Interim Financial Results
11th August 2022

11th August 2022: Network International Holdings Plc, Interim results ended 30 June 2022

Strong results and growth, in line with expectations. Outlook reconfirmed.
Updates: Record merchant signups, another Saudi Arabia customer win, share buyback programme.

Group Financial Summary (USD'000)		H1 2022	H1 2021	y/y change
Total revenue		**205,032**	**156,382**	**31.1%**
By geography[6]:	Middle East	136,567	112,366	21.5%
	Africa	68,465	43,956	55.8%
By business line[6]:	Merchant Solutions	101,791	66,505	53.1%
	Network Merchant Solutions excl. DPO	*86,541*	*66,505*	*30.1%*
	DPO Group[3]	*15,250*	*nil*	-
	Issuer Solutions	101,808	86,669	17.5%
Underlying EBITDA[1]		**76,216**	**60,372**	**26.2%**
Underlying EBITDA margin[4]		*37.2%*	*35.3%*	*190bps*
Profit for the period		**31,997**	**15,045**	**112.7%**
Underlying free cash flow[1]		**39,975**	**21,083**	**89.6%**
Cash flow from operating activities		**90,604**	**(11,277)** [9]	**-**
Leverage[2]		**0.9x**	**0.9x** (FY21)	**-**

Financial outcomes reflect solid trading and strategic delivery, driving strong cashflow generation

- **Total revenue grew 31% y/y**, **or 21% y/y excl. DPO;** demonstrating broad-based growth across all regions and business lines, with the Middle East up 22% y/y and Africa growing 21% y/y excl. DPO.
- **Underlying EBITDA of USD 76.2 million with a margin of 37.2%, up 190bps y/y,** reflecting strong revenue performance and cost control, whilst investing in product capabilities for future growth.
- **Profit for the period was USD 32.0 million, up 113% y/y**; driven by underlying EBITDA growth, a USD 2.2 million gain on the disposal of Mercury and a USD 2.2 million net balance sheet translation benefit, primarily from the devaluation of the Egyptian Pound.
- **Underlying free cash flow was USD 40.0 million**, **up 90% y/y,** driven by higher underlying EBITDA.
- **Cash flow from operating activities[9] was USD 90.6 million,** supported by strong underlying business performance and profit for the period.
- **Reconfirmed financial guidance and outlook for FY 2022**, with expected Group revenue growth of 27-29%[5] and modest EBITDA margin expansion y/y.

Merchant Solutions has seen record merchant signups and strong UAE consumer spending

- **Total TPV[7] up 43% y/y, supported by strategic focus on SME and online merchants.** SME TPV participation[8] expanded to 26% (H1 2021: 25%), while online TPV (excl. Government & airlines) grew 41% y/y. Domestic TPV grew 20% y/y, with International up 92% y/y (18% and 7% respectively vs. H1 2019).

1.This is an Alternative Performance Measure (APM). See notes 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs. 2. Refer to page 23 for the leverage ratio computation and reconciliation of net debt figures to the condensed consolidated interim financial statements. 3. DPO was acquired in Sept 2021 and no contribution is present in the H1 21 statutory financials base. Proforma 12-month H1 21 revenue and other information is provided in other parts of this release for information only. 4. Underlying EBITDA margin in H1 2021 excludes the share of contribution from Associate, Transguard Cash LLC, which was sold in November 2021.5. Revenue guidance of 27-29% y/y is based on 2021 revenue of USD345m, excluding the three-month contribution from DPO, as previously guided. 6. Balance for group revenue by geography and business line relates to 'other revenue', which primarily includes those relating to cash advance fees on withdrawals from ATMs, and FX gains / (losses) arising from the Merchant and Issuer Solutions business lines, and the Mastercard strategic partnership. 7. TPV – Total Processed Volumes - the aggregate monetary volume of purchases processed by the Group within its Merchant Solutions business line. 8. SME TPV participation as a percentage of direct-to-merchant TPV in the UAE and Jordan. 9. Cash flow from operating activities for the comparative period has been restated to reflect the recent change in the IFRS guidance on the presentation of restricted cash in the statutory cash flows.

- **Will be launching new capabilities** with a focus on sector specific services; such as hospitality solutions through a partnership with FreedomPay, and food and beverage solutions with Foodics Pay.
- **Robust performance in data and analytics,** having enhanced our merchant reporting dashboards through the introduction of self-service capabilities.
- **Developing unified commerce services,** through a single centralised view of transactions across online and offline N-Genius™ payment channels.
- **Acceleration in DPO growth during Q2.** DPO saw H1 proforma revenue growth[1] of 23% y/y or 29% in constant FX, with Q2 revenue growth accelerating to 35% y/y in constant FX. Improved trading performance was supported by the launch of automated merchant onboarding in 18 markets.

Issuer Solutions performance driven by strong underlying transaction growth and value-added-services

- **Issuer Solutions revenue grew 17% y/y**, driven by accelerated transaction growth, cross-selling of value-added-services and new customer wins. Excluding our major contract with Emirates NBD Group, Issuer Solutions revenue grew 24% y/y.
- **Nine new financial institution wins**, with the rollout of new APIs[2] supporting the automation and acceleration of customer onboarding.
- **Two new customer wins in the Kingdom of Saudi Arabia** and a healthy pipeline in place.
- **New products gaining momentum,** having expanded our fraud solutions through partnership with FICO.

Share buyback programme of up to USD 100 million

- **Intention to return excess cash** through a share buyback (see separate announcement today).

Nandan Mer, Chief Executive Officer, commented:

“We are encouraged by the continued progress of our growth strategy, with another strong trading period delivering 31% y/y revenue growth. This is supported by the acceleration of digital payments growth across our markets, successful strategic execution and share gains in our home market of the UAE. Our market entry into the Kingdom of Saudi Arabia is progressing well, having recently secured a second new customer this year. We also see an opportunity to return excess cash to shareholders through a share buyback programme, whilst retaining our existing flexibility to take advantage of additional growth opportunities which may arise.

Overall, our performance in the first half underpins our outlook and guidance for the year ahead, which is reconfirmed. Whilst we remain conscious of rising global macroeconomic and inflationary pressures, we continue to see steady trading in our major markets.”

1. DPO was acquired in Sept 2021 and no contribution is present in the H1 21 interim financial statements. Proforma 12-month H1 21 revenue and growth is presented for information only.
2. API’s – Application Programming Interface.

Results presentation

A presentation for analysts and investors will be held today at 9:00am UK BST / 12:00pm GST with a conference call dial-in to facilitate live Q&A. Please register for the conference call via the weblink below. A replay will be available through the same link one hour after the presentation finishes.

- Conference call registration: https://secure.emincote.com/client/network-international/interim-results-2022/vip_connect
- Webcast link: https://secure.emincote.com/client/network-international/interim-results-2022

Upcoming events

- Q3 2022 trading statement: 19th October 2022

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Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, results or operation and businesses of Network International Holdings Plc. Such statements and forecasts by their nature involve risks and uncertainty because they relate to future events and circumstances. There are a number of other factors that may cause actual results, performance or achievements, or industry results, to be materially different from those projected in the forward- looking statements.

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.

Strategic Review

Our ambition is to be the fastest growing and most innovative payments company across the Middle East and Africa. At the centre of this ambition is our purpose: to help businesses and economies prosper by simplifying commerce and payments – for merchants, financial institutions and ultimately the consumers they serve. To achieve this, we have set out a strategy through which we will both accelerate growth and innovate on our services and capabilities, underpinned by the acceleration towards digital payments in our region and the scale of growth opportunities in our markets.

New Business: continues to develop at record levels

Merchant signups:

We have had a record period for new merchant sign ups. We continue to attract new large merchants, securing Chanel, Hilton Palm Jumeirah and Landmark Group in the UAE, alongside Talabat and Marriot Amman in Jordan, amongst many others. Our focus within the SME space remains successful, with signings doubling y/y vs H1 2021, supported by the launch of automated onboarding, low cost 'Tap on Phone' payment acceptance and web-store services associated with our 'DPO Pay' package. We have also rolled out our proprietary N-Genius^{TM} payment terminals to the entire Roads and Transport Authority taxi fleet in Dubai, who have concurrently extended their contract.

Financial Institution (FI) wins:

The pace of new FI customer wins in Acquirer Processing and Issuer Solutions remains ahead of pre-pandemic levels. We secured nine new customers in the period, including Money Fellows, Network's first fintech win in Egypt; Fair Money Digital Bank, one of Nigeria's premier digital banks; and Alain Finance PJSC, our first non-banking FI customer in the UAE. We renewed three existing contracts and expanded portfolios with customers through successful cross-selling; including the deployment of N-Genius^{TM} payment terminals to Access Bank in Botswana, adding new debit and credit credentials for Arab Bank Jordan following a recent acquisition, and introducing e-commerce services for MadFooat in Jordan.

Capabilities: widening our revenue pool and increasing customer loyalty through new capabilities

New payment methods for merchants:

- **The first to offer Buy Now, Pay Later (BNPL) for merchants in Jordan**, in partnership with Zoodpay.
- **Launching a wider selection of online payment solutions** alongside enhanced fraud services to UAE merchants, in collaboration with Amazon Payment Services.
- **Bringing self-service payment kiosks to UAE merchants,** in partnership with Nayax.

Value Added Services:

- **Will be launching a fully integrated payments platform tailored to the hospitality industry,** in partnership with FreedomPay. The omni-channel platform provides merchants with a unified view of transactions across their entire operation, including front desk reservations, restaurants, bars, theme parks and spas.
- **Will be launching 'Foodics Pay', for SMEs in the food and beverage space**, reducing costs for merchants by unifying tasks such as single receipts, daily settlements and chargeback support on a single app. The sector-specific solutions support our strategic focus on SMEs.
- **Supporting merchants through a dedicated value-added-services team,** managing the development of products, partnerships and enhancing our go-to-market strategy.
- **SME lending for merchants in Jordan**, in partnership with Sanadcom.
- **Enhancing data dashboards for merchants in the UAE** having introduced self-service capabilities.

- **Bringing more data insights to merchants in Jordan** through our SmartView report, providing SMEs with in-depth actionable information on their business, which we will be introducing to DPO merchants.
- **Enabling faster sign up of merchants** having launched fully automated digital onboarding.
- **Developing Unified Commerce services** by providing a single, centralised view of transactions across online and offline payment channels, as well as enhanced reporting tools and data insights on consumer spending. We already offer merchants the ability to enable 'Click and Collect' payment services and 'Buy Online, Return in Store' via our proprietary N-Genius™ platform. Looking ahead, we intend to expand these services to include a wider range of cross-channel refunds, such as 'Buy in-store and refund online', provide real-time access to consumer transaction data and reporting, real-time fraud screening analytics and additional tools such as merchant cost efficiency reporting.

New services for Financial Institution and credential issuing customers:

- **Implementing more APIs**, accelerating our customer onboarding process and simplifying the integration of new capabilities, which is particularly attractive for fintech customers.
- **Providing real time, improved credit-based analysis and approvals** to FIs through the Falcon Fraud Prevention solution, in partnership with FICO.
- **Launched Chat banking services to our financial institution customers in Africa** with Infobip**,** enabling real-time customer service chat and push notifications to consumers, whilst supporting our commitment to improving financial inclusion.
- **Launched the N-Genius™ Terminal Management System**, a web tool enabling FIs to independently manage their merchant customers' Point-Of-Sale device, in real time.
- **Continued good progress on initiatives with Mastercard,** having onboarded several FIs with 3D Secure 2.0 biometric authentication fraud checking capabilities. We have also seen 'Fintech in a box' gain traction across new markets including Ghana, Nigeria, Egypt, South Africa and Jordan; where we can support the issuance of cards and undertake processing for fintechs.

