

28th April 2021: Network International Holdings Plc, Q1 2021 trading update

Encouraging start to the year with solid trading, continued customer wins and new partnerships

Network International Holdings plc, the leading enabler of digital commerce across the Middle East and Africa, provides an update on trading performance in the first quarter of the financial year 2021.

	Q1 2021 growth compared with Q1 2020	Q1 2021 growth compared with Q1 2019
Total revenue	1%	1%
Merchant Solutions revenue	(3)%	(11)%
Issuer Solutions revenue	5%	7%

Note: Our financial guidance for 2021 is based upon a return of revenue to pre-Covid levels, and hence revenue growth rates are provided for Q1 2021 compared with both Q1 2020 and Q1 2019.

- **Overall trading during the first quarter in line with our expectations**, against a quarterly comparator in the prior year that was significantly less impacted by COVID-19
- **Merchant Solutions business update**
 - **Multiple merchant wins**: including point-of-sale (POS) with Hilton Hotels and e-commerce with the Dubai Racing Club
 - **SME merchant signups are significantly ahead** of 2020 run rates
 - **Strong growth in online merchant direct TPV** at 55% y/y and 89% compared with Q1 2019 (Excludes Government and airline online TPV)
 - **New partnerships**: supporting Stripe as it launches online payment services to merchants in the UAE; and have partnered with Mastercard and PayMate in the B2B payments space
- **Issuer Solutions business update**
 - **Accelerating new customer signings**: Kuda Digital Bank and Carbon Bank in Nigeria, Bank Windhoek in Namibia, Bank Gabarone in Botswana, Commercial Bank Centrafrique in Cameroon and Al Masraf in the UAE
 - **Renewed our contract with ADCB** for Issuer Solutions services, having already renewed our agreement to provide Merchant Solutions services during 2020
- **Added new capabilities to our digital product platform** developed in conjunction with Mastercard. New technology licensing will allow us to provide white label customer apps that enable a range of push payments and support instant virtual card issuance
- **DPO's strong TPV and revenue growth continues**, with completion expected in the second quarter subject to regulatory approvals

Nandan Mer, Chief Executive Officer, commented:

"We are encouraged by trading and the momentum of customer wins, particularly our new partnerships which will help us to drive scale and innovation across the business. I have also restructured and expanded our senior management team, aligning responsibilities to better serve customers and appointing country heads to further localise our approach without compromising our high-quality control environment or opportunities for future operational leverage.

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Whilst lockdowns have eased and normal conditions have returned in several of our markets, the pandemic remains fluid and we are cognisant that our recovery from COVID-19 disruption may not always be straightforward. My focus is to execute against our strategy to drive long term profitable high growth. We continue to progress discussions around significant financial institution payment outsourcing mandates, and Saudi Arabia remains a key priority despite the challenges of temporary border closure. Our goal is unambiguous; to scale our presence across our markets, innovate to deliver market leading solutions for our customers, and accelerate our delivery. We have clear plans in place and I firmly believe that Network is poised for greater growth.”

Strategic and business update

Leveraging partnerships to innovate and scale our business

We have partnered with Stripe as it launches online merchant payment services into the UAE. We have supported its entry into the market by acting as their sponsor for the Visa and Mastercard schemes. This helps Stripe to settle funds to their merchants. Stripe is just one of multiple international brand partnerships held by Network in the online acquiring space, as we work with partners to expand the fast growing online acquiring market and grow merchant appetite for online payments.

We have entered into two partnerships in the B2B payments space. Network International is one of Mastercard’s first partners in the Middle East and Africa region to be part of the Mastercard Track Business Payment Service, an innovative solution that addresses the need for automated B2B payments and collections. Mastercard Track Business Payment Service allows merchants to receive business payments directly into their bank account, enabled by a virtual card, where Network is acting as the acquirer. Our partnership with Mastercard delivers on our shared commitment to provide our customers with more convenient alternatives to traditional B2B payment methods such as cheques or electronic fund transfers. In addition, we have partnered with PayMate in the UAE. PayMate is a provider of B2B payment automation services and supports both large businesses and SMEs, managing their accounts payable and receivable. Network will facilitate the settlement of commercial card payments as an acquirer, powering PayMate’s B2B payments platform.

We have also added more capabilities to our digital product platform, which has been developed in conjunction with Mastercard. We have licensed and integrated technology from Fabrik, which enables mobile application technology solutions. This will allow us to provide white label apps for customers that enable a range of push payments between consumers and merchants, and support the instant issuance of virtual cards by financial institutions.

Accelerating our progress through new customer wins

Good momentum with financial institution customers: We will provide Issuer Solutions services to two digital banks in Nigeria, Carbon Bank and Kuda Bank; and have also signed new relationships with Bank Windhoek in Namibia, Bank Gabarone in Botswana, Commercial Bank Centrafrique in Cameroon and Al Masraf in the UAE.

We have renewed our contract with long standing customer, Abu Dhabi Commercial Bank (ADCB), to continue providing them with Issuer Solutions services for a further five years. We will also be supplying Arab African International Bank with N-Genius™ POS terminals for their Egyptian

merchants, helping to support the Central Bank of Egypt’s accelerated drive towards a cashless economy.

