolution,

as same may be extended according to law, any of the said unissued authorised share capital, whether Ordinary Shares or Preference Shares, in any amounts and at the time/s and in the manner as the Board of Directors may in its own absolute discretion from time to time determine, but subject to any limitation applicable as a result of any of the other resolutions approved during this general meeting.

Amendments to the Articles of Association

10. To Approve the Accounts

To approve that Article 87.2 be and is hereby deleted and replaced by the following:

The Directors shall cause a copy of the profit and loss account and balance sheet, together with any Directors' and Auditors' report attached thereto, to be made available in electronic form on the Company's website or in any such form as the Malta Financial Services Authority may determine from time to time.

11. To approve the deletion of Article 94.1 which reads as follows:

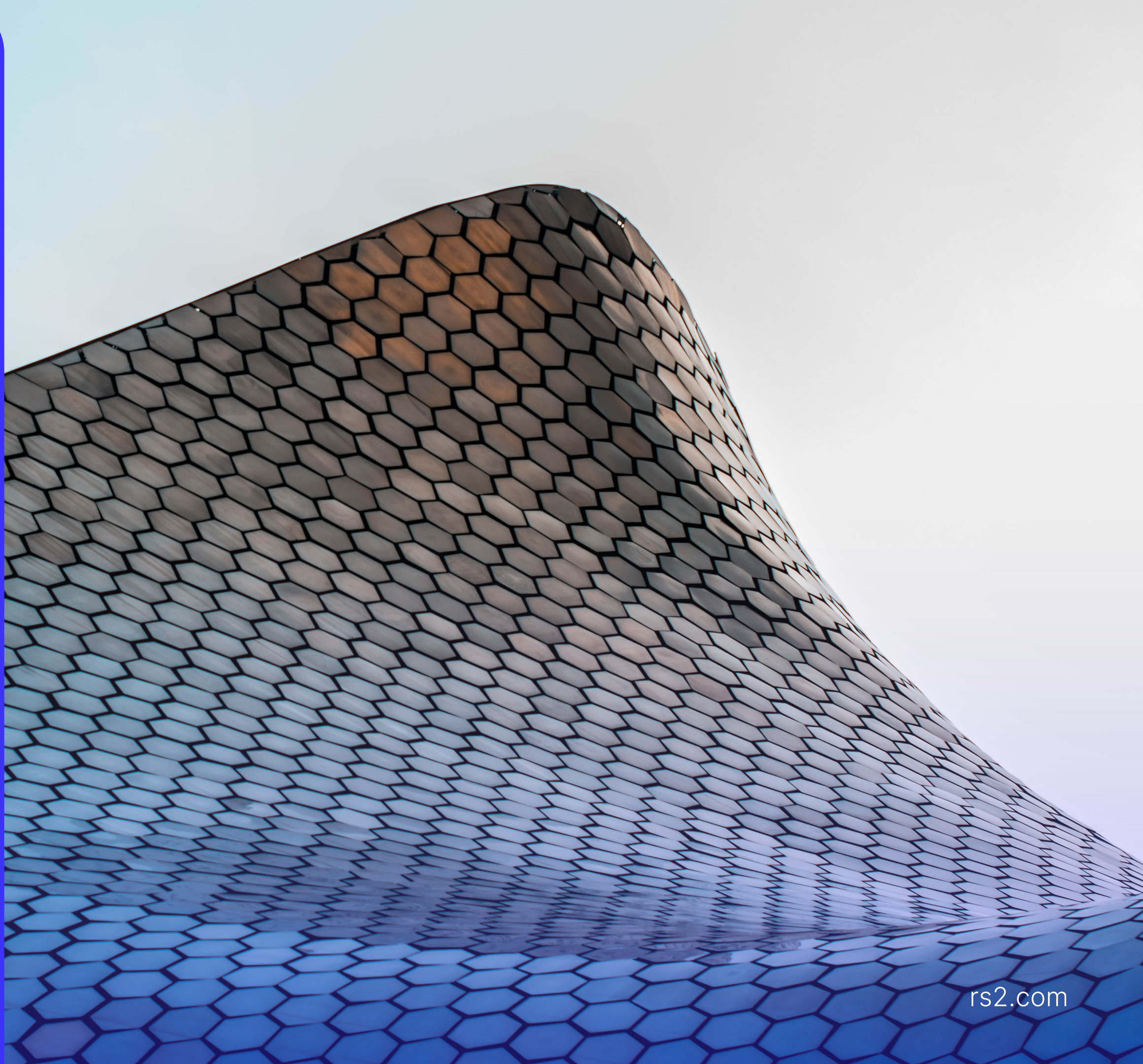
All holders of ordinary shares shall rank "pari passu" upon any distribution of assets in a winding up. The holders of preference shares of the Company shall at all times rank prior to the holders of ordinary shares upon any distribution of assets in a winding up. As between the holders of different issues of preference shares they shall rank in accordance with the relative terms.

12. To approve that pursuant to the approval of resolution 10 above, Article 94.2 be renumbered to Article 94.

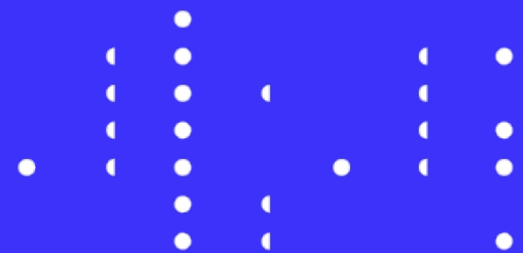
13. To approve that wherever "Listing Rules" appears throughout the Articles of Association, be changed to "Capital Markets Rules" to reflect the changes in the Financial Markets Act (Cap 345) as amended by Act No. XLVI of 2021.

14. To approve that wherever "Listing Authority" appears throughout the Articles of Association, be changed to "Malta Financial Services Authority" to reflect the changes in the Financial Markets Act (Cap 345) as amended by Act No. XLVI of 2021.

Thank you



 RS2



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