DPO: acceleration in trading through the first half, supported by the launch of new capabilities

H1 Total Processed Volume (TPV) grew 27% y/y to USD 2.1 billion, or 33% in constant FX; whilst revenue increased 23% y/y to USD 15.2 million, or 29% in constant FX. Trading volumes accelerated as we moved through the period, with Q2 revenue up 35% y/y in constant FX, compared with the Q1 up 22% y/y in constant FX. Take rates also increased in the latter half of the H1, following an improvement in the mix of services; and DPO demonstrated strong margin leverage, with H1 EBITDA growth of 65% y/y in constant FX. DPO secured several new key merchants including Dischem Baby City, Europcar and Pernod Ricard. The wins and improving trading performance were supported by marketing channel developments which have accelerated new merchant acquisitions and the introduction of real-time onboarding in 18 countries outside of South Africa. DPO also added new payment methods, rolling out Airtel money in a further three markets and enabling account-to-account payment for all DPO merchants in South Africa and Nigeria.

New markets: two customer wins in the Kingdom of Saudi Arabia

Our market entry into Saudi Arabia is progressing well, having signed two additional financial institutions for Issuer Solutions processing services. These contracts provide a solid underpin to our revenue target. We have now completed our full technology deployment on-soil and established connectivities with domestic and international card schemes. As previously highlighted, the region offers a dynamic payments landscape which we see as a cUSD50 million revenue opportunity in the medium-long term, with EBITDA margins trending towards 50%. Our focus remains on building our client list, supported by a healthy pipeline.

New markets: direct-to-merchant services coming soon in Egypt

Egypt is a long established and successful processing services market for Network, where we are planning to launch direct-to-merchant payment services focusing on the SME segment. The deployment of our technology stack is complete and we expect merchant payment services to launch in the second half. As a reminder, we expect the revenue opportunity to build from 2023.

ESG: good progress on our newly launched framework

Our ESG strategy is focused on where we can have the most impact in the regions in which we operate. This is underpinned by four objectives around financial inclusion, responsible business practices, equal and fair treatment of employees and our environmental footprint. We have made progress against each of these and in particular, have advanced our financial inclusion and engaged workforce initiatives. In support of financial inclusion we launched CliQ Transactions in Jordan, enabling more consumers to make instant payments through QR codes via their mobile wallets or bank accounts. We also introduced Chat Banking services in Africa, which improves the accessibility of banking services to a wider range of consumers.

In line with our commitment to support our local workforce, we introduced a number of training and development initiatives to instill an inclusive and engaged culture. We are introducing the Emirati Management Associate Program, providing local Emiratis with experience and knowledge of working in the payments industry through a two-year rotational program. We have significantly expanded our training programmes to enhance employee learning and development. We also launched a number of programmes around the identification of bullying and harassment. We continue to review our ESG framework to ensure we are compliant with all relevant requirements, as well as develop further plans to deliver against our own targets and expectations over time.

Outlook: guidance reconfirmed

Whilst we are mindful of global macroeconomic challenges, our major markets continue to see solid trading. The rebound from the pandemic and appreciation of the US Dollar, to which local currencies in many of our markets are pegged, have somewhat contained inflationary pressures. Given the solid performance seen in the first half, our guidance for 2022 is reconfirmed, where we expect Group revenue growth of 27-29%[1] y/y, with modest EBITDA margin expansion.

Our unrivalled services and expanding range of products place us in a position of strength. We will continue to focus on broadening payment acceptance methods for merchant customers, including the future introduction of real time payments in the UAE. Our entry into the Kingdom of Saudi Arabia is progressing well and our pipeline of prospective clients continues to grow, underpinning our confidence in our ability to attract new customers over the coming months. The scale of opportunities in our fast-growing markets means we are not limited to organic expansion and we will continue to evaluate acquisition opportunities on an ongoing basis. We remain committed to executing against our growth focused strategy.

Nandan Mer
Chief Executive Officer
10th August 2022

1. Revenue guidance of 27-29% y/y is based on 2021 revenue of USD345m, excluding three-month contribution from DPO.

Financial Review

	H1 2022 USD'000	H1 2021[1,2] USD'000	Change
Select financials			
Revenue	205,032	156,382	31.1%
Underlying EBITDA[3]	76,216	60,372	26.2%
Underlying EBITDA margin[3]	37.2%	35.3%[8]	190bps
Profit for the period	31,997	15,045	112.7%
Underlying net income[3]	34,301	21,771	57.6%
Underlying earnings per share (USD cents)[3,4]	6.1	4.0	52.5%
Reported earnings per share (USD cents)[4]	5.7	2.8	103.6%
Underlying free cash flow (underlying FCF)[3]	39,975	21,083	89.6%
Cash flow from operating activities	90,604	(11,277)[9]	-
Leverage[5]	0.9x	0.9x (FY21)	-
Segmental results			
Middle East revenue	136,567	112,366	21.5%
Africa revenue	68,465	43,956	55.8%
Other revenues	-	60	-
Middle East contribution margin[3]	70.0%	67.8%	220bps
Africa contribution margin[3]	73.3%	63.5%	980bps
Business line results			
Merchant Solutions revenue	101,791	66,505	53.1%
Issuer Solutions revenue	101,808	86,669	17.5%
Other revenue[6]	1,433	3,208	(55.3)%
Key Performance Indicators[7]			
Total Processed Volume (TPV) (USD m)	27,209	18,962	43.5%
Total number of credentials hosted (m)	17.0	16.3	4.3%
Total number of transactions (m)	598.3	459.8	30.1%

1. Comparative figures include six-month results of the Group's previous associate, Transguard Cash LLC and previous subsidiary, Mercury Payments Services LLC. Both have now been sold and do not contribute to H1 2022 underlying financial results.
2. H1 2021 base does not include DPO.
3. This is an Alternative Performance Measure (APM). See notes 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.
4. Average share count has increased compared with the prior period, due to the issuance of 11 million new shares on completion of the DPO acquisition in H2 2021.
5. Refer to page 23 for the leverage ratio computation and reconciliation of net debt figures to the condensed consolidated interim financial statements.
6. Other revenue primarily includes those relating to cash advance fees on withdrawals from ATMs, and FX gains / (losses) arising from the Merchant and Issuer Solutions business lines, and the Mastercard strategic partnership
7. For KPIs definition, please refer to page 24.
8. Underlying EBITDA margin in H1 2021 excludes the share of contribution from associate, Transguard Cash LLC, which was sold in November 2021.
9. Cash flow from operating activities for the comparative period has been restated to reflect the recent change in the IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to Note 2.7 on page 38 for details.

Reminder of recent strategic milestones and their impact on the financial statements

i) **Acquisition of DPO Group:** We completed the acquisition on 28th September 2021. As a result, prior year H1 2021 financials do not include any contribution from DPO, whilst the H1 2022 financials include a full six-month contribution from DPO.

ii) **Divestment of 50% stake in Transguard (TG) Cash:** Was completed in November 2021. The prior H1 2021 period had no revenue contribution from Transguard Cash LLC but included a contribution of USD 5.1 million to underlying EBITDA[1] and USD 2.9 million to underlying net income[1], in line with the equity accounting method.

iii) **Disposal of 70% holding in Mercury Payments Services LLC (Mercury):** Was completed in January 2022 and there was an immaterial contribution in H1 2022 revenue, underlying EBITDA[1] and underlying net income[1]. The prior year H1 2021 period had an immaterial revenue contribution and includes a cUSD (0.8) million loss to both underlying EBITDA[1] and underlying net income[1].

Total revenue

Total revenue in the first half increased by 31.1% y/y (32% in constant FX[2]) to USD 205.0 million (H1 2021: USD 156.4 million). This includes a USD 15.2 million revenue contribution from DPO, which was not present in the prior year. Excluding DPO, revenue increased by 21.4% y/y.

Revenue results by operating segment

Middle East

The Group's largest segment is the Middle East, where revenues are generated from both Merchant and Issuer Solutions, representing 67% of total revenue (H1 2021: 72%). The UAE, our largest market, saw particularly strong trading, supported by growing consumer confidence and an increase in tourism inflow.

During the period, revenue increased by 21.5% y/y to USD 136.6 million (H1 2021: USD 112.4 million). On a quarterly basis we saw strong growth in Q1 and although still resilient, growth slowed sequentially in Q2 due to a tougher prior year comparative which saw a recovery from COVID-19 impacts. The region also saw strong KPI performance in both Merchant and Issuer Solutions, with particularly good growth in TPV and the number of transactions processed.

Contribution[1] for the Middle East segment increased 25.3% to USD 95.5 million (H1 2021: USD 76.2 million). Contribution margin[1] was up 220 bps to 70.0% (H1 2021: 67.8%), mainly a reflection of strong revenue growth and operating leverage; partially offset by investments in our market entry into the Kingdom of Saudi Arabia.

Africa

The Group's Africa segment operates across 40 countries and contributed 33% of total revenue in the period (H1 2021: 28%). The majority of our business activities relate to payment processing on behalf of Financial Institutions across Issuer and Merchant Solutions, and also includes direct-to-merchant services in 21 markets through DPO.

1. This is an Alternative Performance Measure (APM). See notes 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.
2. For constant currency definition, please refer to page 24.

Africa revenue increased by 55.8% y/y to USD 68.5 million (H1 2021: USD 44.0 million), including a USD 15.2 million contribution from DPO. Excluding DPO, revenue growth was 21.1% y/y.

Overall performance in Africa remains robust, with growth consistent between the quarters. Excluding DPO, performance was relatively stronger in Northern and Sub-Saharan Africa than we saw in Southern Africa. The region saw continued expansion in all associated KPIs, with particularly strong growth in the number of transactions processed across Issuer Solutions services.

Contribution[1] for the Africa segment increased 80.0% y/y, to USD 50.2 million (H1 2021: USD 27.9 million), with margins up 980 bps y/y to 73.3% (H1 2021: 63.5%), driven by the inclusion of DPO which has higher contribution margins. Excluding DPO, contribution for Africa increased by 36.4% y/y to USD 38.1 million, with margins of 71.5%, up 800 bps y/y, reflecting the significant revenue growth and inherent operating leverage in the business.

Other revenue, not allocated to an Operating Segment

Other revenue was nil in H1 2022 (H1 2021: USD 0.06 million). In the prior year, this represented solutions developed as part of the Mastercard strategic partnership. Revenue from the Mastercard partnership is recognised based on the completion of milestones associated with the development of projects or solutions. During H1 2022, no material milestones were reached. Revenue recognition is expected in the second half, supported by a healthy pipeline of future initiatives.

Revenue results by business line

We serve customers via two business lines; Merchant Solutions and Issuer Solutions.

	Growth compared with 2021		
	Q1	**Q2**	**H1**
Total revenue	**33%**	**29%**	**31%**
of which Merchant Solutions	**64%**	**44%**	**53%**
Network Merchant Solutions excluding DPO	40%	21%	30%
of which Issuer Solutions	**17%**	**18%**	**17%**

DPO Group Proforma performance[a]	**Q1**	**Q2**	**H1**
DPO reported revenue growth	20%	26%	23%
DPO constant currency revenue growth	22%	35%	29%

a. DPO was acquired in Sept 2021 and no contribution is present in H1 2021 statutory financials base. Proforma H1 2021 revenue is presented for information only.

1. This is an Alternative Performance Measure (APM). See notes 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs

Merchant Solutions revenue

Merchant Solutions is focused on our direct-to-merchant payment services, alongside acquirer processing activities for Financial Institutions. Revenues are predominantly generated in the UAE and Jordan, with the addition of DPO expanding our direct-to-merchant presence across Africa.

Revenue for Merchant Solutions, which represents 50% of total revenue (H1 2021: 43%), grew 53.1% y/y to USD 101.8 million (H1 2021: USD 66.5 million), including a USD 15.2 million contribution from DPO. Excluding DPO, revenue grew 30.1% y/y. Overall, Total TPV[1] increased by 43.5% y/y to USD 27.2 billion (H1 2021: USD 19.0 billion). Excluding DPO, Total TPV[1] growth was 32.5% y/y.

Excluding DPO, TPV and revenue growth trends were particularly strong in Q1 and although they slowed in Q2 this is related to the tougher Q2 2021 comparative as the region began to recover from the pandemic. Aside from base effects in the prior year, overall trends through the first half remained consistently strong. Domestic TPV[1] was supported by improving consumer confidence and general economic conditions, whilst International TPV[1] was supported by high visitor numbers, Dubai EXPO and sporting events. KPIs remained comfortably ahead of pre-pandemic levels, with domestic TPV up 18% vs. H1 2019 and International TPV up 7% vs. H1 2019. We continue to see solid performance and growing participation of online TPV[1] (excl. Government and airlines), up 41% y/y compared with H1 2021 (173% vs. H1 2019). Take rates were marginally lower compared to the prior year.

Revenue growth at DPO improved significantly through the period, where Q1 was impacted by the mix of strategic merchant and gateway volumes. Q2 saw an acceleration, supported by exceptionally strong growth outside of South Africa following a strong recovery from the pandemic, and the launch of new capabilities including automated merchant onboarding.

Trends in directly acquired Total Processed Volume (TPV)[a]

Growth in directly acquired TPV, y/y	Jan	Feb	Mar	Apr	May	Jun
Total	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**
of which Retail	15%	34%	41%	37%	17%	22%
of which Supermarkets	3%	4%	11%	11%	7%	9%
of which Travel & Entertainment	59%	112%	116%	57%	62%	44%
of which Other (Government, Healthcare & Education, Other)	19%	37%	33%	20%	17%	20%
Total	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**
of which Domestic	13%	27%	26%	21%	16%	19%
of which International	70%	139%	164%	69%	73%	49%
Direct-to-merchant TPV in Africa (DPO Group)[b,c]	**33%**	**31%**	**35%**	**34%**	**33%**	**34%**

a. Growth rates represent direct TPV performance of UAE and Jordan, excludes TPV from DPO and processing business. b. DPO was acquired in Sept 2021 and therefore DPO volume is not present in our H1 2021 base. Proforma data is presented for information only. c. Constant currency terms.

1. For KPIs definition, please refer to page 24.

Issuer Solutions revenue

Issuer Solutions represents 50% of total revenue (H1 2021: 55%) and is broadly balanced between the Middle East and Africa regions.

During the first half, revenue increased by 17.5% y/y to USD 101.8 million (H1 2021: USD 86.7 million). Issuer Solutions revenue growth excluding our contract with our largest customer Emirates NBD Group, which has some contractual revenue growth caps, increased 24% y/y. We saw strong growth in both quarters, with trends in KPIs also robust as credentials hosted increased 4.3% y/y and growth in the number of transactions accelerated, up 30.1% y/y. Whilst the performance is reflective of solid trading across all regions, Africa delivered particularly strong growth, supported by an increase in credentials hosted following the onboarding of new customers in the prior year and an improvement in cross-sell. The overall momentum in new business wins, cross-selling and expansion of existing client portfolios remains positive, resulting in revenues from new contracts and renewed card portfolios alongside value added and project-based services.

Other revenue not allocated to a business line

Other revenue of USD 1.4 million (H1 2021: USD 3.2 million), which represents 1% of total revenue (H1 2021: 2%), is mainly derived from cash advance fees on withdrawals from ATMs, foreign exchange gains / (losses) arising from the Merchant and Issuer Solutions business lines.

Expenses and other line items

	H1 2022 USD'000 Reported	Specially disclosed items	Underlying results[1] (A)	H1 2021 USD'000 Reported	Specially disclosed items	Underlying results[1] (B)	Change (A&B)
Salaries and allowances	**45,986**	-	**45,986**	**40,137**	-	**40,137**	14.6%
Bonus and sales incentives	**6,119**	-	**6,119**	**3,694**	-	**3,694**	65.6%
Share based compensation	**3,014**	-	**3,014**	**3,430**	**(2,113)**	**1,317**	128.9%
Terminal and other benefits	**5,168**	-	**5,168**	**2,486**	-	**2,486**	107.9%
Total personnel expenses	**60,287**	-	**60,287**	**49,747**	**(2,113)**	**47,634**	**26.6%**
Technology and communication costs	**32,975**	-	**32,975**	**26,944**	-	**26,944**	22.4%
Third-party processing services costs	**11,714**	-	**11,714**	**10,408**	-	**10,408**	12.5%
Legal and professional fees	**12,111**	-	**12,111**	**12,469**	**(2,511)**	**9,958**	21.6%
Provision for expected credit loss	**528**	-	**528**	-	-	-	-
Other general and administrative expenses	**11,201**	-	**11,201**	**6,199**	-	**6,199**	80.7%
Selling, operating and other expenses	**68,529**	-	**68,529**	**56,020**	**(2,511)**	**53,509**	**28.1%**
Depreciation and amortisation	**36,189**	**(5,264)**	**30,925**	**28,174**	**(2,102)**	**26,072**	18.6%
Share of depreciation from associate	-	-	-	**2,251**	-	**2,251**	-
Total depreciation and amortisation	**36,189**	**(5,264)**	**30,925**	**30,425**	**(2,102)**	**28,323**	**9.2%**
Net Interest expense	**7,128**	-	**7,128**	**7,882**	-	**7,882**	**(9.6)%**
Unrealised foreign exchange (gains) / losses	**(2,191)**	-	**(2,191)**	**423**	-	**423**	-
Taxation	**5,263**	**790**	**6,053**	**1,973**	-	**1,973**	**206.8%**

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs

Expenses: Total expenses were USD 128.8 million (H1 2021: USD 105.8 million), with Specially Disclosed Items (SDIs) of nil (H1 2021: USD 4.6 million). Underlying total expenses[1] grew 27.4% y/y; or 14.4% y/y excluding DPO, reflecting our normalised investment in talent retention and market entry into the Kingdom of Saudi Arabia. Excluding the investments in our people and Kingdom of Saudi Arabia, total expenses increased by only 7.5% y/y, despite inflationary headwinds.

Personnel expenses: Total personnel expenses were USD 60.3 million (H1 2021: USD 49.7 million), with SDIs of nil (H1 2021: USD 2.1 million). Underlying personnel expenses[1] grew 26.6% y/y; or 10.1% y/y excluding DPO, reflecting the new team buildout in the Kingdom of Saudi Arabia, higher sales incentives across the Group and Long Term Incentive Plan charges.

Selling, operating and other expenses: Total selling, operating and other expenses were USD 68.5 million (H1 2021: USD 56.0 million), including SDIs of nil (H1 2021: USD 2.5 million). Underlying selling, operating and other expenses[1] grew 28.1% y/y to USD 68.5 million (H1 2021: USD 53.5 million). Excluding DPO, expenses were up 18.1% y/y with the increase mainly attributable to the Kingdom of Saudi Arabia market entry, and technology and communication costs associated with Point-Of-Sale terminal connectivity and payment gateway charges which support the on-boarding of new merchants.

Underlying EBITDA[1]

Underlying EBITDA[1] increased by 26.2% to USD 76.2 million (H1 2021: USD 60.4 million), with underlying EBITDA margin[1] of 37.2%, up 190bps y/y (H1 2021: 35.3%).

There are contributions to underlying EBITDA[1] in either H1 2022, or H1 2021, that are not present in the comparable period. These include: DPO Group (USD 2.1 million in H1 2022, nil in H1 2021); Transguard Cash LLC and Mercury (nil in H1 2022, USD 4.3 million in H1 2021). Excluding these contributions, like-for-like underlying EBITDA[1] increased by 32.1% to USD 74.1 million (H1 2021: USD 56.1 million) and margin increased by 310 bps to 39.0% (H1 2021: 35.9%), demonstrating the inherent operating leverage in our business.

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

The table below presents a reconciliation of the Group's reported profit to underlying EBITDA[1].

	H1 2022 USD'000	H1 2021 USD'000
Profit for the period	**31,997**	**15,045**
Depreciation and amortisation	36,189	28,174
Net interest expense	7,128	7,882
Unrealised foreign exchange (gains) / losses	(2,191)	423
Gain on the disposal of a subsidiary (Mercury)	(2,170)	-
Taxation	5,263	1,973
Share of depreciation from associate	-	2,251
Specially disclosed items affecting EBITDA	-	4,624
Underlying EBITDA[1]	**76,216**	**60,372**

Depreciation and amortisation

The Group's total depreciation and amortisation (D&A) charge was USD 36.2 million (H1 2021: USD 30.4 million, including a USD 2.3 million share of depreciation from previous associate Transguard Cash LLC). This includes SDIs of USD 5.3 million (H1 2021: USD 2.1 million) for the amortisation of acquired intangibles with the increase mainly due to the acquisition of DPO. The Group's underlying D&A[1] increased by 9.2% to USD 30.9 million (H1 2021: USD 28.3 million), largely reflecting investment in new POS terminals to support the expansion of our SME merchant base.

Net interest expense

The Group's net interest expense decreased by USD 0.8 million y/y to USD 7.1 million (H1 2021: USD 7.9 million). Despite underlying benchmark rates being higher compared to last year, the lower net interest expense is mainly due to: i) lower outstanding balances and ii) higher interest income on our short-term deposits.

	H1 2022 USD'000	H1 2021 USD'000	Comments
Interest Expense on:			
Term loan facility	5,055	4,573	Average balance in H1 2022: USD 356.2m[a]. Average interest rate of 2.6%[a]. Average balance in H1 2021: USD 375m, Average interest rate of 2.2%.
Revolving credit facility	208	551	RCF outstanding balance was fully repaid during Q1-2022.
Bank overdrafts	660	912	Relates to interest on overdraft facility for settlement related working capital.
Debt issuance amortisation	884	989	Amortisation of debt issuance costs associated with term loan and revolving credit facility.
Other Interest expense	1,059	916	Relates to interest charges on lease liabilities.
Interest income	(738)	(59)	Relates to interest income on bank deposits
Net interest expense	**7,128**	**7,882**	

a. There is no change in our syndicated debt facility which was refinanced during H1 2020. The current interest rates associated with the new facility are 3-month EIBOR +1.70% on the AED tranche and 3 month LIBOR +1.95% on the USD tranche. Covenants set at 3.5x net debt: underlying EBITDA

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

Unrealised foreign exchange gains / (losses)

Unrealised net foreign exchange gains of USD 2.2 million (H1 2021: USD (0.4) million) primarily relate to the translation of USD denominated assets and liabilities in Egypt, given the devaluation of the Egyptian Pound.

Taxation

The Group's total tax charge during the period was USD 5.3 million (H1 2021: USD 2.0 million) which includes an SDI of USD (0.8) million related to taxation on acquired intangibles. The underlying effective tax rate was 14.9% (H1 2021: 8.3%). The increase is mainly due to: i) a change in tax regulation in Mauritius which came into effect in July 2021; ii) compliance with local regulations following new taxable operations in Ghana; and iii) overall higher taxable profits across the Group.

Profit for the period, underlying net income[1], reported and underlying EPS[1]

Profit for the period totaled USD 32.0 million (H1 2021: USD 15.0 million). Underlying net income[1] increased by 57.6% to USD 34.3 million (H1 2021: USD 21.8 million). The table below presents a reconciliation of the profit for the period to underlying net income[1].

	H1 2022 USD'000	H1 2021 USD'000
Profit for the period	**31,997**	**15,045**
Gain on disposal of a subsidiary (Mercury)	(2,170)	-
Specially Disclosed Items affecting EBITDA	-	4,624
Specially Disclosed Items affecting net income	4,474	2,102
Underlying net income[1]	**34,301**	**21,771**

Reported earnings per share for the period totalled USD 5.7 cents (H1 2021: 2.8 USD cents) and underlying Earnings Per Share (EPS)[1] increased by 52.5 % to 6.1 USD cents (H1 2021: 4.0 USD cents). The share count has increased to 561,101,690 (H1 2021: 550,000,000), as a result of equity issuance in H2 2021 following the completion of the DPO acquisition.

	H1 2022	H1 2021
Underlying net income[1] (USD'000)	**34,301**	**21,771**
Non-controlling interest (loss) (USD'000)	64	272
Underlying net income – attributable to equity holders (USD'000)	**34,365**	**22,043**
Weighted average number of shares ('000)	**561,102**	**550,000**
Underlying earnings per share[1] (USD cents)	**6.1**	**4.0**

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

Specially Disclosed items (SDIs)[1]

SDIs are items of income or expenses that have been recognised in a given period which management believes, due to their materiality and being one-off/exceptional in nature, should be disclosed separately to give a more comparable view of period-to-period underlying financial performance. In line with expectations, SDIs reduced significantly in the period.

SDIs affecting EBITDA during the first half period were nil (H1 2021: USD 4.6 million) and SDIs affecting net income were USD 4.5 million (H1 2021: USD 2.1 million), in line with guidance.

The key SDIs affecting net income in the period were:

Amortisation of acquired intangibles (net of deferred tax impact): This relates to the amortisation charge on the intangible assets recognised in the Group's consolidated statement of financial position from the acquisition of Emerging Market Payments Services in 2016 and DPO in 2021 (net of deferred tax impact).

	H1 2022 USD'000 (A)	H1 2021 USD'000 (B)	Change (A&B)
Items affecting EBITDA			
Share-based compensation	-	2,113	(100)%
M&A costs	-	2,511	(100)%
Total SDIs affecting EBITDA	**-**	**4,624**	(100)%
Items affecting Net Income			
Amortisation and tax on acquired intangibles*	4,474	2,102	112.8%
Total SDIs affecting net income	**4,474**	**2,102**	**112.8%**
Total specially disclosed items	**4,474**	**6,726**	**(33.5)%**

* Amortisation charge of USD 5.3 million on the intangible assets recognised in the Group's consolidated statement of financial position from the acquisition of Emerging Market Payments Services in 2016 and DPO Group in 2021, net of a tax related impact of USD (0.8) million from the acquisition of DPO.

Cash flow

The Group's net cash flow from operating activities was USD 90.6 million (H1 2021: USD (11.3) million), an increase of USD 101.9 million, mainly due to strong underlying business performance driving higher net profit, as well as changes in working capital balances.

Net cash outflow from investing activities was USD (30.7) million (H1 2021: USD (22.5) million), largely reflecting higher capital expenditure during the period.

Net cash movement from financing activities was USD (75.4) million (H1 2021: USD (7.9) million) mainly reflecting a scheduled repayment on the syndicated loan facility of USD 18.7 million, repayment of the RCF loan of USD 35.0 million and purchase of the shares under the Long-Term Incentive Plan (LTIP) for eligible Group employees of USD 16.9 million.

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

	H1 2022 USD'000	H1 2021 USD'000	Change
Net cash movement from operating activities	**90,604**	**(11,277)***	**-**
Net cash movement from investing activities	**(30,673)**	**(22,460)**	**37%**
Net cash movement from financing activities	**(75,423)**	**(7,857)**	**860%**

* Cash flow from operating activities for the comparative period has been restated to reflect the recent change in the IFRS guidance on the presentation of restricted cash in the statutory cash flows. Please refer to Note 2.7 on page 38 for details.

Underlying free cash flow[1]

Underlying Free Cash Flow[1] (underlying FCF) increased 90% y/y to USD 40.0 million (H1 2021: USD 21.1 million), driven by higher underlying EBITDA[1], the positive impact of changes in working capital before settlement related balances and the absence of SDIs affecting EBITDA; which were partially offset by higher capital expenditure compared with the prior year.

	H1 2022 USD'000	H1 2021 USD'000	Change
Profit for the period	**31,997**	**15,045**	**113%**
Depreciation and amortisation	36,189	28,174	28%
Net interest expense	7,128	7,882	(10)%
Unrealised foreign exchange (gains) / losses	(2,191)	423	(618)%
Taxation	5,263	1,973	167%
Gain on disposal of a subsidiary	(2,170)	-	-
Share of depreciation of associate	-	2,251	-
Specially disclosed Items affecting EBITDA	-	4,624	-
Underlying EBITDA[1]	**76,216**	**60,372**	**26%**
Changes in working capital before settlement related balances	(8,558)	(10,011)	(15)%
Taxes paid	(3,520)	(2,769)	27%
Total capital expenditure	(24,163)	(16,752)	44%
Specially disclosed Items affecting EBITDA	-	(4,624)	-
Adjustment for share of EBITDA of associate, less dividend	-	(5,133)	-
Underlying free cash flow[1]	**39,975**	**21,083**	**90%**

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

Reconciliation of cash flows from operating activities to underlying free cash flow

	H1 2022 USD'000	H1 2021 USD'000	Change
Net cash inflows / (outflows) from operating activities	**90,604**	**(11,277)**	**-**
Less: Cash inflows included in the statutory cash flow but not in the Underlying free cash flow			
Changes in scheme debtors and merchant creditors, long term receivables and other liabilities	(33,582)	41,778	(180)%
Charge for share based payment	(3,014)	(1,943)	55%
Add: Cash outflows included in the statutory cash flow but not in the Underlying free cash flow			
Interest Paid	7,064	9,052	(22)%
Others*	3,066	225	-
Underlying free cash flow before capital expenditure	**64,138**	**37,835**	70%
Total capital expenditure	(24,163)	(16,752)	44%
Underlying free cash flow[1]	**39,975**	**21,083**	**90%**

* Others include provision for expected credit losses and foreign exchange gains and losses

Capital expenditure

	H1 2022 USD'000	H1 2021 USD'000	Change
Total capital expenditure	**24,163**	**16,752**	**44%**
Core capital expenditure:	**22,236**	**13,147**	**69%**
of which is maintenance capital expenditure[1]	6,911	6,769	2%
of which is growth capital expenditure[1]	15,325	6,378	140%
Kingdom of Saudi Arabia market entry	**1,548**	**560**	**176%**
Separation of shared services from Emirates NBD	**379**	**3,045**	**(88)%**

Maintenance capital expenditure relates to spending on additions or improvements to the existing operations of the Group. Maintenance capital expenditure was largely flat y/y at USD 6.9 million (H1 2021: USD 6.8 million) and mainly comprised of investments to maintain and enhance our technology infrastructure.

Growth capital expenditure relates to spending that is associated with delivering revenue growth, including but not limited to the onboarding of new customers, expansion of services with existing customers or the development of new product offerings. Growth capital expenditure was USD 15.3 million in the first half (2021: USD 6.4 million); with most of the increase relating to i) investment in new POS terminals, supporting an acceleration in the pace of SME client wins and ii) investment in enhancing our product capabilities, including the onboarding of new issuer processing customers.

Capital expenditure to support the entry into the Kingdom of Saudi Arabia amounted to USD 1.5 million in the first half (H1 2021: USD 0.6 million). We expect to invest a total of up to USD 10 million to support our market entry, having deployed USD 5 million in 2021, with the remainder to be invested

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.

this year. The Kingdom of Saudi Arabia remains a significant revenue opportunity and new customer wins in the region supports our financial outlook to deliver annual revenue of cUSD 50 million over the medium-long term.

Capital expenditure for the separation of shared services from Emirates NBD largely reflects the migration of our data centre, which is now complete, and ongoing ERP implementation, which we expect to finish in the coming quarters.

Reconciliation of capital expenditure to capital spend in the consolidated cash flows

	H1 2022 USD'000	H1 2021 USD'000	Change
Total capital expenditure	**24,163**	**16,752**	**44%**
Goods/services received in the current period, but yet to be paid			
Growth and maintenance capital expenditure	(1,754)	(2,132)	(18)%
Goods/services received in prior period, and paid in the current period			
Transformation capital expenditure	34	797	(96)%
Growth and maintenance capital expenditure	13,266	7,102	87%
Total capital expenditure spend (as per condensed consolidated interim statement of cash flows)	**35,709**	**22,519**	**59%**

Working capital

	H1 2022 USD'000	Dec 2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	**211,321**	**364,025**	**152,704**
Restricted cash	**100,971**	**86,801**	**(14,170)**
Merchant creditors	**(204,599)**	**(329,280)**	**(124,681)**
Settlement related working capital balances	**107,693**	**121,546**	**13,853**

The Group's working capital requirements are broadly classified into the following two categories:

Settlement related working capital

Movements in settlement related working capital balances are linked to the direct-to-merchant business line funding cycle and represent those from the UAE and Jordan; and those from Africa (DPO). During the period, settlement balances declined when compared to the 2021 year end and there was a cash inflow of USD 13.8 million. The inflow was largely the result of the seasonally lower TPV processed in the UAE and Jordan at the end of June 2022, when compared to the end of December 2021.

<u>Scheme debtors and merchant creditors:</u> Merchant creditor and scheme debtor balances generally reflect TPV processed in the direct-to-merchant business line in the immediate preceding days before the period end, as well as a number of other factors that can include the day of the week and the mix of domestic and international volumes.

In the UAE and Jordan, which represents the majority of the balances; merchants generally receive funds before Network obtains settlement from the card schemes and financial institutions, resulting in larger scheme debtor balances when compared to merchant creditor balances. Most merchants receive settlement on the day following a consumer transaction, whilst scheme debtor balances are generally outstanding for 2-3 days. At the end of H1 2022, the period ended on a Thursday; whilst in December 2021, the period ended on a Friday, which during that year was the first day of the weekend in the UAE. On the last day of the period in December 2021, no payments were therefore remitted to merchants and scheme settlement was also equally delayed. As a result, the merchant creditor balance represented around two days of outstanding payments, whilst the scheme debtor balance represented 3-4 days outstanding. The June 2022 period end was a working day and outstanding days reverted to more normal levels, reducing both the merchant creditor and scheme debtor balances overall. In addition to the day of the week, TPV in the days preceding the end of June 2022 was lower than volumes at the end of December 2021, which is a peak trading period in the UAE. This reduction in TPV leads to a larger decline in the scheme debtor, than the decline in the merchant creditor, driving the majority of the overall USD 13.8 million cash inflow in settlement balances.

In Africa (DPO), the settlement timeline differs to Network. Payments to merchants are made after DPO has received settlement from banks and mobile network operators and results in larger merchant creditor balances when compared to scheme debtor balances. The DPO scheme debtor balance at the H1 2022 period end was minimal, similar to the balance at the end of 2021. The merchant creditor balance was larger than the end of 2021, as TPV and seasonal trading patterns at the end of June are fairly normal, compared to the end of December when many merchants are closed due to Christmas and the New Year.

Restricted cash: Restricted cash represents balances specifically due to merchants.

In the UAE and Jordan, restricted cash represents i) cash held as a form of collateral to manage the risk of merchant chargebacks, and ii) cash balances collected from card schemes/financial institutions but not settled to merchants. Restricted cash balances have remained largely flat compared to the end of December 2021.

In Africa (DPO), restricted cash largely represents cash balances already received from banks and mobile network operators, but not yet remitted to merchants. This has increased mainly due to higher TPV processed at the end of June when compared to the end of December, and largely offsets the higher Africa merchant creditor balance.

Working capital before settlement related balances

This represents the amount of capital used by the Group to fund its day-to-day trading operations, outside of the direct acquiring business. The overall movement in working capital before settlement related balances of USD (8.6) million is 4% of the Group revenue. The overall change in working capital balance is mainly due to higher prepayments, as most annual prepayments are made in the first half of the year.

