



12th Annual General Meeting

Thursday 30 July 2020

Agenda

- 1 Executive Summary - Highlights 2019
- 2 Internal Analysis – RS2
- 3 External Analysis – Payment Market & Competitors
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 RS2 Vision, Mission and Strategy
- 6 2019 Financials

Agenda

- 1 **Executive Summary - Highlights 2019**
- 2 Internal Analysis – RS2
- 3 External Analysis – Payment Market & Competitors
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 RS2 Vision, Mission and Strategy
- 6 2019 Financials

● Implementation of Group's successful strategy

- ▶ Execution of strategic milestones resulting in international growth and expansion
- ▶ Expanding our business globally into APAC, LATAM, Europe, MEA and North America
- ▶ Increase of our customer base
- ▶ Winning significant and strategic deals in Europe, US and LATAM
- ▶ Increase of processing volumes of our Managed Services business
- ▶ Starting of our third business line Direct Acquiring in Europe and LATAM
- ▶ Application for Financial Institution License
- ▶ Enhancing our platform by adding new tools
- ▶ Strengthen our position in the market as one of leading providers of global omni-channel payment services

● Europe

- ▶ Starting of our Direct Acquiring business
- ▶ Application for our Financial Institution licence in Germany
 - Acquiring payment services
 - Issuing of payment instruments
 - Payment initiation services
 - Money remittance services
- ▶ Acquisition of KALICOM Liebers Zahlungssysteme GmbH for full merchant offerings
 - Immediate capabilities of selling, installing, servicing terminals and processing card transactions
- ▶ Preparation to launch the services with our Alliance partner for the travel industry
- ▶ Sponsorship to launch our white-label Acquiring Solution
- ▶ Setting up the team and the infrastructure in preparation of the Financial Institution licence

● North America

- ▶ Well-positioned as Service Provider
- ▶ Significant and strategic agreement with one of the top three large US Acquirer as Managed Service client
- ▶ First US client went live
- ▶ Two clients have been boarded to go live
- ▶ Signing of three ISO's ready to be launched 2020
- ▶ Continuous expansion by increasing the staff compliment and building infrastructure for the processing clients

● LATAM

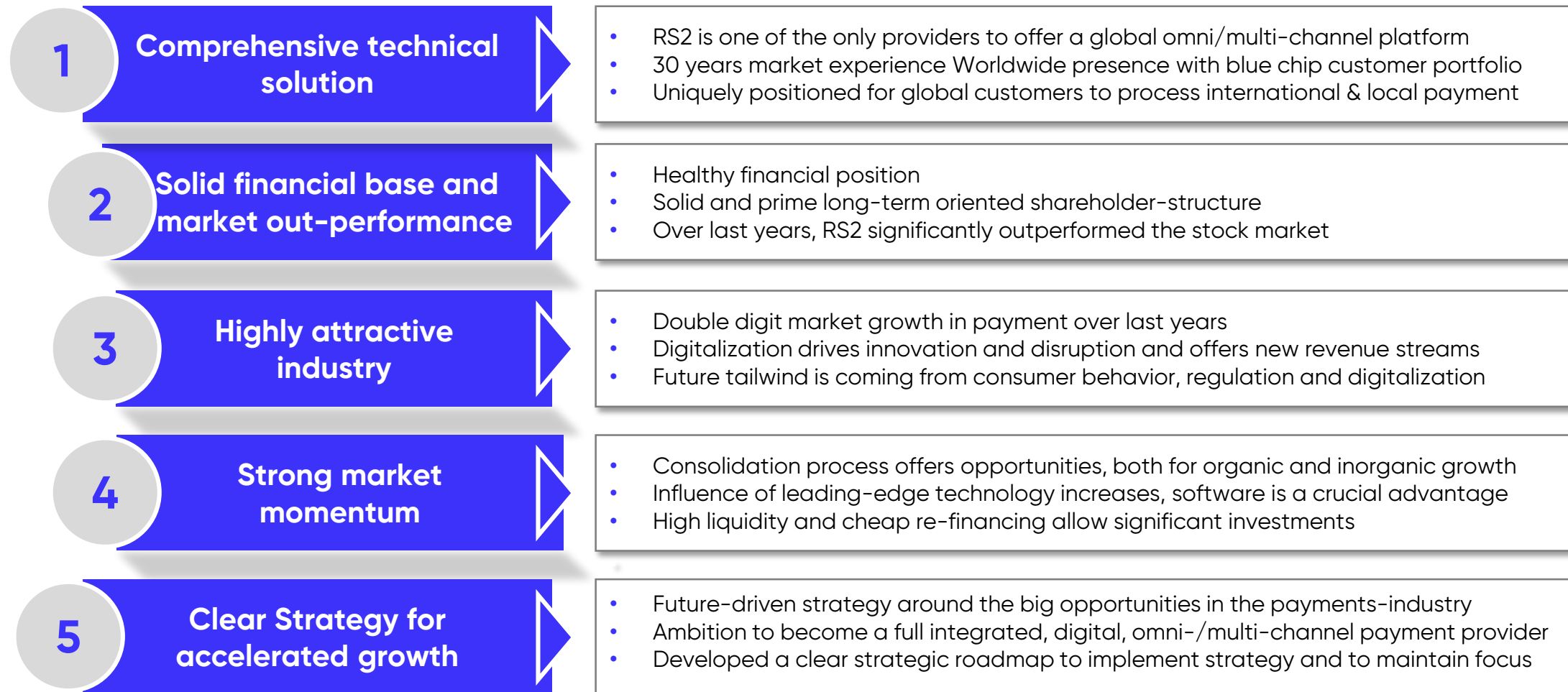
- ▶ Increase of services to our current customers in Brazil, Argentina and Colombia
- ▶ Partnership with MOViiRED to offer Direct Acquiring and Issuing
 - Leading challenger bank
 - MOVii has a strong base of 60,000 POS terminals
 - 15 million client transactions per month
- ▶ Expanding with current Managed Services client into other countries within the region
- ▶ Expanding with current Licenced clients by consolidating their entire cross -regional business on the platform

● APAC

- ▶ Increase of services to our current customers both for Licenced and Managed Services in several countries in the region
- ▶ Preparation of Group wide services (Chargeback, Call Center services)
- ▶ Delivering payment as a service for issuing and acquiring to financial institutions of any size and offering term licences for issuing and acquiring to large international banks
- ▶ Significant and strategic agreements in different industries

Executive Summary

Key highlights of RS2 & RS2's growth strategy



Agenda

- 1 Executive Summary - Highlights 2019
- 2 **Internal Analysis – RS2**
- 3 External Analysis – Payment Market & Competitors
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 RS2 Vision, Mission and Strategy
- 6 2019 Financials

Internal Analysis of RS2 / Company Overview

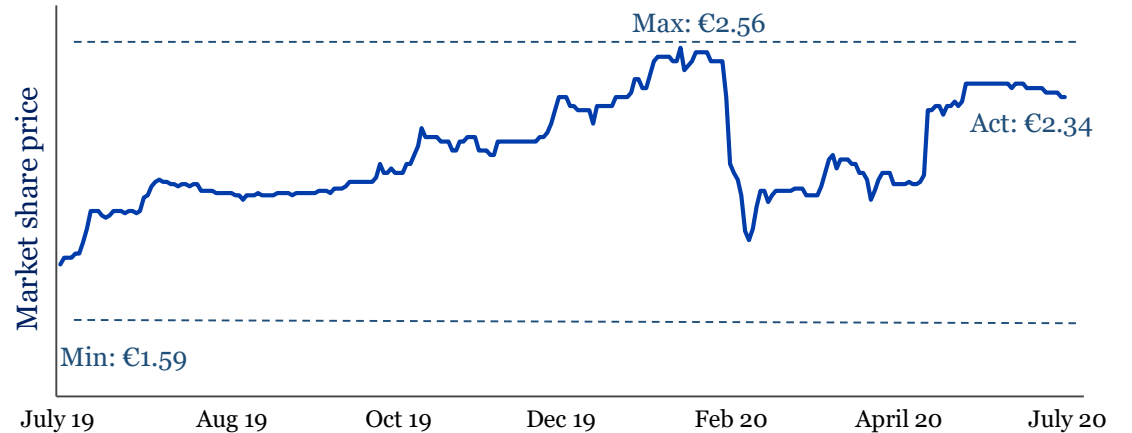
RS2 is a powerhouse with strong financials

Company description

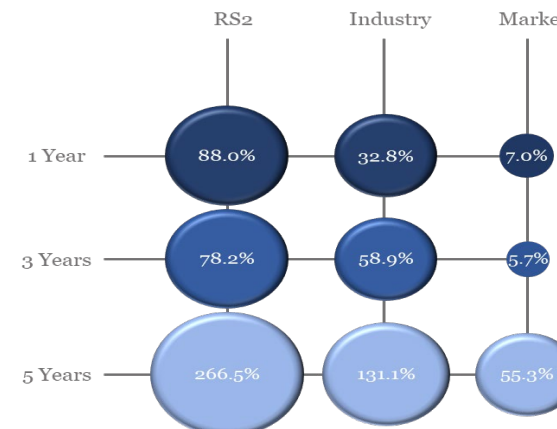


- Founded in 1988 and headquartered in Malta, RS2 Software develops software and managed services for card payment processing to banks and other Financial Institutions
- The company operates in three segments:
 - **Licensing:** engaged in licensing of the Company's BankWORKS software to banks and service providers, including maintenance and services thereto
 - **Processing:** segment is involved in processing of payment transactions utilizing its BankWORKS software
 - **Merchant service:** New business-line to take next step in the payment value chain. Solution is to directly serve merchants for acquiring and issuing solutions
- RS2 has steadily significantly outperformed the market. Shareholder returns over the last 5 years amount to >250%
- Current market capitalization €452m (as of 07-10-20)

Stock price development

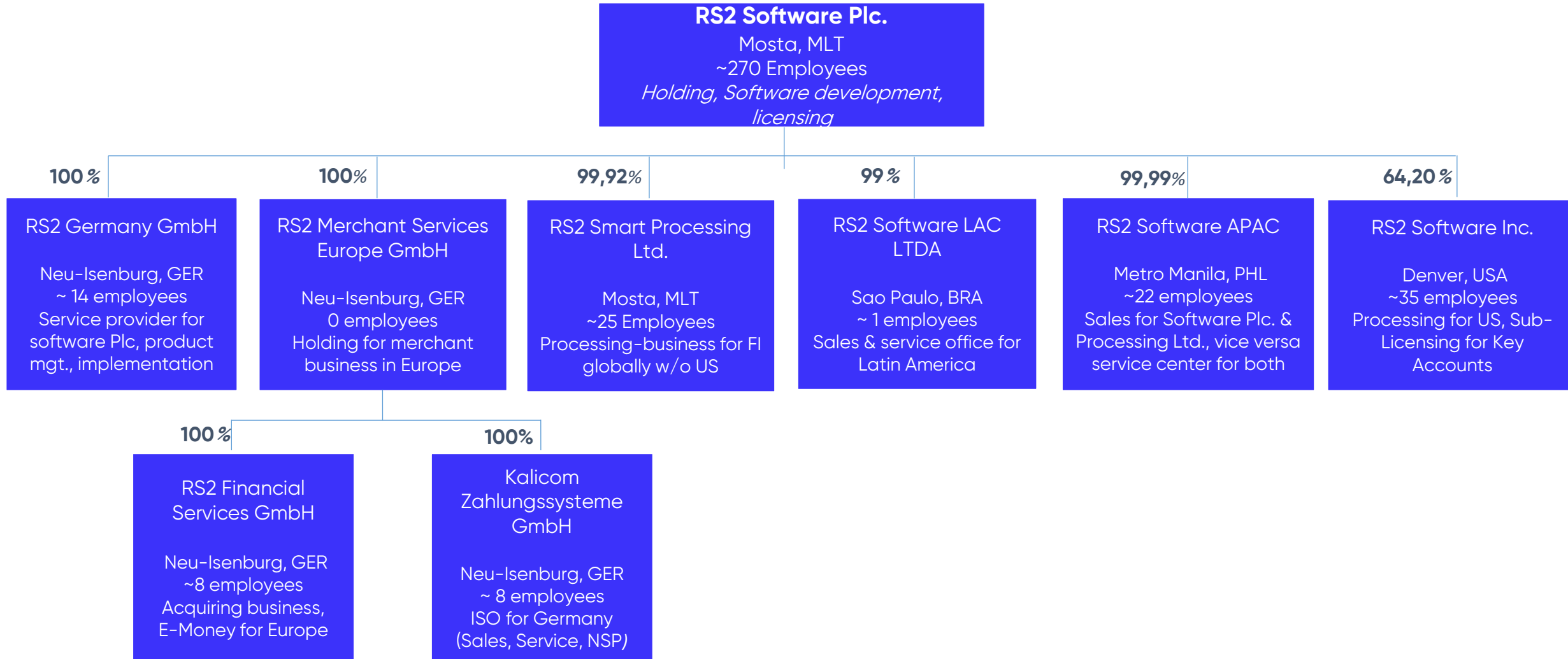


Comparative return analysis



Internal Analysis of RS2 / Organization

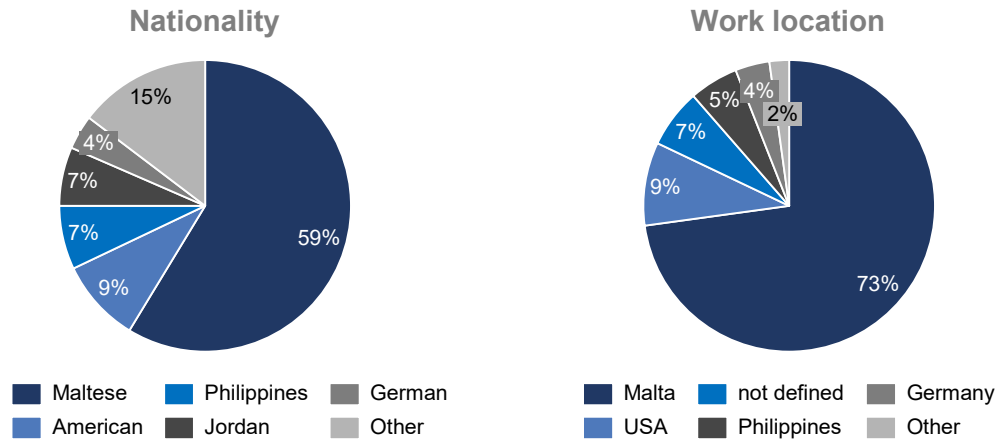
Overview about the RS2 Group



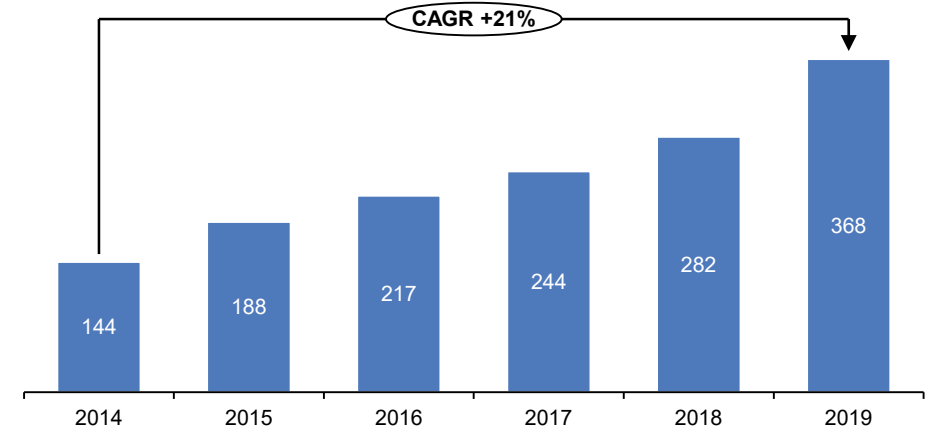
Internal Analysis of RS2 / Organization

Employment statistics

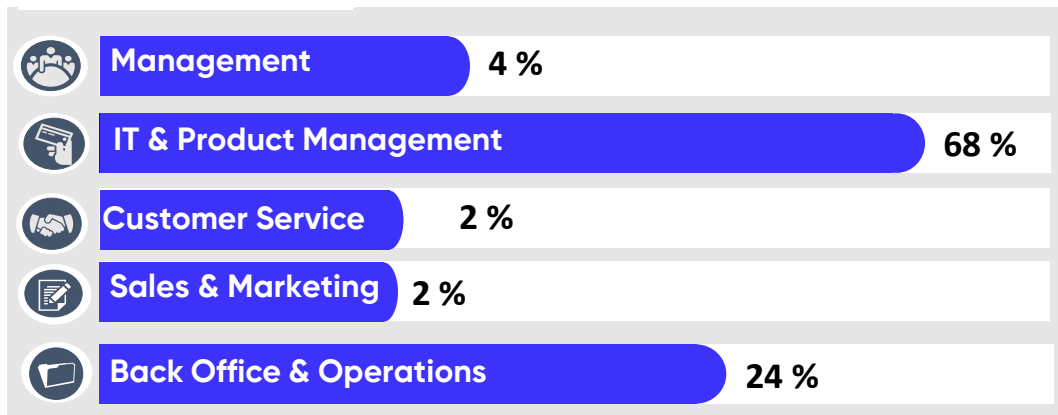
Employee nationality and work location



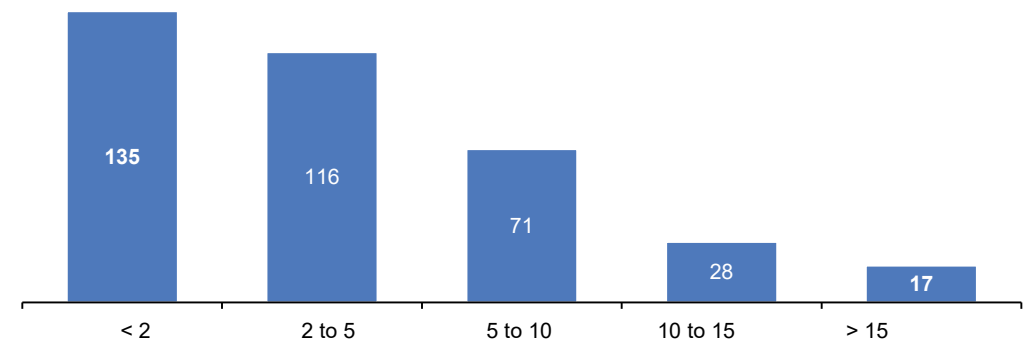
Employee development 2014 to 2019



Competences



No. of employees by tenure in years (2019)



Internal Analysis of RS2 / USPs

Unique Selling Points and Value Proposition, overview of key differentiators



Reliable performance

Robust 99.99 % 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



Value-added services

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

- RS2 is one of the only providers worldwide to offer **global omnichannel payment services** through a single integration to its cloud platform
- RS2 is uniquely positioned to enable global customers to process both **international and local payments**
- RS2 provides customers with a **single view of their transactions** through consolidated reporting and the reconciliation of their entire businesses across currencies and languages
- It has a highly flexible platform **allowing customers quicker time to market** through a single API integration

Agenda

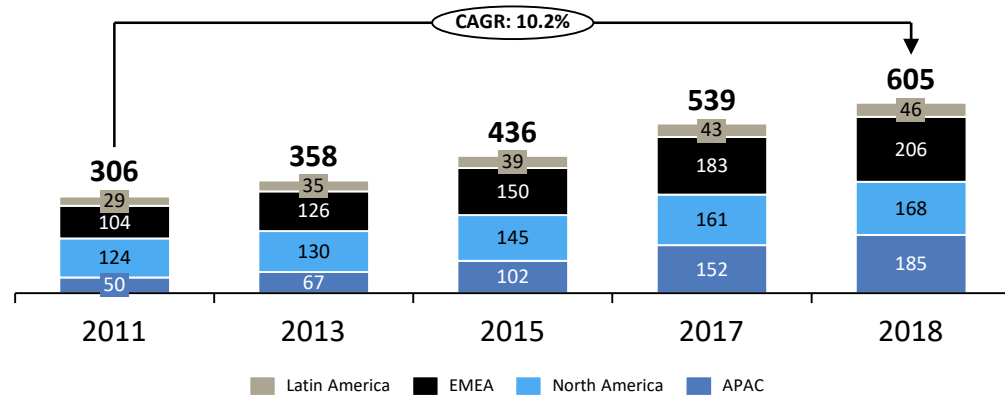
- 1 Executive Summary - Highlights 2019
- 2 Internal Analysis – RS2
- 3 **External Analysis – Payment Market & Competitors**
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 RS2 Vision, Mission and Strategy
- 6 2019 Financials

