



Q1 Trading Update 27th April 2022



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Classification - Public

27th April 2022: Network International Holdings Plc, Q1 2022 trading update

Strong start with Q1 revenue up 33% y/y; underpinning full year guidance

| | Q1 22 vs Q1 21 |
|--|-------------------------|
| Total revenue | +33% |
| Merchant Solutions revenue | +64% |
| Network Merchant Solutions revenue excluding DPO | +40% |
| DPO Group revenue ¹ | +20% (+22% constant FX) |
| Issuer Solutions revenue | +17% |

1. DPO was acquired in Sept 2021 and therefore DPO revenue is not present in the Q1 2021 base. Proforma revenue is presented for information only.

Strong trading, as expected, reflecting strategic execution and some COVID impact in the prior year

- **Supporting our guidance for the full year**, which is unchanged.

Merchant Solutions supported by significant merchant wins and strong consumer spend in the UAE

- **Fast growth in direct-to-merchant Total Processed Volume (TPV) across the UAE and Jordan**, with Q1 domestic volumes up 22% y/y (20% vs 2019) and international volumes up 120% y/y (9% vs. 2019).
- **Continued record levels of merchant signups**, which will soon be further supported by the launch of fully automated onboarding for UAE merchants.
- **New capabilities launched for merchants**, including Amazon Payment Services in the UAE, Buy Now Pay Later and merchant lending in Jordan, whilst also introducing merchant data reports in Jordan.
- **DPO saw a large number of key merchant wins** and signed an agreement with RCS Group, a Network customer, enabling over 2 million RCS retail store card holders to pay for goods at DPO merchants.

Issuer Solutions growth supported by the strength of customer signings in the prior year, cross-selling and strong underlying transaction growth

- **Three financial institution wins**, including Jordan's first digital bank; and two contract renewals.
- **Kingdom of Saudi Arabia customer onboarding commenced** and PCI DSS certification in place.
- **New products gaining momentum, including 'fintech in a box'** where we can issue cards and undertake processing for fintechs in southern Africa, through our partnership with Access Bank.

Nandan Mer, Chief Executive Officer, commented:

"We have started the year strongly with 33% y/y Q1 revenue growth; supporting our ambition to be the fastest growing and most innovative customer centric payments business in the Middle East and Africa. Our home market of the UAE is seeing a continued improvement in consumer spending and increasing numbers of international visitors, driving accelerated growth in both domestic and international TPV. This has been supported by customer wins and capability launches, including becoming the first acquirer to offer Buy-Now-Pay-Later in Jordan. DPO has seen good volume growth of 33% y/y, as well as the benefit of another cross-selling arrangement with an existing Network customer. I am also pleased to share that our market entry into the Kingdom of Saudi Arabia is progressing well. It is encouraging to see our new processing customer, signed only two months ago, already in the process of onboarding. Overall, the growth in the period is evidence of successful delivery on our strategic objectives and a solid foundation for the year ahead."

Merchant Solutions business line review

| | Q1 22 vs Q1 21 |
|---|---------------------------------|
| Total Merchant Solutions revenue | 64% |
| Network Merchant Solutions revenue excluding DPO | 40% |
| DPO Group revenue ¹ | 20% (22% in constant FX) |
| Direct-to-merchant TPV in UAE/Jordan | 38% |
| of which domestic | 22% |
| of which international | 120% |
| Direct-to-merchant TPV in Africa (DPO Group)¹ | 30% (33% in constant FX) |

| Monthly TPV trends: y/y growth | Jan | Feb | Mar |
|---|------------|------------|------------|
| Direct-to-merchant TPV in UAE/Jordan | 24% | 44% | 47% |
| of which Retail | 15% | 34% | 41% |
| of which Supermarkets | 3% | 4% | 11% |
| of which Travel & Entertainment | 59% | 112% | 116% |
| of which Government, Healthcare, Education, Other | 19% | 37% | 33% |
| Direct-to-merchant TPV in UAE/Jordan | 24% | 44% | 47% |
| of which Domestic | 13% | 27% | 26% |
| of which International | 70% | 139% | 164% |
| Direct-to-merchant TPV in Africa (DPO Group)^{1,2} | 33% | 31% | 35% |

1. DPO was acquired in Sept 2021 and therefore DPO volume/revenue is not present in our Q1 21 base. Proforma data is presented for information. 2. Constant FX

Financial update: Merchant Solutions growth supported by strong consumer spending in the UAE

We saw particularly strong performance in the UAE and Jordan; where domestic TPV (which represents spending from consumers domiciled in the region) has remained resilient throughout the period, with robust y/y growth in February and March; and international TPV (which represents consumer spending by overseas visitors) was particularly strong and reflective of the ongoing improvement in confidence from tourists and events such as Dubai EXPO, which attracted over 20 million visitors. Whilst growth levels partly reflect a prior year period impacted by COVID-19, Q1 2021 domestic TPV and international TPV were still 20% and 9% ahead of pre-pandemic Q1 2019. We saw healthy growth in online TPV, up 46% y/y in Q1 (excluding Government & airline TPV); whilst SME volumes were also strong and supportive of take rates, reflecting our continued investment and focus on these two strategic segments.

New merchant wins (UAE and Jordan): Significant progress

Following a strong end to 2021 we continued to successfully secure a large number of new merchant wins, including Emirates Hospital Group, The Residences at Caesars Palace, Bluewater Meraas and Landmark Group, many of which were won from competitors; as well as several new merchants from the new opening of Dubai Hills Mall. The pace of new SME signings remains encouraging as our focus within the SME segment continues to pay off, with monthly wins progressing well through the quarter, up over 10% sequentially in March vs. February alone. We expect our strength in the SME sector to be further supported by the launch of a fully digital onboarding process for SMEs in the coming weeks.

New capabilities (UAE and Jordan): Increasing revenue streams and customer loyalty**Payment methods**

- First in the region to offer BNPL for Jordan merchants, in partnership with ZoodPay
- Collaborating with Amazon Payment Services to provide UAE merchants with a wider selection of online payment solutions alongside enhanced fraud services
- Innovating within remittances by partnering with Lulu International Exchange, enabling Lulu customers to transfer funds quickly and securely via the LuLu Money App

Value added services

- SME lending for Jordan merchants in partnership with Sanadcom
- Ability for consumers to earn Safar travel loyalty points when paying using the Safar Pay mobile app, in partnership with Jordanian marketing consultancy LOYNOVA
- 'Go Green' paperless receipts in Jordan
- Launched our Smartview report in Jordan, providing SME merchants with in-depth actionable insights on their business

Proprietary payment acceptance

- Upgraded all payment terminals with our customers, Dubai Duty Free and Emirates, to our proprietary N-Genius™ Point-Of-Sale (POS) solution. Providing them with a cloud based POS capability, enabling swifter technology and payment updates.

Services for financial institutions

- Launched the N-Genius™ Terminal Management System, a web tool for processing customers. This enables financial institutions to independently manage their merchant customers' POS device; including remote updates, editing merchant profiles, and querying transactions, in real time

New merchant wins and capabilities (DPO): Trading supported by good TPV growth

DPO saw TPV up 30% y/y, or 33% in constant FX¹. Revenue grew 20% y/y, or 22% in constant FX¹, with take rates largely impacted by the growing mix of strategic merchant and gateway volumes. DPO secured a number of key merchant wins, including Harley Davidson, Estee Lauder and Pernod Ricard in South Africa; complemented by those outside of South Africa, including Airtel Zambia and the University of Namibia. We continued to add new payment acceptance methods, including account-to-account transfers as an option for all DPO merchants in South Africa, previously only available for selected merchants. Similarly, we enabled the account-to-account payment option for all Nigerian merchants within the DPO platform and have integrated DPO's payment capabilities into several retail software systems used by food and restaurant chains. This allows merchants using such retail software to be onboarded with the DPO platform, providing more ways to accept payments. DPO merchants are also now able to accept payments and invoice customers via a secure payment link, having integrated the Xero accounting system.

1. DPO was acquired at the end of Sept 2021 and therefore DPO volume/revenue is not present in our Q1 21 base. This is presented for information.

New markets: Egypt

We have made good progress and are currently in the process of applying for our payment service provider license. Our technology stack is already in deployment phase. Our focus is now on establishing a local salesforce with a partner. As previously highlighted, Egypt is a further growth opportunity, and we expect the revenue opportunity to build from 2023 onwards.

Issuer Solutions business line review

| | Q1 22 vs Q1 21 |
|----------------------|----------------|
| Total revenue | 17% |
| New customers signed | 3 |

Financial update: Strong performance seen across all regions

Issuer Solutions saw an excellent start to the year, which reflects the benefits of customers signed in the prior year, cross-selling to existing customers and strong underlying digital transaction growth. Performance was broadly based across both the Middle East and Africa, with the number of transactions increasing strongly in the quarter. The number of credentials hosted also remains in positive growth territory, with Northern Africa and Jordan particularly supportive through the period.

New customer wins: Saw a solid start to the year

We secured three new financial institution customers; and renewed two existing contracts, including the renewal of our processing agreement with Commercial Bank of Dubai. In new business wins, we have signed a five-year agreement with Taj Bank in Nigeria for virtual and physical cards, the first Islamic bank to be onboarded onto Network's Nigerian platform. We are now live and providing processing services to Blink Neo Bank in Jordan, the region's first licensed digital-only bank, a win which is evidence of our enriched digital banking experience, delivering card issuing, hosting and personalisation services. A further new client included Albaraka Bank, our second financial institution win in Sudan.

Cross-sell and new product launches: Gaining momentum

We have launched 'fintech in a box', where we are now able to issue, host and process credentials for fintechs in southern Africa having partnered with Access Bank. This allows us to significantly scale our partnerships with fintechs and provide them with services across the entire payments value chain, a model which will be shared across the broader group and regions.

New markets: Kingdom of Saudi Arabia

We have completed our full technology deployment on-soil, received our PCI-DSS certification and established connectivities with domestic (Saudi Payments/Mada) and international card schemes. We are currently onboarding our recent processing customer signing, which is expected to become a meaningful revenue contributor over the long term. Our focus is now on building out our client list, supported by a healthy pipeline and expanding our local sales force.

Upcoming events

- Annual General Meeting: 19th May 2022
- Interim 2022 results: 11th August 2022
- Q3 2022 trading statement: 19th October 2022

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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.