	H1 2022 USD'000	Dec 2021 USD'000	Change USD'000
Trade receivables & chargeback receivables			
(Net of provisions for expected credit loss)	69,292	65,675	(3,617)
Prepayments and other receivables	30,029	22,699	(7,330)
Trade, other payables and income tax payables	(133,986)	(145,331)	(11,345)
Total	**(34,665)**	**(56,957)**	**(22,292)**
Items excluded*:			
Capital expenditure accrual	9,091	20,637	11,546
Share based payments liability – MIP Scheme	-	4,499	4,499
Other movements**	16,183	13,872	(2,311)
Working capital before settlement related balances	**(9,391)**	**(17,949)**	**(8,558)**

* These items are excluded as these are either shown separately in the condensed consolidated statement of cash flows or non-cash in nature.
** Other movement mainly includes tax and interest payables.

Debt

The Group's total debt, including current borrowings, amounted to USD 400.8 million (2021: USD 491.3 million).

	H1 2022 USD'000	Dec 2021 USD'000	Change
Syndicated term loan			
Principal Outstanding	356,250	375,000	(5)%
Unamortised debt issuance cost	(4,445)	(4,690)	(5)%
Sub total	**351,805**	**370,310**	**(5)%**
Revolving credit facility	-	35,000	-
ATM lease liability	-	191	-
Bank overdraft (for working capital)	40,354	77,089	(48)%
Other term loan	8,613	8,754	(2)%
Total	**400,772**	**491,344**	**(18)%**
Non-current borrowing	302,408	336,739	(10)%
Current borrowing	98,364	154,605	(36)%
Total	**400,772**	**491,344**	**(18)%**

The long-term syndicated loan facility is utilised to increase the Group's liquidity, fund inorganic growth opportunities and other accelerator projects, as well as for general corporate purposes. The original facility was for USD 525 million, of which USD 375 million was drawn in March 2020 which represents the opening balance at the start of the period. We have since made a scheduled repayment of USD 18.7 million and expect to make a total repayment of USD 37.5 million during 2022, which represents 10% of the outstanding balance at the beginning of the period.

Our leverage ratio[1], which represents net debt[1] to underlying EBITDA[1], is calculated as per the methodology provided in the financing facility agreement with the lending banks. Under these agreements net debt excludes; a) the overdraft facilities which are mainly used to facilitate settlement related working capital balances and; b) restricted cash balances, which are largely the amounts i) withheld from merchants for a period of time to cover the risk of chargebacks; ii) cash balances already received from banks and mobile network operators, but not yet remitted to merchants. EBITDA is measured on an underlying basis over the last twelve-month period. Financial covenants limits are set at 3.5x net debt: underlying EBITDA[1].

Leverage Ratio[1]

	H1 2022 USD'000	Dec 2021 USD'000
Net debt	**145,655**	127,724
Underlying EBITDA[1,2]	**159,321**	143,477
Leverage ratio	**0.9**	**0.9**

1. This is an Alternative Performance Measure (APM). See note 3 and 4 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.
2. Underlying EBITDA for leverage ratio computation is for the last twelve-month period.

The table below provides the reconciliation of net debt as per the condensed consolidated interim financial statements and methodology prescribed in the financing agreement.

Particulars	H1 2022 USD'000	Dec 2021 USD'000
Non-current borrowings	**302,408**	336,739
Current borrowings	**98,364**	154,605
Cash balance	**(202,733)**	(270,345)
	198,039	220,999
Less: Working capital facility overdraft	**(40,354)**	(77,089)
Less: Cash Balance (share of associate and non-controlling interest of subsidiary)	**-**	(1,833)
Add: Unamortised debt issuance cost	**4,445**	4,690
Other Adjustments*	**(16,475)**	(19,043)
Net debt as per the financing facility agreement	**145,655**	127,724

* Other adjustments include adjustment for any temporary end of day excess / short drawdown position of the working capital facility.

The table below reconciles the movement in net debt through the period:

Net Debt Movement	H1 2022 USD'000	Dec 2021 USD'000
Opening balance	**127,724**	**252**
Repayment of borrowings		
Term Loan	(18,750)	-
Revolving Credit Facility	(35,000)	-
ATM lease liabilities	(191)	(734)
Other bank loans	(141)	8,754
Cash balances	67,612	128,436
Others*	4,401	(8,984)
Closing balance	**145,655**	**127,724**

* Others includes changes in restricted cash from Group subsidiaries, cash balances relating to non-controlling interest of Mercury, Associate (Transguard Cash LLC) and the adjustment for any temporary end of day excess/short drawdown position of the working capital facility.

Definitions

Constant Currency Revenue

Constant Currency Revenue is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP). The other non-US pegged currencies that have an impact on the Group as a result of foreign operations in South Africa , Ghana and Kenya are the South African Rand (ZAR) , Ghanaian Cedi (GHS) and Kenyan Shilling (KES), respectively. The table shows the average rate of these currencies per USD for the six-month period ended 30 June 2022 and 2021.

Currency revenue percentage	H1 2022	H1 2021
USD / USD pegged	**85.9%**	**94.6%**
Egyptian Pound (EGP)	**2.8%**	**3.2%**
South African Rand (ZAR)	**7.2%**	**2.2%**
Ghanaian Cedi (GHS)	**2.5%**	**-**
Kenyan Shilling (KES)	**1.2%**	
Others	**0.4%**	

Currency rate vs USD	H1 2022 Average rate	H1 2021 Average rate
Egyptian Pound (EGP)	**17.7**	**15.7**
South African Rand (ZAR)	**15.4**	**14.5**
Ghanaian Cedi (GHS)	**6.9**	**-**
Kenyan Shilling (KES)	**115.0**	**-**

Key Performance Indicators

To assist in comparing the Group's financial performance from period-to-period, the Group uses certain key performance indicators, which are defined as follows.

Total Processed Volume (TPV)

TPV is defined as the aggregate monetary volume of purchases processed by the Group within its Merchant Solutions business line.

Number of credentials hosted

Number of credentials hosted is defined as the aggregate number of consumers' payment credentials managed and billed by the Group within its Issuer Solutions business line.

Number of transactions

Number of transactions is defined as the aggregate number of transactions processed and billed by the Group within its Issuer Solutions business line.

Principal Risks and Uncertainties

The following section contains information about the Group's principal risks, and mitigation strategies.

Principal risk and description	Update on Mitigation Actions
Cyber Security Risk of breach of the Group's infrastructure resulting in the compromise of data or service disruption through cyber security breaches.	› We have completed the segregation from ENBD and have deployed in-house security monitoring, malware protections and network perimeter defences leveraging third party suppliers where appropriate. › We have continued to invest in building, maintaining, and continuously maturing our cybersecurity capabilities to defend the Group from new and ever-present threats, maintain our strong regulatory accreditations across our regions and at the same time retain client confidence. › We appointed a new Group CISO in June 2022 who will lead and further develop our enterprise-wide information, cyber security, and data governance disciplines across the Group. › We have implemented automation tools to enhance the vulnerability detection, reporting and mitigation process. This is a significant improvement to our security posture. Reduced timelines for treating critical vulnerabilities have enhanced our security patching process which now includes patching process for the digital platform environment.
Operational Resiliency (Formerly Technology Resilience and Operational Resilience) Risk of interruption to critical production services and inability to execute operational processes and deliver on contractual obligations due to operational inefficiencies and discontinuity, defects, errors and delays, which could damage customer relations, decrease potential profitability and expose the Group to liability.	› We have successfully completed our Group-wide disaster recovery and business continuity testing across our Group locations. For our direct-to-merchant Acquiring Business, we have made investments to improve high availability of point of sale terminal connectivity for our merchants in UAE. For our Processing Business, we have completed the "Active-active" design and configuration of the platform and database to ensure high availability. › Transaction monitoring dashboards were implemented for Platinum customers on Network One and Network Lite, for enhanced performance review of banks, merchants. › We continue to progress our robotic process automation roadmap extending to ATM

	automation with a focus on enhancing customer experience.
Execution Risk (Formerly Strategy and Business, and Execution) Risk of the Group's ability to maintain its position as the best payments partner in the Middle East and Africa. Our ambitious growth and expansion plans could be compromised if we are not able to deliver key strategic projects within expected deadlines. Our growth plans could create heightened levels of risk with regard to people and organisational capacity as we execute our growth plans to ensure on time delivery without disruption to our day-to-day operations. Failure to do so could expose us to adverse financial and reputational risk and negatively impact our return on investment.	› We are progressing well with the DPO integration across multiple work streams. › Saudi Arabia market entry project is progressing well and we have completed the deployment of our full technology stack on soil. › Egypt direct-to-merchant acquiring project is in progress and the deployment of our technology stack has been completed. › We have adopted a 'Cloud First' strategy for all new market entry where permissible. This minimises disruption to organisational capacity through exploiting Infrastructure and Platform as a service.
People Inability to attract, develop and retain a skilled workforce and inconsistent organisational culture across the Group.	› We launched our own Human Resources Management tool to further automate the management of learning, career and performance. › Our focus on Emiratisation in the UAE has been increased with the development of the Emirati Management Associate Programme, which will be launched in later in the year.
Compliance Risk (Formerly Regulatory Compliance) Failure or inability to comply with relevant laws, regulations, scheme rules and mandatory reporting requirements including failure to identify, monitor and respond to changing regulations or scheme rules	› We have applied to the Central Bank of the UAE to be a regulated payment services provider under the Retail Payments Services Regulation and to the Saudi Central Bank to be licensed as a major payment institution. › We continue to focus on aligning the DPO compliance practices with the Group's Compliance Framework.
Financial Risk of the Group's inability to have sufficient liquidity to meet its obligations including minimum capital funding requirements across geographies as they fall due. Adverse movements in foreign exchange rates arising from the Group's foreign operations and transactions in currencies other than AED and USD pegged currencies. Adverse interest rate risk primarily on its variable rate long-term borrowing/revolving working capital line of credit and exposure to inaccurate forecast of future business performance due to various forecasting models being used.	› The Group is in the process of further expanding the policy framework to manage financial risks concerning FX, debt management and derivatives and financial instruments and we expect to complete it this year. › While currency devaluation in some key markets has adversely impacted the Group revenue by USD 1.7 M, profit for the period has been favourably impacted by USD 2.7 M (including unrealised FX gain of USD 2.2 M on translation of monetary assets and liabilities denominated in foreign currencies).

	› The Group has strong balance sheet and liquidity position with sufficient headroom available to meet Group's financial obligations. The Group leverage ratio as on 30 June 2022 is at 0.9x, which is below the covenant threshold of 3.5X. › We evaluated our liquidity requirements, and the revolving credit facility of USD 35 M was repaid in Feb 2022. The facility has been cancelled and it is no longer available for further drawdown. In addition, repayment of the term loan instalment was made on its due date. › The Group continues to monitor interest rate curves and hedging arrangements have not been entered into on our variable rate borrowings. › The Group has engaged with banks to shift to an alternate risk-free secured overnight funding rate (SOFR) and it is currently in process.
Fraud and Credit Risk of compromise of card or merchant data or compromise of systems or networks or collusive merchants with the intention of performing unauthorised payment transactions for financial or non-financial gain resulting in losses to the Group or the Group's clients. Risk of financial or non-financial losses arising due to internal or external parties making a negligent and/or intentional fraudulent misrepresentation against the Group or any of its clients. The risk of merchants' inability to meet obligations resulting in chargebacks, refunds, scheme fines, fees and other charges. Risk of clients' inability to settle invoices for services received as part of issuing or acquiring processing. The risk that the Group will be liable for meeting the settlement obligation of sponsored issuing clients where such clients are unable to do so or comply with scheme rules.	› In readiness for our Saudi Arabia market entry and Egypt direct-to-merchant acquiring business launch, we have implemented our fraud detection tools and business processes. › Credit and fraud risk profile of DPO business was re-assessed and policy and process enhancements have been implemented where applicable. › We have conducted enhanced monitoring of airline customers of the Group and DPO and credit and fraud chargeback losses of the Group including DPO, remained consistently below risk appetite thresholds.