Payment Market/Global Payment Market Development

Five main trends for opportunities and challenges in the payment ecosystem

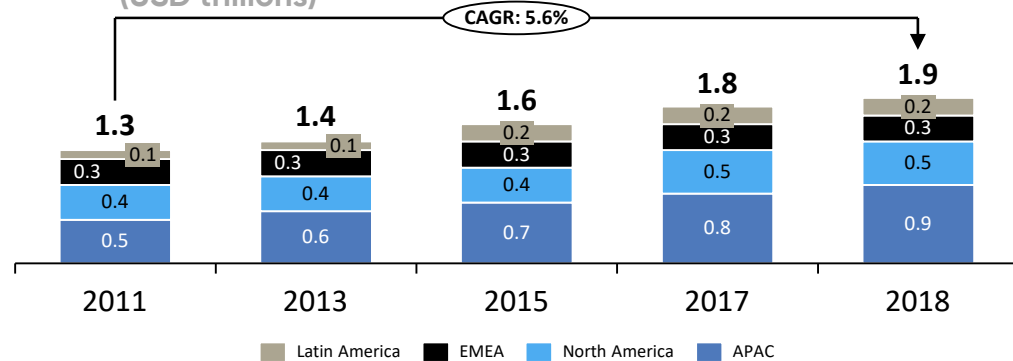
Global non-cash transactions

(trillions)



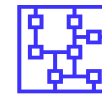
Global payment revenues by region

(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.

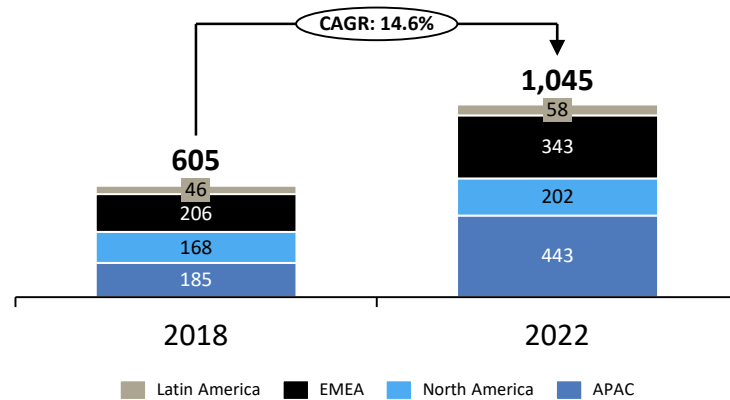


Regulatory environment: The EU has developed a comprehensive legislative payment framework aimed at keeping pace with the rapid evolution of the industry as well as preserve financial stability, while creating a more competitive payment system (PSD2) and ICF regulation.

Payment Market/Global Payment Market Development

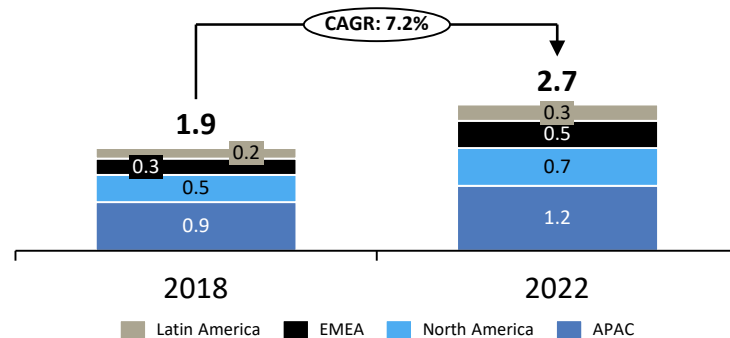
Global payments revenue is expected to grow to about \$2.7 trillion by 2022

Projected global non-cash transactions



Projected payment revenues by region

(USD trillions)



Source: McKinsey Global Payments Map, Capgemini World Payments Report

The future of payments



Continuous development from cash to electronic payment solutions, the rapid growth of contactless and the adaption of invisible payment solutions and the demand in rich payment solutions is expected to generate additional \$1.8 trillion in revenues by 2022

The APAC region, especially China, is expected to grow by >30% from 2018 to 2022 reaching \$1.2 trillion in revenues.



Technology is rapidly changing the entire payment industry ecosystem. The move away from cash towards electronic payment solutions, the rapid growth of contactless and the adaption of invisible payment solutions, demand for instant cross-border payment solutions, increasing data protection demands and cyber risks foster technological advancements.



Consolidation process is expected to continue to gain momentum, in the current economic situation, with interest rates being down, creating large international players.



Fostered by regulators, contactless penetration is set to bring mobile in-store solutions to prominence in the coming years.



Green technology is expected to increase in importance in the coming years, with a focus on sustainable energy supply for data centers and production of terminals, general waste reduction, etc.

Payment Market/Impact of COVID-19 on Payments

Impact of COVID-19 pandemic on payments

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

Contactless payment limits

29

Countries have raised contactless payment limits

Increasing e-com sales

30%

More planned online shopping of current online-shoppers

Declining in travel

88%

Drop of number of passengers traveling at EU airports

Decline x-border payments

58%

Cross-border transaction flow decline

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. This lead in a lasting drop for some segments, like Airlines, Hotels, Events hitting their business model and in less cross boarder transactions



