



RS2 Software p.l.c.
COMPANY ANNOUNCEMENT

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

Quote:

The Company wishes to announce that its German subsidiary RS2 Financial Services GmbH has been granted an E-Money Institution (EMI) licence by the BaFIN, the German Federal Financial Supervisory Authority.

The EMI licence allows the Group to provide a wider range of financial services comparing with payment institutions and allows safeguarding client funds for an unlimited period of time. Electronic Money Institutions licensed in one European Union (EU) member state open up business opportunities to act and provide services in all other EU/EEA countries, enjoying benefits of the single European financial market within Single Euro Payments Area (SEPA) for passporting purposes.

To date, the Group uses external market leading service providers to complete its service offering for financial service providers and merchants with respective back-up alternatives available. As an EMI institution, the Group will be enabled to provide direct acquiring and issuing services to merchants, and will be offering such services as from the second half of 2021. The licensed subsidiary will be sponsored towards VISA and MasterCard (BIN sponsorship) by our strategic partner Trust Payments Malta Limited.

The initial focus will be on the German market, eventually passporting the licence to other European countries at a later stage. The product offering will cover international credit and debit card acquiring, Girocard (German interbank network and debit card service) acquiring, POS (point of sale) terminals, PSP (payment service provider) and NSP (network service provider) services. The Group expects to ramp up its business by initially cross selling acquiring services into the recently acquired RS2 Zahlungssysteme GmbH (formerly KALICOM Zahlungssysteme GmbH) portfolio, and eventually through organic growth via on boarding of PayFacs (payment facilitators), and potential selective add-on acquisitions of profitable merchant portfolios.

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The EMI licence is a crucial milestone for RS2's launch of its Merchant Solutions business line and will allow the Group to expand its service offering within the payment value chain through:

- Acquiring and issuing solutions to be offered directly to merchants, payment service providers (PSPs) and independent software vendors (ISVs);
- Acquiring: offer and manage card-based, wallet, alternative payments for national and international card payment schemes, including selling/renting of terminals, technical network services and clearing and settlement;
- Issuing: issuing of cards, including pre-paid, gift, and loyalty cards as closed or open-loop systems;
- Authorisation;
- Clearing and reconciliation;
- Fraud and risk management; and
- Settlement and funding services.

For its Merchant Solutions customers, the Group will be able to charge a percentage of the transaction value, rather than a flat fee per transaction, which is currently the case with its Processing Solutions customers. This will result in a substantial change in the revenue model for the Group as it continues the transformation from dependence on one-time licence fees to ongoing and recurring revenue based on the number and value of transactions processed.

Unquote:

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

Dr. Ivan Gatt
Company Secretary
18 May 2021