Directors' responsibility statement

We confirm that to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board,

Nandan Mer	Rohit Malhotra
Chief Executive Officer	Chief Financial Officer
10 August 2022	10 August 2022

INDEPENDENT REVIEW REPORT TO NETWORK INTERNATIONAL HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards, and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Simon Richardson
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London, E14 5GL
10 August 2022

Condensed Consolidated Interim Financial Statements

Condensed consolidated statement of profit or loss

	Notes	Six months ended 30 June (Unaudited) 2022 USD'000	2021 USD'000
Revenue	*5*	**205,032**	**156,382**
Personnel expenses	*6*	(60,287)	(49,747)
Selling, operating and other expenses	*7*	(68,529)	(56,020)
Depreciation and amortisation		(36,189)	(28,174)
Share of profit of an associate	*14*	-	2,882
Profit before interest, tax and gain on disposal of a subsidiary		**40,027**	**25,323**
Net interest expense	*8*	(7,128)	(7,882)
Unrealised foreign exchange gains / (losses)		2,191	(423)
Gain on disposal of a subsidiary		2,170	-
Profit before tax		**37,260**	**17,018**
Taxation	*9*	(5,263)	(1,973)
Profit for the period		**31,997**	**15,045**
Attributable to:			
Equity holders of the Group		32,061	15,317
Non-controlling interest		(64)	(272)
Profit for the period		**31,997**	**15,045**
Earnings per share (Basic and diluted) – in USD / cents	*19*	5.7	2.8

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June (Unaudited)	
	2022	**2021**
	USD'000	**USD'000**
Profit for the period	**31,997**	**15,045**
Other comprehensive (loss) / income		
Items that may subsequently be reclassified to profit or loss:		
Foreign currency translation difference on foreign operations	(6,495)	153
Items that will never be reclassified to profit or loss:		
Re-measurement of terminal benefits	-	(296)
Net change in other comprehensive loss	**(6,495)**	**(143)**
Total comprehensive income for the period	**25,502**	**14,902**
Attributable to:		
Equity holders of the Group	25,566	15,174
Non-controlling interest	(64)	(272)
Total comprehensive income for the period	**25,502**	**14,902**

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of financial position

	Notes	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000
Assets			
Non-current assets			
Goodwill	*10*	496,289	496,695
Intangible assets		231,819	243,081
Property and equipment		59,508	59,584
Investment securities		246	246
Long term receivables		1,833	3,735
Deferred tax assets		9,577	7,633
Total non-current assets		**799,272**	**810,974**
Current assets			
Scheme debtors	*11*	211,321	364,025
Receivables and prepayments	*13*	99,321	88,374
Cash and cash equivalents (restricted)	*12*	100,971	86,801
Cash and cash equivalents (un-restricted)	*12*	202,733	270,345
Assets held for sale		-	4,347
Total current assets		**614,346**	**813,892**
Total assets		**1,413,618**	**1,624,866**
Liabilities			
Non-current liabilities			
Borrowings	*16*	302,408	336,739
Other long term liabilities		29,481	25,815
Deferred tax liabilities		19,543	18,914
Total non-current liabilities		**351,432**	**381,468**
Current liabilities			
Merchant creditors	*11*	204,599	329,280
Trade and other payables	*15*	124,057	136,505
Income tax payable		9,929	8,826
Borrowings	*16*	98,364	154,605
Liabilities held for sale		-	1,769
Total current liabilities		**436,949**	**630,985**
Shareholders' equity			
Share capital	*17*	73,077	73,077
Share premium	*17*	252,279	252,279
Share merger reserve	*17*	52,971	52,971
Foreign exchange reserve	*17*	(26,188)	(19,693)
Reorganisation and other reserves	*17*	(1,547,389)	(1,547,389)
Retained earnings		1,820,687	1,802,501
Equity attributable to equity holders		**625,437**	**613,746**
Non-controlling interest		**(200)**	**(1,333)**
Total shareholders' equity		**625,237**	**612,413**
Total liabilities and shareholders' equity		**1,413,618**	**1,624,866**

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

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Nandan Mer
Chief Executive Officer

Rohit Malhotra
Chief Financial Officer

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2022
(Unaudited)

	Share capital	Share Premium	Share merger reserve	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total equity
	USD'000									
As at 1 January 2022	**73,077**	**252,279**	**52,971**	**(19,693)**	**(1,552,365)**	**4,976**	**1,802,501**	**613,746**	**(1,333)**	**612,413**
Total comprehensive income / (loss) for the period										
Profit / (loss) for the period	-	-	-	-	-	-	32,061	32,061	(64)	31,997
Other comprehensive loss for the period:										
Foreign currency translation differences in foreign operation	-	-	-	(6,495)	-	-	-	(6,495)	-	(6,495)
Total other comprehensive loss for the period	-	-	-	(6,495)	-	-	-	(6,495)	-	(6,495)
Total comprehensive income / (loss) for the period	-	-	-	(6,495)	-	-	32,061	25,566	(64)	25,502
Purchase of treasury shares	-	-	-	-	-	-	(16,889)	(16,889)	-	(16,889)
Share based payment reserve (LTIP)	-	-	-	-	-	-	3,014	3,014	-	3,014
Disposal of NCI	-	-	-	-	-	-	-	-	1,197	1,197
As at 30 June 2022	**73,077**	**252,279**	**52,971**	**(26,188)**	**(1,552,365)**	**4,976**	**1,820,687**	**625,437**	**(200)**	**625,237**

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2021
(Unaudited)

	Share capital	Share Premium	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total equity
					USD'000				
As at 1 January 2021	**71,557**	**252,279**	**(19,438)**	**(1,552,365)**	**4,773**	**1,741,609**	**498,415**	**(453)**	**497,962**
Total comprehensive income / (loss) for the period									
Profit / (loss) for the period	-	-	-	-	-	**15,317**	**15,317**	**(272)**	**15,045**
Other comprehensive income / (loss) for the period:									
Foreign currency translation differences in foreign operation	-	-	**153**	-	-	-	**153**	-	**153**
Re-measurement of defined benefit liability	-	-	-	-	**(296)**	-	**(296)**	-	**(296)**
Total other comprehensive income / (loss) for the period	-	-	**153**	-	**(296)**	-	**(143)**	-	**(143)**
Total comprehensive income / (loss) for the period	-	-	**153**	-	**(296)**	**15,317**	**15,174**	**(272)**	**14,902**
Purchase of treasury shares	-	-	-	-	-	**(5,563)**	**(5,563)**	-	**(5,563)**
Share based payment reserve (LTIP)	-	-	-	-	-	**1,943**	**1,943**	-	**1,943**
As at 30 June 2021	**71,557**	**252,279**	**(19,285)**	**(1,552,365)**	**4,477**	**1,753,306**	**509,969**	**(725)**	**509,244**

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

	Notes	Six months ended 30 June (Unaudited) 2022 USD'000	2021 (Restated) USD'000
Operating activities			
Profit for the period from operations		31,997	15,045
Adjustments for:			
Depreciation and amortisation		36,189	28,174
Provision for expected credit losses		528	-
Net Interest expense	*8*	7,128	7,882
Taxation	*9*	5,263	1,973
Foreign exchange losses and others		(5,785)	198
Gain on disposal of a subsidiary		(2,170)	-
Share of profit of an associate	*14*	-	(2,882)
Charge for share based payment	*18*	3,014	1,943
Interest paid		(7,064)	(9,052)
Taxes paid		(3,520)	(2,769)
Net cash inflows before working capital balances		**65,580**	**40,512**
Changes in scheme debtors	*11*	152,704	8,818
Changes in merchant creditors	*11*	(124,681)	(43,389)
Changes in long term receivables and other liabilities		5,559	(7,207)
Changes in other working capital balances[1]		(8,558)	(10,011)
Net cash inflows/(outflows) from operating activities[2]		**90,604**	**(11,277)**
Investing activities			
Purchase of intangible assets & property and equipment	*3.6*	(35,709)	(22,519)
Interest received		706	59
Proceeds from sale of a subsidiary		4,330	-
Net cash outflows from investing activities		**(30,673)**	**(22,460)**
Financing activities			
Repayment of borrowings		(53,750)	-
Purchase of treasury shares		(16,889)	(5,563)
Payment of debt issuance cost		(578)	-
Payment of lease liabilities		(4,206)	(2,294)
Net cash outflows from financing activities		**(75,423)**	**(7,857)**
Net decrease in cash and cash equivalents		**(15,492)**	**(41,594)**
Effect of movement of exchange rate on cash		(1,214)	(612)
Cash and cash equivalents at the beginning of the period		**280,056**	**421,650**
Cash and cash equivalents at the end of the period[2]	*12*	**263,350**	**379,444**

1. Changes in other working capital balances reflects movements in receivables and prepayments and trade, other payables and income tax payable adjusted for non-cash items.

2. Cash flow from operating activities for the comparative period has been restated, for a like for like comparison, to reflect the change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to note 2.7 on page 38 for details.

Notes 1 to 20 form part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated financial statements

1. Legal status and activities

Network International Holdings PLC (“the Company”) was incorporated on 27 February 2019 and listed its shares on the London Stock Exchange in April 2019. The principal activities of the Group are enabling payments acceptance at merchants, acquirer processing, switching financial transactions, hosting cards and processing payment transactions and providing end to end management services, digital payment services and e-Payments.

The registered office of the Company is situated in England and Wales.

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

2. Basis of preparation

2.1 Statement of compliance

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company’s published consolidated financial statements for the year ended 31 December 2021, except as described below in note 2.7.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and do not include all the information required for a complete set of IFRS consolidated financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since these last annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2021.

The comparative figures for the financial year ended 31 December 2021 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Included within these condensed consolidated interim financial statements are alternative performance measure (APM) which are disclosed in note 3.

2.2 Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost basis except for the liability for defined benefit obligation, which is recognised at the present value of the defined benefit obligation.

2.3 Functional and presentation currency

Items included in the interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The presentation currency of the Group is United States Dollar ('USD') as this is a more globally recognised currency and moreover two of the Group's largest entities' functional currencies (United Arab Emirates Dirhams (AED) for Network International LLC and Jordanian Dinar (JOD) for Network International Services Limited Jordan) are pegged with USD. All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

2.4 Impact of seasonality

The Group is subject to seasonal fluctuations in both of its Merchant solutions and Issuer solutions business lines. The Group generally earns higher revenues and profits during the second half of the financial year driven by more tourism inflow, festive seasons, and the fact that historically, more Issuer solutions clients (Financial institutions) tend to offer additional products in the market before the end of the calendar year. However, due to the uneven recovery of the market, as the businesses emerges from the COVID-19 pandemic, the seasonal pattern may have disruptions in the short to medium term.

2.5 Use of estimates and judgments

The preparation of condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the last annual audited consolidated financial statements as at and for the year ended 31 December 2021. In the context of the COVID-19 pandemic and its impacts on the Group's business, additional focus has been applied to areas including going concern, impairment of non-current assets and expected credit losses on financial assets. This did not result in any significant changes to the carrying amounts of Group's assets or liabilities.

2.6 Basis of consolidation

The condensed consolidated interim financial statements as at, and for the period ended 30 June 2022 comprises results of the Company and its subsidiaries. The condensed consolidated interim financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

2.7 Accounting policy change

The Group has changed its accounting policy for the presentation of restricted cash in the consolidated statement of cash flows. The change is made after considering the guidance provided in the IFRS Interpretations Committee agenda decision (finalisation of agenda decision - Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7)) issued by the International Accounting Standards Board (IASB) in April 2022.

The agenda decision explains that irrespective of third-party contractual restriction on the use of demand deposits, it qualifies as cash under IAS 7. For better presentation and to comply with the agenda decision, the Group has changed its accounting policy for disclosure for 'restricted cash' by reclassifying it from changes in the working capital (under cash flows from operating activities) to cash and cash equivalents in the condensed consolidated statement of cashflows.

The change in the presentation is also reflected in the comparative period. The below table shows the impact of change in the presentation on the related items.

	Six months ended 30 June (Unaudited) 2021 USD'000
Cash flows from operating activities – previously reported	**24,764**
Changes in restricted cash during the period	(36,041)
Cash flows from operating activities – as restated	**(11,277)**
Cash and cash equivalents – statement of cash flows - previously reported	**362,935**
Restricted cash	16,509
Cash and cash equivalents – statement of cash flows – as restated	**379,444**

That amount of cash is classified as current because the contractual arrangements do not restrict the amount from being exchanged or used to settle a liability for at least twelve months after the reporting period. In the condensed consolidated statement of financial position, restricted cash continues to be presented separately from other cash and cash equivalents as a disaggregation of the total cash and cash equivalents, as that presentation is more relevant to an understanding of the financial position.

2.8 Going Concern

The Directors have adopted the going concern basis in preparing these condensed consolidated interim financial statements after assessing the principal risks and having considered the impact of COVID-19 on the Group financial performance including under a base case and severe but plausible downside scenarios.

In making this assessment, the Directors have considered cash flow and covenant forecasts prepared for a period of at least 12 months from the date of approval of these financial statements, estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group. The base forecast has been done based on the budget for 2022 approved by the Board and includes performance of DPO, being part of the Group since its acquisition in September 2021. The forecast has been done based on assumptions related to key variables including but not limited to Transaction Processing Volumes (TPV), number of cards hosted and transactions processed, which are the key drivers of the Group revenue and cash flow.

Following the strong recovery in FY 2021, whereby revenues grew by 5% from pre-COVID-19 level, the Group continues to perform well and ended the period with 31% growth in revenue as compared to H1 2021. The Group's two business lines, Merchant Solutions and Issuer Solutions, were impacted differently by the COVID-19 crisis. The Group have shown continued recovery with all KPIs higher than pre-pandemic levels and comparative period of last year. In Merchant Solutions, Group's revenues are generated through fees dependent upon the value of transactions processed (TPV), as well as through value added services, and on an overall basis are very closely correlated to the underlying value of transactions processed, and hence were, significantly impacted by the COVID-19 pandemic. Historically, Merchant Solutions revenues were primarily generated in the UAE and Jordan, and following the acquisition of DPO, our direct-to-merchant services have expanded across Africa. Whilst, Issuer Solutions revenues are broadly balanced across Middle East and Africa. Under Issuer Solutions, Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore, our revenues for this business line are somewhat correlated to underlying transaction volumes but have a greater resilience due to the card hosting and contractually fixed minimum revenue elements.

In terms of the Group's liquidity position, we continue to have sufficient liquidity headroom to meet financial obligations in the forecast period. The Group's leverage ratio also remains below the maximum threshold prescribed under the financing facility agreement in the base case scenario as well as under severe but plausible downside scenarios as described below.

Please refer to note 16 of the condensed consolidated interim financial statements for details of the Group's drawn and available lending facilities The Group has strong liquidity position which is effectively managed by the cash generated in the business, and lending facilities. During the period, the Group has fully repaid and cancelled its revolving credit facility. As per the financing facility agreement for term loan, the Group is required to maintain a leverage ratio below the threshold of 3.5x net debt to underlying EBITDA. The leverage ratio as at 30 June 2022 was 0.9x (31 December 2021: 0.9x) which is well below the threshold.

The base forecast has been further stress tested by using a severe but plausible downside scenario, to assess the Group's resilience against plausible adverse economic effects. In the stress scenario, the Directors considered; a) no revenue growth as compared to the actual 2021 performance, b) contracts renewals during the period is assumed to be at lower price points, and c) additional one-off operational cost. The costs are not expected to decrease as significant proportion of Group's cost base is fixed in nature. However, with forecast operating cash flow generation and available and committed financing facilities as explained above, leverage ratio remains below the threshold in the downside scenario, and the Group is able to operate within its available and committed financing facilities.

Having considered the above factors, the Directors have a reasonable expectation that the Group has adequate resources to remain in operation for at least 12 months from the approval of these consolidated financial statements and therefore continue to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

3. Alternative performance measures

The Group uses these Alternative Performance Measures to enhance the comparability of information between reporting periods either by adjusting for uncontrollable or one-off items, to aid the user of the financial statements in understanding the activities taking place across the Group. In addition, these alternative measures are used by the Group as key measures of assessing the Group's underlying performance on day-to-day basis, developing budgets and measuring performance against those budgets and in determining management remuneration.

3.1 Specially Disclosed Items

Specially disclosed items are items of income or expenses that have been recognised in a given period which management believes, due to their materiality and being one-off / exceptional in nature, should be disclosed separately, to give a more comparable view of the period-to-period underlying financial performance.

The table below presents a breakdown of the specially disclosed items for each of the periods ended 30 June 2022 and 2021.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Items affecting EBITDA:		
Share-based compensation	-	2,113
M&A and IPO related costs	-	2,511
Total specially disclosed items affecting EBITDA	**-**	**4,624**
Items affecting net income:		
Amortisation and tax on acquired intangibles[1]	4,474	2,102
Total specially disclosed items affecting net income	**4,474**	**2,102**
Total specially disclosed items	**4,474**	**6,726**

1. Amortisation of acquired intangibles: Amortisation charge of USD 5.3 million on the intangible assets recognised in the Group's condensed consolidated statement of financial position from the acquisition of Emerging Market Payments Services in 2016 and DPO Group in 2021, net-off by tax related impact of USD (0.8) million from acquisition of DPO.

3.2 Underlying EBITDA

Underlying EBITDA is defined as profit before interest, taxes, depreciation and amortisation, gain on the disposal of a subsidiary, unrealised foreign exchange (gains) / losses, share of depreciation from associate and specially disclosed items affecting EBITDA. The table below presents a reconciliation of the Group's reported profit for the period to underlying EBITDA for each of the periods ended 30 June 2022 and 2021.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Profit for the period	**31,997**	**15,045**
Depreciation and amortisation	36,189	28,174
Net interest expense	7,128	7,882
Unrealised foreign exchange (gains) / losses	(2,191)	423
Taxation	5,263	1,973
Gain on the disposal of a subsidiary	(2,170)	-
Share of depreciation from associate	-	2,251
Specially disclosed items affecting EBITDA	-	4,624
Underlying EBITDA	**76,216**	**60,372**

3.3 Underlying EBITDA margin excluding share of an associate

Underlying EBITDA margin excluding share of an associate represents the Group's underlying EBITDA margin which is considered by the Group to give a more comparable view of period-to-period EBITDA margins. The table below presents a computation of the Group's underlying EBITDA margin, which is defined as underlying EBITDA before share of an associate divided by the revenue.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Revenue	**205,032**	**156,382**
Underlying EBITDA	**76,216**	**60,372**
Share of EBITDA of an associate	-	(5,133)
Underlying EBITDA before share of an associate	**76,216**	**55,239**
Underlying EBITDA margin excluding share of an associate	**37.2%**	**35.3%**

3.4 Underlying net income

Underlying net income represents the Group's profit for the period adjusted for gain on the disposal of a subsidiary and specially disclosed items. Underlying net income is considered by the Group to give a more comparable view of period-to-period profitability.

The table below presents a reconciliation of the Group's reported profit for the period to underlying net income for each of the periods ended 30 June 2022 and 2021.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Profit for the period	31,997	**15,045**
Gain on the disposal of a subsidiary	(2,170)	-
Specially disclosed items affecting EBITDA	-	4,624
Specially disclosed items affecting net income	4,474	2,102
Underlying net income	**34,301**	**21,771**

3.5 Underlying earnings per share (EPS)

The Group's underlying EPS is defined as the underlying net income, adjusted for non-controlling interest (as explained above) divided by the weighted average number of ordinary shares.

	Six months ended 30 June (Unaudited)	
	2022	**2021**
Underlying net income (USD'000)	**34,301**	**21,771**
Non-controlling interest (loss) (USD '000)	64	272
Underlying net income – attributable to equity holders (USD'000)	34,365	22,043
Weighted average number of shares ('000)	561,102	550,000
Underlying EPS (USD cents)	**6.1**	**4.0**

3.6 Capital expenditure

The table below provides the split of total capital expenditure into core capital expenditure (growth and maintenance capital expenditure), expenditure for Kingdom of Saudi Arabia market entry and separation of shared services from Emirates NBD.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Total capital expenditure	**24,163**	**16,752**
Capital expenditure	**22,236**	**13,147**
of which is maintenance capital expenditure	6,911	6,769
of which is growth capital expenditure	15,325	6,378
Kingdom of Saudi Arabia market entry	**1,548**	**560**
Separation of shared services from Emirates NBD	**379**	**3,045**

Reconciliation of capital expenditure to the cash spend in the condensed consolidated statement of cash flows

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Total capital expenditure	**24,163**	**16,752**
Goods/services received in the current period, but yet to be paid		
Growth and maintenance capital expenditure	(1,754)	(2,132)
Goods/services received in prior period, and paid in the current period		
Transformation capital expenditure	34	797
Growth and maintenance capital expenditure	13,266	7,102
Total consolidated capital expenditure spend (as per consolidated statement of cash flows)	**35,709**	**22,519**

3.7 Underlying free cash flow

Underlying free cash flow is calculated as underlying EBITDA adjusted for changes in other working capital balances, taxes paid, total capital expenditure, SDI affecting EBITDA and adjustment for share of EBITDA of associate, less dividend.

The Group uses underlying free cash flow as an operating performance measure that helps management determine the conversion of underlying EBITDA to underlying free cash flow.

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Underlying EBITDA	**76,216**	**60,372**
Changes in other working capital balances[1]	(8,558)	(10,011)
Taxes paid	(3,520)	(2,769)
Total capital expenditure	(24,163)	(16,752)
Specially disclosed Items affecting EBITDA	-	(4,624)
Adjustment for share of EBITDA of associate, less dividend	-	(5,133)
Underlying free cash flow	**39,975**	**21,083**

1. Changes in other working capital balances reflects movements in receivables and prepayments and trade, other payables and income tax payable adjusted for non-cash items.

Reconciliation of cash flows from operating activities to underlying free cash flow

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Net cash inflows from operating activities[1]	**90,604**	**(11,277)**
Less: Cash inflows included in the statutory cash flow but not in the Underlying free cash flow		
Changes in settlement related balances, long term receivables and other liabilities	(33,582)	41,778
Charge for share based payment	(3,014)	(1,943)
Add: Cash outflows included in the statutory cash flow but not in the Underlying free cash flow		
Interest Paid	7,064	9,052
Others[2]	3,066	225
Underlying free cash flow before capital expenditure	**64,138**	**37,835**
Total capital expenditure	(24,163)	(16,752)
Underlying free cash flow	**39,975**	**21,083**

1 Cash flow from operating activities for the comparative period has been restated to reflect the recent change in the IFRS guidance on the presentation of restricted cash in the condensed consolidated statement of cash flows. Please refer to note 2.7 for details.
2 Others include provision for expected credit losses and foreign exchange gains and losses

3.8 Underlying effective tax rate

The Group's underlying effective tax rate is defined as the underlying taxes as a percentage of the Group's underlying net income before tax. The underlying effective tax rate for the Group for the periods ended 30 June 2022 and 2021 was 14.9% and 8.3%, respectively.

	Six months ended 30 June (Unaudited)	
	2022 USD '000	2021 USD '000
Underlying net income before tax	**40,354**	**23,744**
Taxation	6,053	1,973
Underlying effective tax rate	**14.9%**	**8.3%**

4. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (Network Leadership Team) and the Board of Directors to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information that is assessed internally to review and steer performance.

The Group manages its business operations on a geographic basis and reports two operating segments, i.e. i) Middle East and ii) Africa. The Group reviews and manages the performance of these segments based on total revenue and contribution for each operating segment.