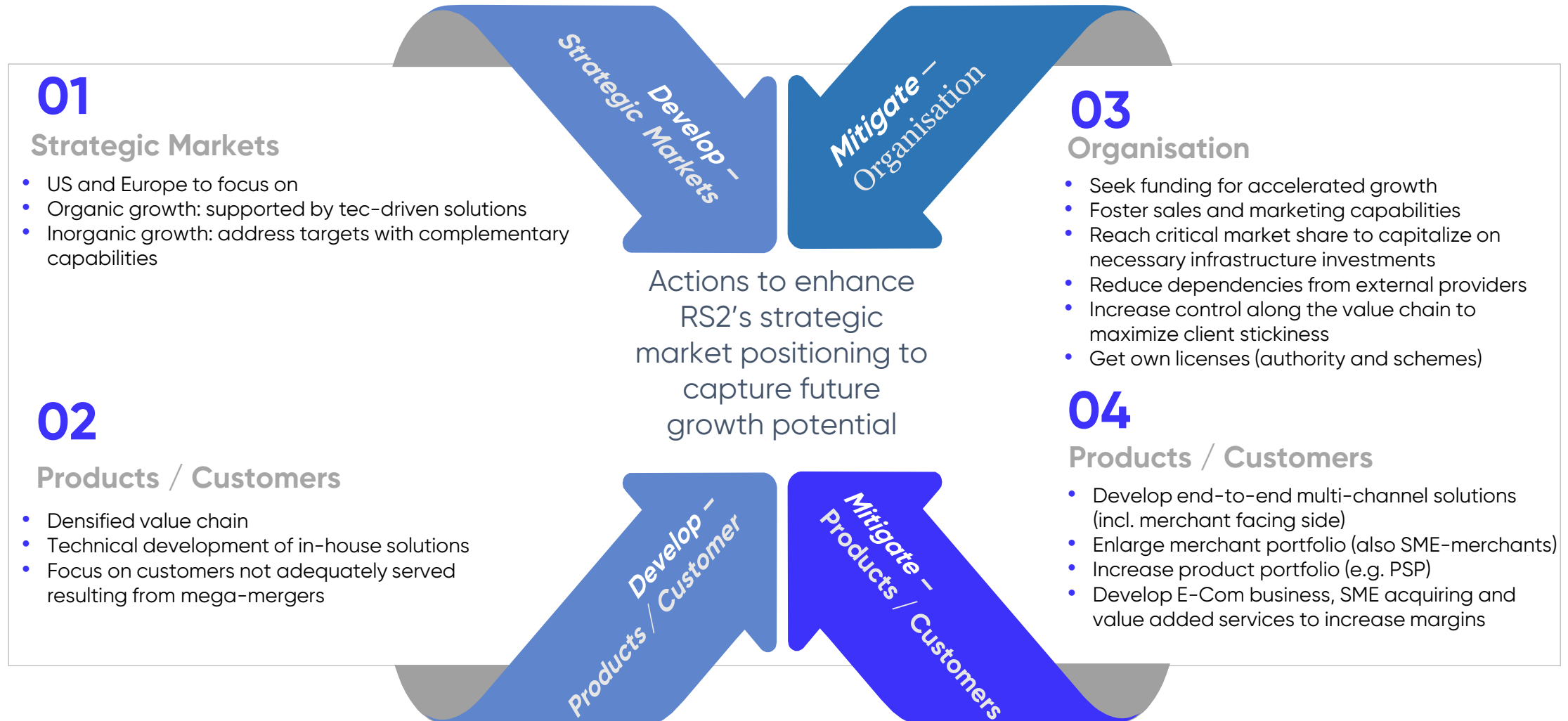
In mid-term, **payments can profit from the corona crises**, but in a shift in customer-industries, infrastructure-equipment and channels!

Agenda

- 1 Executive Summary - Highlights 2019
- 2 Internal Analysis – RS2
- 3 External Analysis – Payment Market & Competitors
- 4 **Strategic Planing –SWOT & Strategic Choice**
- 5 RS2 Vision, Mission and Strategy
- 6 2019 Financials

Strategic Planning / Action Map

Strategic areas of action



Strategic Planning / Strategic Options

High-level assessment of strategic options and what it takes to win

White Label processing



- Expand the current position of RS2

- Processing only
- Global
- Top-Key account segment

- Operation excellence
- Best-in-class technical solution
- Innovative services

- Invest in Platform
- Strengthen sales capabilities and organization



Pure Technical-driven Provider



- Expand into E-Com business

- Adress Global E-Com
- Top-Clients with high growth-rates

- Build PSP-competence
- Start-up/tech image
- Innovative technical solution w/o interface

- Invest significant in PSP-solution and sales
- Win reference customer with strong brand



Vertical/Regional Specialist



- Build portfolio of vertical leadership position (market/industry)

- Adress vertical with special need to serve best (Airlines, hotels)
- Adress markets US/GER

- Best competence in chosen vertical – understand merchants
- Focus on one Country

- Invest in vertical competence or in capabilities in one specific country
- Acquirer fitting companies



High-Margin Provider



- Agressivley capture high-profit segment

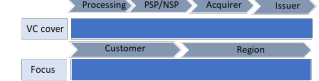
- SME-POS Business in US and Germany and/or
- High-Risk E-Com global

- Build special salesforce
- Develop individual Go-to market model
- Fitting competence

- Build necessary capabilities (Risk, Monitoring, Legal etc)
- Invest in Salesforce



Fully integrated End2End Provider



- Being truly full service provider

- Processing, Acquiring, PSP, NSP
- Global

- Provide full offering (Front-and Backend)
- Win merchants with traditional products

- Invest massivley to fill gaps (PSP, Acq. Issuing)
- Acquirer matching Companies to fill gaps



*Based on investment Thesis
** incl. M&A

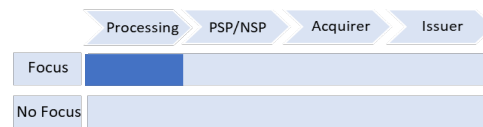


Strategic Planning / Strategic Choice

Among strategic options, the fully integrated E2E payment provider seems most attractive

AS IS POINT OF DEPARTURE

White Label
processing



SECENARIO POINT OF ARRIVAL

Fully integrated
End2End Provider



Among the strategic options, the fully integrated End2End payment provider seems most attractive one. Being a truly fully service provider, by means offering Processing, Acquiring, Issuing and NSP/PSP out of one hand at the front- and back-end, seems the most future-proven strategy, which also allows the maximum customer-monetarization and high degree of merchant stickiness.

Strategic Planning / Strategic Choice

Fully integrated End2End payment provider – Strategy is based on focussing toward merchant with an integrated proposition delivered by inhouse-capacities belong the entire value chain

	From	Towards	Out of scope
Market (geography)	<ul style="list-style-type: none"> Serving all markets with same priority 	<ul style="list-style-type: none"> Focus on markets EU and US 	<ul style="list-style-type: none"> Niche-markets (eg Albania), Risk-markets (eg Russia), not addressable markets (eg China)
Customer Segment	<ul style="list-style-type: none"> Banks Especially Key Account merchants 	<ul style="list-style-type: none"> All kinds of industries* All merchant sizes Focus Omni-channel customer 	<ul style="list-style-type: none"> Mico-Merchants not targeted
Product Portfolio	<ul style="list-style-type: none"> Processing Licensing 	<ul style="list-style-type: none"> Processing Licensing Acquiring Issuing PSP NSP Alt. payments 	<ul style="list-style-type: none"> Terminal manufacturing Blockchain
Distribution & Go-to-market	<ul style="list-style-type: none"> Primary via indirect sales (Merchant leads) Focus on one product 	<ul style="list-style-type: none"> Integrated multi sales channel offering via own salesforce 	<ul style="list-style-type: none"> Indirect Sales-channel via competitors

*T&E especially airlines only via JV with strategic partner

Agenda

- 1 Executive Summary - Highlights 2019
- 2 Internal Analysis – RS2
- 3 External Analysis – Payment Market & Competitors
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 **RS2 Vision, Mission and Strategy**
- 6 2019 Financials