Merchant signings across both POS and e-commerce: New key merchant signings include Point-Of-Sale (POS) payment acceptance for the Hilton Hotel portfolio, Shaklan Supermarket Group, an additional Carrefour Hypermarket, and both POS and e-commerce for Dubai Racing Club. We will also begin providing data analytic services to existing customer, the iconic Atlantis Hotel in Dubai, providing them with an interactive dashboard to monitor consumer spending at merchant outlets in the hotel. We continue to focus on the fast growing SME merchant customer base, where sign-ups are significantly ahead of the average rates seen during 2020. A recent survey from Visa (Jan 2021) showed that 97% of SMEs in the UAE have recently embraced new digital technologies and a number of SMEs are assessing which payment technologies are critical to meeting consumer expectations, such as security and fraud protection, and online payments.

We also supported Smart Dubai with the 100 Million Meals campaign for the month of Ramadan, through donations made using our N-Genius™ Payment Solution. The campaign is run in collaboration with the World Food Programme and aims to support low income communities across Uganda, Lebanon, Egypt, Sudan, Angola, Jordan and Pakistan.

Aligning our business to better serve our customers

Good progress on the project to separate the shared datacentre with Emirates NBD: We have now migrated all physical infrastructure into our new data centre in the Gulf Data Hub, are in the process of migrating customer connectivity, and are activating production services from our new datacentre infrastructure. The separation of our datacentre will continue over the coming year and will provide our business with improved long-term operational agility, flexibility and availability.

Expanding our senior management team during the quarter: This included the internal promotion of a number of our country heads, expanding the responsibility of existing senior management team members, as well as the external hire of Marcello Baricordi as President, Financial Institutions, Fintechs and Payments Partnerships. These changes align our management responsibilities to better serve customers and include the appointment of local country heads to further localise our approach.

First quarter trading

Note: Our financial guidance for 2021 is based upon a return of revenue to pre-Covid levels, and hence revenue growth rates are provided for Q1 2021 compared with both Q1 2020 and Q1 2019.

	Q1 2021 growth compared with Q1 2020	Q1 2021 growth compared with Q1 2019
Total revenue	1%	1%
Merchant Solutions revenue	(3)%	(11)%
Direct Total Processed Volume (TPV)	(8)% ¹	(15)%
Of which domestic TPV	0%	(2)%
Of which international TPV	(34)%	(51)%
Issuer Solutions revenue	5%	7%

1. Growth data presented on a like-for-like basis, removing the impact of one additional day in the calendar month of February 2020

COVID-19 related restrictions across our main markets

In our core market, the UAE, cases of COVID-19 have fallen significantly in the first quarter of the year with the rolling seven-day average infection rate down almost 50% since its peak in January, and over ten million vaccine doses have been administered. Whilst this is positive progress, some social restrictions continue to remain in place. In our other major markets, lockdown conditions are variable; in Jordan, although many activities are back to normal, night-time curfews and weekend restrictions are in place, whilst Egypt and South Africa have largely returned to normal conditions.

Total revenue grew by 1% compared with the prior year, which was the strongest quarter in 2020 and least impacted by COVID-19. Total revenue was also up 1% compared with Q1 2019.

Merchant Solutions revenue was (3)% y/y, within which directly acquired TPV was (8)% y/y.

Compared with Q1 2019, revenue was (11)% and directly acquired TPV was (15)%. International spending remains at broadly half that of pre pandemic levels, in line with our expectations and reflective of the gradual recovery of tourism into Dubai. Domestic spending is slightly subdued, which is mainly linked to some of the social restrictions in the UAE and Jordan. From a merchant segment perspective, supermarket, healthcare and education spending has shown significant growth, whilst retail is broadly flat compared with pre pandemic levels. Travel and entertainment remains depressed, largely as a result of the segment's exposure to tourism spending. We also continue to see a fast-growing participation of online TPV, with growth of 89% from e-commerce merchants (excluding Government and airline online TPV).

Merchant sector trends in directly acquired Total Processed Volume (TPV)

Directly acquired TPV	Growth vs Q1 2020			Growth vs Q1 2019		
	Jan	Feb ²	Mar	Jan	Feb ²	Mar
Total	(18)%	(17)%	19%	(14)%	(18)%	(14)%
of which Retail	(7)%	0%	65%	4%	(3)%	1%
of which Supermarkets	8%	8%	(17)%	13%	19%	17%
of which T&E	(44)%	(46)%	36%	(44)%	(53)%	(48)%
of which Other ¹	(13)%	(14)%	16%	(9)%	(8)%	(3)%

1. Includes Government, Healthcare & Education, Other

2. February growth data presented on a like-for-like basis, removing the impact of one additional day in the calendar month of February 2020

Domestic and International trends in directly acquired Total Processed Volume (TPV)

Directly acquired TPV	Growth vs Q1 2020			Growth vs Q1 2019		
	Jan	Feb	Mar	Jan	Feb	Mar
Domestic ¹	(7)%	(8)%	17%	(3)%	(3)%	0%
International	(47)%	(47)%	35%	(44)%	(55)%	(52)%

1. Domestic volumes reflect the spends on cards issued by banks in the UAE and Jordan. International volumes reflect the spends on cards issued by banks in countries outside of those regions, and are largely reflective of tourism and business travellers



Issuer Solutions continued to demonstrate a resilient performance and revenue grew 5% y/y.

In comparison to Q1 2019, revenue growth was 7%, accompanied by positive progress across both KPIs; the number of cards hosted and transactions processed. Revenue growth was seen across both the Middle East and Africa, with accelerated growth in Africa as might be expected given the stronger market dynamics, where the region is at a much earlier phase in the transition to digital transactions.

Investor Relations enquiries

Network International

InvestorRelations@Network.Global

Amie Gramlick, Head of Investor Relations

Media enquiries

Finsbury

Network-Lon@Finsbury.com

James Leviton, Rob Allen

Forward Looking Statements

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These factors include general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances.