

RS2 Software p.l.c.

COMPANY ANNOUNCEMENT

Interim Directors' Statement

Quote

2016 continues to be a year of international expansion. The Group has progressed with its strategy of establishing worldwide presence through its subsidiaries in the United States and the Philippines. The offices in Denver and Manila respectively are now operational and to date the Group has managed to attract experienced industry specialists to join its ever-growing team. These employees bring with them knowledge of the industry as well as specific expertise in their respective regions. Recruitment efforts are continuous in order to reach the planned staff complement to handle current and potential client demands.

In addition to the new license and processing agreements already concluded by the Group as reported this year, the Group is currently actively engaged in progressive discussions with processing and licensing clients in Europe, Asia Pacific and North America.

Innovation remains a pivotal aspect for the Group. Our R&D team continues to enhance and implement new features in BankWORKS® using the latest technology to make sure that RS2 remains a market leader.

In August 2015, the Group announced that it achieved Oracle Exadata Optimised Status after successfully demonstrating BankWORKS® ability to process 40 million transactions per hour, doubling the processing volumes achieved in previous tests. During 2016, the Group once again surpassed its own processing capabilities and in October announced reaching 62 million transactions per hour on HPE Superdome X. Besides the significant increase in processing power, this latest benchmark test, proves that BankWORKS® is able to operate on a new hardware option. This is particularly attractive for the Group's clients as it provides the possibility of different infrastructure alternatives that are more resource and cost effective depending on their business needs.

The managed services business, from the Group subsidiary RS2 Smart Processing, continues to increase its processing volumes which have quadrupled since the beginning of the year. The company holds a very healthy sales pipeline across Europe, North and Latin America and the Middle East, which is being translated into potential new deals. During the 2nd half of the year, RS2 Smart Processing was also dedicated to the implementation efforts of the two new clients engaged in the first half of 2016. Revenue from these contracts is expected to be generated over the coming months and years.

RS2 has capitalised on the strength of its relationships with key players in the industry and established alliances with banks across Europe, Asia Pacific and North America to provide global acquiring and central processing services; this positions RS2 very competitively in the market as such solutions imply more efficient and cost effective opportunities for its clients. During Q3 the Group reached an agreement with a global provider of third party payment, risk and commerce solutions, to join forces and deliver a One-Stop-Shop Payment Processing, securing its first customer in the Thai market, with a global offering.

During 2016 the Group's revenue remains stable and comparable to 2015. In addition to the negative impact of foreign currency fluctuations, Group profitability has been affected by the investment in our global expansion.

The Board maintains its confidence in the Group's business model, its underlying technology, revenue pipeline and expansionary targets. 2016 is a year of investment, business development and global growth.

Unquote



Dr. Ivan Gatt
Company Secretary

18 November 2016