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/multi-channel 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



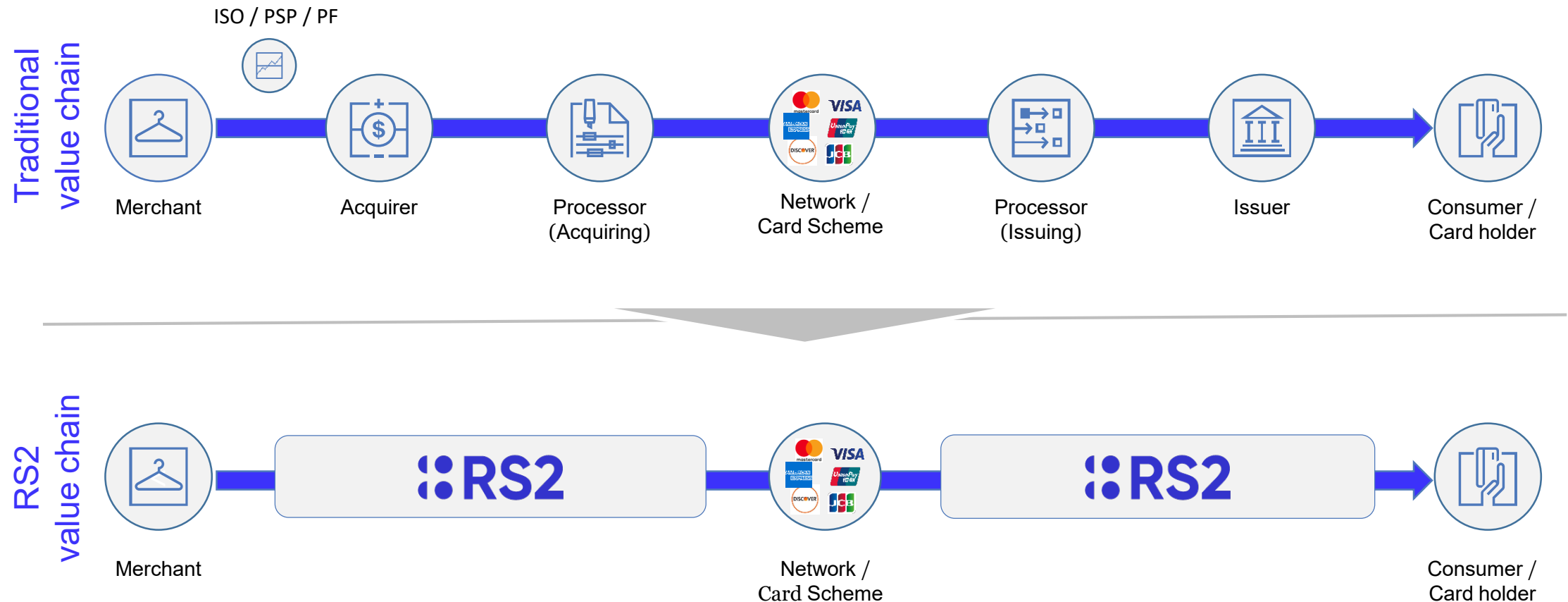
Strategic Add-on Services

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

One Contract + Reconciliation + Reporting + Billing

The Payment Value Chain

Six core stakeholders in the traditional chain – RS2 strategy is to consolidate the value chain



The RS2-way: Control the chain, take complexity out, lift synergies to build better solutions


Investment Areas for RS2

In order to support the RS2 Group's growth strategy to be a fully integrated payment provider, the following areas of invests are needed

Growth invest in US & EU 


Ramp-up of operation in the USA and EU

- Invest in Organisation
- Scale of Sales and Marketing resources
- Move into acquiring

Product enhancement 

Develop technology roadmap

- Gateway product
- Call Center Services
- Chargeback Processing
- Terminal Deployment
- Partner portal
- Optimize BankWorks system-architecture

M&A activities 

Agreetive Deals in US & EU, to enhance capability, to scale and to have a fast time-to market

- US: ISO and/or Acquirer
- EU: ISOs, Acquirer, Technical Network Provider, PSP

Agenda

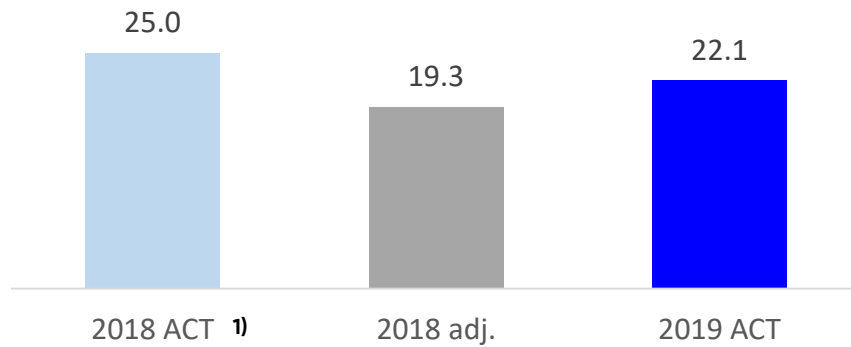
- 1 Executive Summary - Highlights 2019
- 2 Internal Analysis – RS2
- 3 External Analysis – Payment Market & Competitors
- 4 Strategic Planing –SWOT & Strategic Choice
- 5 RS2 Vision, Mission and Strategy
- 6 **2019 Financials**

Key Figures 2018 and 2019

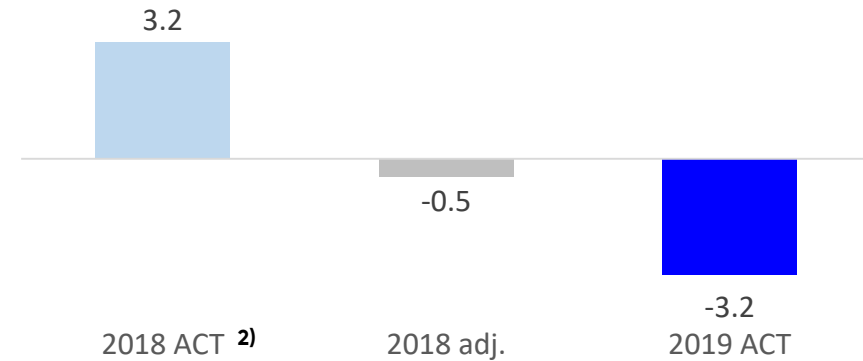
2019 impacted by investment in new business areas

in €m

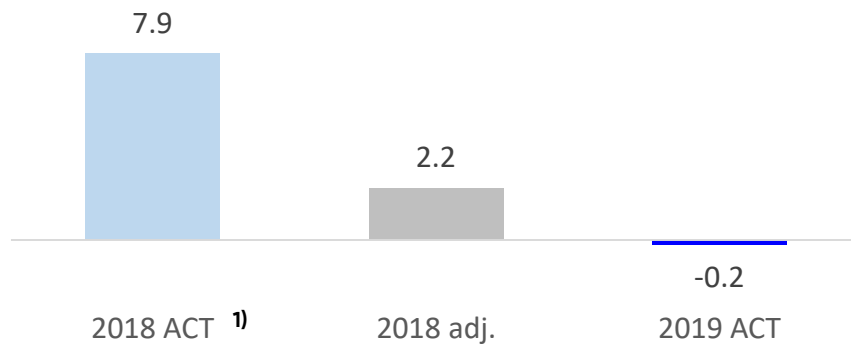
Revenues



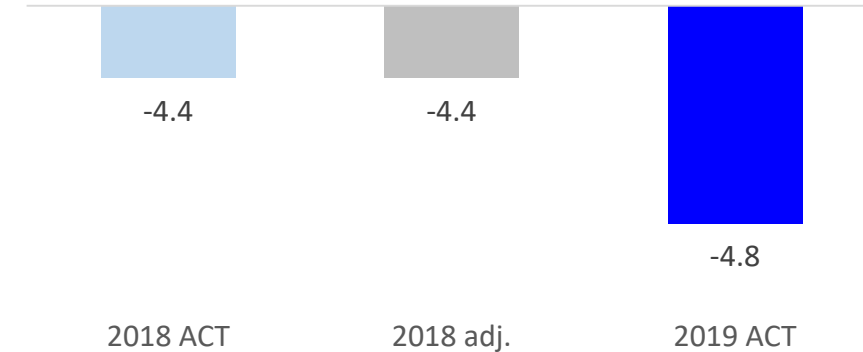
Net Profit



EBITDA



Cash Flow

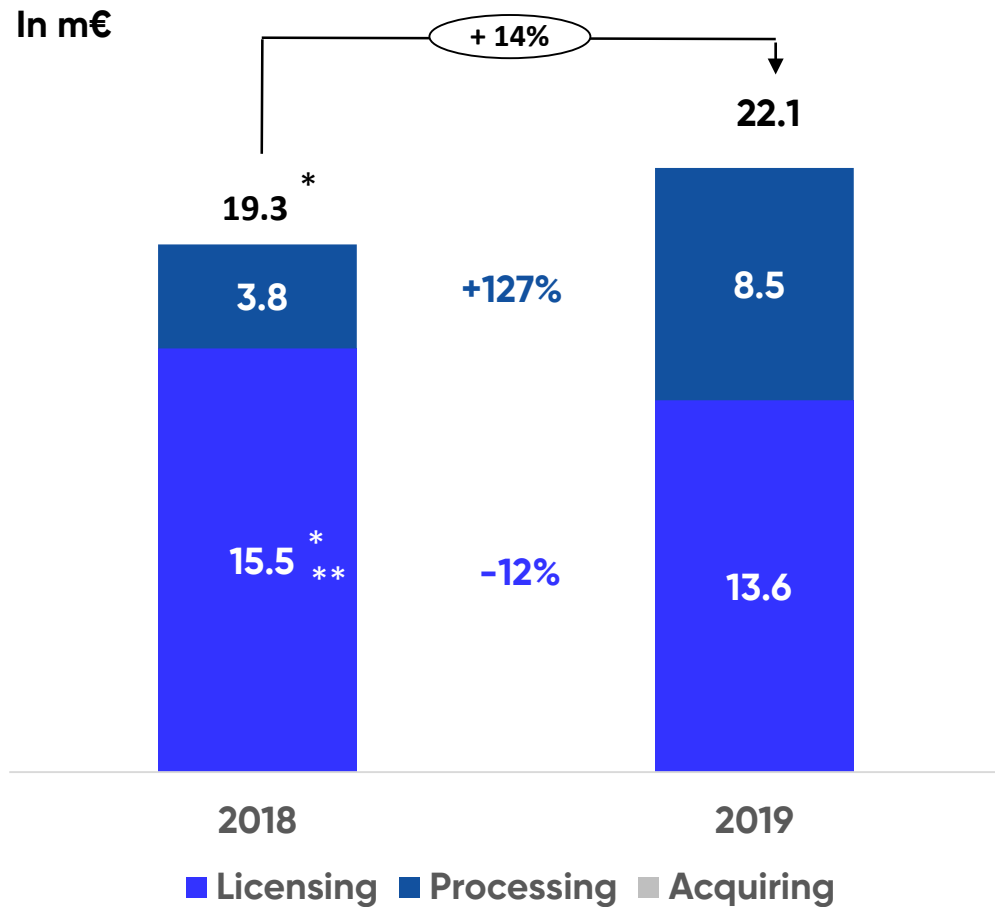


1) 2018 revenues and EBITDA were positive impacted by m€ 5.7 due to IFRS conversion

2) The IFRS conversion had a positiv impact of m€ 3.7 on net income

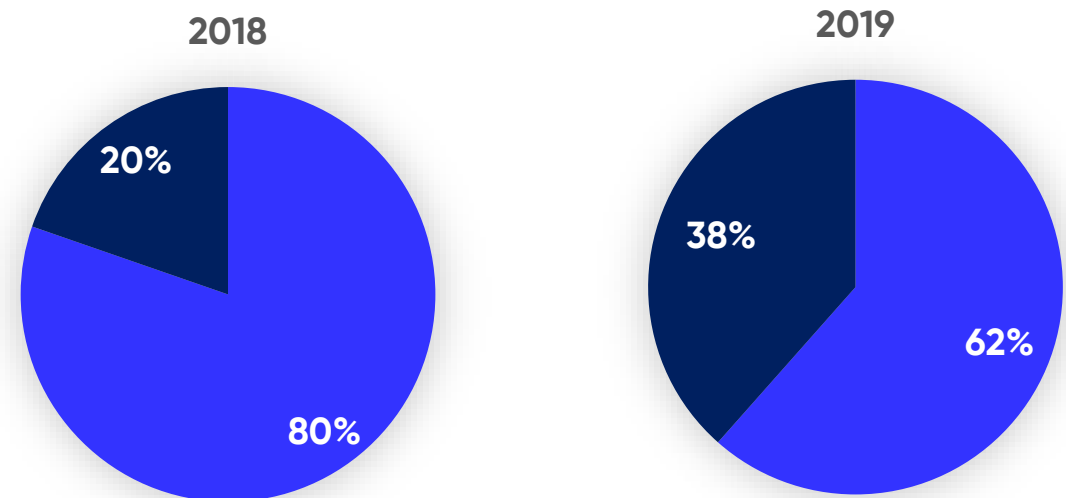
Revenue by business lines 2018 vs 2019

Shift revenue into new business lines

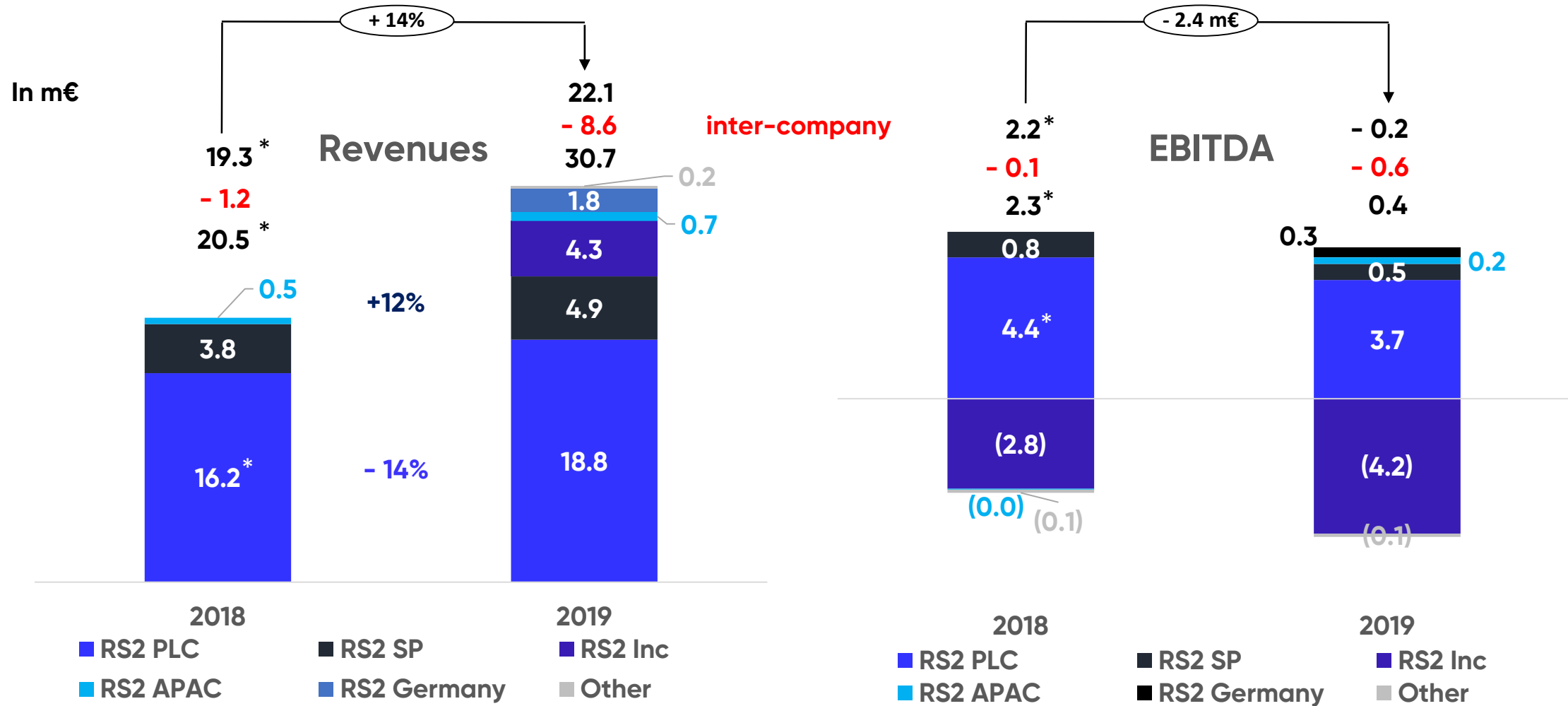


• Adjusted by the IFRS revenue impact of m€ 5.7

Deversifying of business lines Growth due to enhanced product portfolio



Revenue and EBITDA by legal entities



• Adjusted by the IFRS revenue impact of m€ 5.7

P&L 2018 and 2019

In million €	2018 ¹⁾	2018 adj.	2019	delta
Revenue	25.0	19.3	22.1	2.8
Cost of sales	(12.6)	(12.6)	(15.1)	(2.5)
Gross profit	12.4	6.7	7.0	0.3
Marketing and promotional expenses	(1.0)	(1.0)	(1.9)	(0.8)
Administrative expenses	(5.0)	(5.0)	(7.0)	(2.1)
Other income / expenses	0.2	0.2	(0.1)	(0.3)
Results from operating activities	6.6	0.9	(2.0)	(2.9)
Financial result	(0.0)	(0.0)	(0.1)	(0.1)
(Loss)/Profit before income tax	6.6	0.9	(2.1)	(3.0)
Income tax expense	(3.3)	(1.4)	(1.1)	0.3
(Loss)/Profit for the year	3.2	(0.5)	(3.2)	(2.7)
(Loss)/Earnings per share	0.022	(0.002)	(0.008)	(0.006)

Investments into marketing, management and the integration of RS2 Germany

1) 2018 revenues and EBITDA were positive impacted by m€ 5.7 due to IFRS conversion

The IFRS conversion had a positiv impact of m€ 3.7 on net income

Balance Sheet 2018 and 2019

In million €	2018	2019	delta	
Assets				
Property, plant and equipment	9.4	9.2	(0.1)	
Right-of-use assets	0.0	2.6	2.6	Mainly new office leases in Germany and USA
Intangible assets and goodwill	7.5	9.0	1.5	
Other investment	1.0	1.0	0.0	
Total non-current assets	17.9	21.7	3.9	
Trade and other receivables	1.6	4.3	2.8	Financing future growth - US top customer Service rendered but not billed
Accrued income and prepayments	5.2	3.3	(1.8)	
Cash at bank and in hand	3.4	2.4	(1.0)	
Total current assets	10.1	10.1	(0.0)	
Total assets	28.0	31.8	3.8	
Equity and Liabilities				
Equity	17.2	14.1	(3.1)	
Total non-current liabilities	4.2	6.7	2.4	Mainly lease liabilities (m€ 2.2), Corresponding Right-of-Use
Total current liabilities	6.5	11.1	4.5	Mainly new bank borrowings to finance the US and European extended product portfolio
Total liabilities	10.7	17.7	7.0	
Total equity and liabilities	28.0	31.8	3.8	

Cash Flow Statement 2018 and 2019

In million €	2018	2019	delta
Cash flows from operating activities	1.3	(1.1)	(2.4)
Cash flows from investing activities	(2.1)	(2.7)	(0.5)
Cash flows from financing activities	(3.5)	2.8	6.3
Net decrease in cash and cash equivalents	(4.4)	(1.0)	3.4
Cash and cash equivalents at 1 January	7.8	3.4	(4.4)
Effect of exchange rate fluctuations on cash held	(0.0)	0.0	0.0
Cash and cash equivalents at 31 December	3.4	2.4	(1.0)

Invest in marketing and high qualified stuff to ensure growth

Financing future growth
 - 2019 new bank borrowings
 - 2018 repayment of bank borrowings and dividend payment

Thank you.



together beyond payments