In addition to Group's revenues under Middle east and Africa segment, the Group recognises revenue from Mastercard strategic initiatives (Corporate card solutions and Digital product) and relates to both Middle East and Africa segments and cannot specifically be allocated to either or both of these segments.

Contribution is defined as segment revenue less operating costs (personnel cost and selling, operating and other expenses) that can be directly attributed to or controlled by the segments. Contribution does not include allocation of shared costs that are managed at group level and hence shown separately under central function costs.

Statement of profit and loss for the six months ended 30 June 2022

	Middle East	Africa	Non-attributable	Total
		USD'000		
Revenue	**136,567**	**68,465**	**-**	**205,032**
Contribution	95,549	50,219	-	145,768
Contribution margin (%)	70.0%	73.3%	-	71.1%
Central functions costs	-	-	(69,552)	(69,552)
Depreciation and amortisation	-	-	(36,189)	(36,189)
Gain on disposal of a subsidiary	-	-	2,170	2,170
Net interest expense	-	-	(7,128)	(7,128)
Unrealised foreign exchange gain	-	-	2,191	2,191
Taxation	-	-	(5,263)	(5,263)
Profit for the period	**-**	**-**		**31,997**

Statement of financial position as at 30 June 2022

	Middle East	Africa	Non-attributable	Total
		USD'000		
Current assets	239,025	35,292	340,029	614,346
Non-current assets	53,575	4,699	740,998	799,272
Total assets	**292,600**	**39,991**	**1,081,027**	**1,413,618**
Current liabilities	154,933	76,237	205,779	436,949
Non-current liabilities	13,701	-	337,731	351,432
Total liabilities	**168,634**	**76,237**	**543,510**	**788,381**

Statement of profit and loss for the six months ended 30 June 2021

	Middle East	Africa	Non-attributable	Total
		USD'000		
Revenue	**112,366**	**43,956**	**60**	**156,382**
Contribution	76,164	27,901	-	104,065
Contribution margin (%)	67.8%	63.5%	-	66.5%
Central functions costs	-	-	(48,826)	(48,826)
Specially disclosed items affecting EBITDA	-	-	(4,624)	(4,624)
Depreciation and amortisation	-	-	(28,174)	(28,174)
Share of profit of an associate	-	-	2,882	2,882
Net interest expense	-	-	(7,882)	(7,882)
Unrealised foreign exchange loss	-	-	(423)	(423)
Taxation	-	-	(1,973)	(1,973)
Profit for the period				**15,045**

Statement of financial position as at 31 December 2021

	Middle East	Africa	Non-attributable	Total
		USD'000		
Current assets	404,627	22,250	387,015	813,892
Non-current assets	32,985	4,266	773,723	810,974
Total assets	**437,612**	**26,516**	**1,160,738**	**1,624,866**
Current liabilities	310,182	63,688	257,115	630,985
Non-current liabilities	12,952	-	368,516	381,468
Total liabilities	**323,134**	**63,688**	**625,631**	**1,012,453**

Revenues split by region

Middle East

The Group's primary Middle Eastern market is UAE, with Jordan considered the second most significant. The UAE contributed 88% of the total Middle East revenue during the period ended 30 June 2022 (period ended 30 June 2021: 86%) and Jordan contributed 11% during the same period (period ended 30 June 2021: 11%). In both markets, the Group provides merchant acquiring, acquirer processing and issuer solutions services to various financial and non-financial institutional clients.

Africa

The Group's key regions in Africa are North Africa, Sub-Saharan Africa and Southern Africa.

- **North Africa:** Egypt is the leading market for the Group in North Africa, with Network International currently providing services to several of Egypt's leading financial institutions across both merchant and issuer solution requirements. North Africa contributed 38% of total African revenues during the period ended 30 June 2022 (period ended 30 June 2021: 44%).
- **Sub-Saharan Africa:** In sub-Saharan Africa, the Group is most established in Nigeria, serving several of Nigeria's leading financial institutions primarily with issuer processing solutions. Sub-Saharan Africa contributed 35% of total African revenues during the period ended 30 June 2022 (period ended 30 June 2021: 37%).
- **Southern Africa:** South Africa represents the largest market in southern Africa, specifically focused around retail processing services. South Africa contributed 27% of the total Africa revenues during the period ended 30 June 2022 (period ended 30 June 2021: 19%).

5. Revenues

Merchant Solutions

Under Merchant Solutions, the Group provides a broad range of technology-led payment solutions to its merchants through a full omni-channel service allowing them to accept payments of multiple types, across multiple payment channels. The Group offers functionality in most aspects of payment acceptance, whether in-store, online or on a mobile device, by providing access to a global payments network through its agile, integrated, secure, reliable and highly scalable technology platforms, Network One and Network Lite. The Group's Merchant Solutions business comprises its direct acquiring businesses and acquirer processing services, whereby the Group provides processing for its financial institutions direct acquiring business. The Group generates both, transactional and non-transactional revenue (refer below for detail) under Merchant Solutions.

Issuer Solutions

Through its Issuer Solutions business line, the Group provides a range of innovative card products and services to its consumers. The Group provides its issuer solution customers with a comprehensive proposition supporting all components of the card issuing value chain, including account hosting, transaction processing, settlement, reconciliation, chargebacks and other ancillary services. The Group provides its issuer solution customers with the ability to open card accounts for consumers and issue and create a range of card products, including credit, debit, Islamic, pre-paid and digital/virtual cards. The Group also provides support for its issuer solution customers to enable them to host and manage a large portfolio of card product solutions ranging from simple card usage to VIP card products, including highly configurable and personalised usage. The Group generates both, transactional and non-transactional revenue (refer below for detail) under Issuer Solutions.

For both Merchant and Issuer solutions, the Group's sources of revenue can be broadly categorised into transaction based revenue and non-transaction based revenue.

Transaction based revenues, includes revenue generated through a combination of: (a) a Gross Merchant Service Charge (MSC), charged to the merchant on the total processed volume (TPV); (b) a fee per transaction processed and billed, (c) a fee per card hosted and billed and d) a variable fee for provision of Value Added Services including foreign exchange services. The revenue is reported on a net basis, i.e., after the deduction of interchange and scheme fees paid to the card issuer and payment schemes, respectively. The transactional based revenues are recognised at a point in time in line with the IFRS as adopted by UK.

Interchange fees are the fees that is paid to the card issuing banks which is generally based on transaction value, but could also be a fixed fee combined with an ad valorem fee. Scheme fees are the fees paid to the payment schemes for using cards licensed under their brand names and for using their network for transaction authorisation and routing.

Non-transaction based revenues, which includes but not limited to revenue generated through provision of various value-added services (those that are fixed periodic charge), rental from point-of-sale (POS) terminals and project related revenue.

The non-transactional based revenues are recognised at a point in time or over time depending upon the type of service being provided, contractual terms and timing when the performing obligation is met by the Group, in line with the IFRS as adopted by UK.

The Group recognise the revenue over time mainly in the following cases:

- Project related revenue, where the Group provides service to develop or enhances the tangible / intangible assets; and
- Other services provided by the Group where customer simultaneously receives and consumes the benefits as and when the Group performs its obligation.

The breakdown of revenues is as under:

	Six months ended 30 June (Unaudited)	
	2022 USD'000	**2021 USD'000**
Merchant Solutions	101,791	66,505
Issuer Solutions	101,808	86,669
Other revenue	1,433	3,208
Revenue	**205,032**	**156,382**

6. Personnel expenses

The Group's personnel expenses include salaries and wages, share based compensations, bonuses and terminal & other benefits recognised during the period, when the associated services are rendered by the employees. The details of personnel expenses are as follows:

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Salaries and allowances	45,986	40,137
Bonus and sales incentives	6,119	3,694
Share based compensation*	3,014	3,430
Terminal and other benefits	5,168	2,486
Personnel expenses	**60,287**	**49,747**

* Share based compensation includes a management incentive award plan and IPO cash bonus charge amounting to NIL (2021: USD 1.5 million) and LTIP plan charge amounting to USD 3.0 million (2021: USD 1.9 million). Refer to note 18 for details.

7. Selling, operating and other expenses

Selling, operating and other expenses consist primarily of selling costs, technology and communication expenses, third party processing service costs, legal and professional charges, expected credit losses, and other general and administrative expenses. The details of selling, operating and other expenses are as follows:

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Technology and communication cost	32,975	26,944
Third party processing services cost	11,714	10,408
Legal and professional fees	12,111	12,469
Expected credit losses	528	-
Other general and administrative expenses	11,201	6,199
Selling, operating and other expenses	**68,529**	**56,020**

8. Net interest expense

Interest expense comprises of interest expense on borrowings. All borrowing costs are recognised in the condensed consolidated statement of profit or loss using the effective interest method.

Interest income comprises of interest income on funds invested. Interest income is recognised in the condensed consolidated statement of profit or loss, using the effective interest method. The breakdown of net interest expense is as follows:

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Interest cost	7,866	7,941
Interest income	(738)	(59)
Net interest expense	**7,128**	**7,882**

9. Taxation

Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim period by management's best estimate of the weighted average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements. The Group's reconciliation of effective tax in respect of profit for the period is as follows:

	Six months ended 30 June (Unaudited)	
	2022 USD'000	2021 USD'000
Profit before tax	**37,260**	**17,018**
Tax using the tax rate applicable in UAE*	-	-
Effect of tax rates in foreign jurisdictions	5,036	2,049
Tax effect of:		
Non-deductible expenses	1,560	358
Other allowable deduction	(882)	(189)
Tax incentives / rebates	(488)	(1,218)
Withholding tax	765	871
Carry forward losses	(141)	(468)
Deferred tax	(1,263)	(229)
Changes in estimates related to prior years	544	350
Other adjustments	132	449
Income tax expense	**5,263**	**1,973**

* As the Group's largest operations are in UAE, the tax rate applied in this tax reconciliation is that of UAE, rather than the rate applying in the UK where the Company is incorporated.

10. Impairment testing of goodwill

At the year ended 31 December 2021, impairment testing of goodwill was performed at the Cash Generating Unit ("CGU") level. For this purpose, management considered three CGUs, namely Jordan, Africa and DPO.

At the year ended 31 December 2021, the impairment testing resulted in no impairment for Jordan, Africa and DPO CGUs. The Group carries out an annual assessment for the impairment of the Goodwill. Furthermore, the Group has considered the performance against indicators of impairment and concluded that no indicators were noted during the interim period.

11. Scheme debtors, merchant creditors and restricted cash

Scheme debtors and merchant creditors represent intermediary balances that arise as part of the daily settlement process related to Network's direct acquiring business and processing of transactions on behalf of Network's issuer processing and acquirer processing clients in accordance with contractual arrangements.

	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	211,321	364,025	**152,704**
Merchant creditors	(204,599)	(329,280)	**(124,681)**
Restricted cash (part of cash and cash equivalents)	100,971	86,801	**(14,170)**

Scheme debtors and merchant creditors: Scheme debtor and merchant creditor balances generally reflect TPV processed in the direct-to-merchant business line in the immediate preceding days before the period end, as well as a number of other factors that can include the day of the week and domestic / international mix of underlying volumes.

In the UAE and Jordan, which represents the majority of the balances; merchants generally receive funds before Network obtains settlement from the card schemes and financial institutions, resulting in larger scheme debtor balances when compared to merchant creditor balances. Most merchants receive settlement on the day following a consumer transaction, whilst scheme debtor balances are generally outstanding for 2-3 days.

In Africa (DPO), the settlement timeline differs to Network. Payments to merchants are made after DPO has received settlement from banks and mobile network operators and results in larger merchant creditor balances when compared to scheme debtor balances.

Restricted cash (part of cash and cash equivalents, refer note 12)

Restricted cash represents balances specifically due to merchants.

In the UAE and Jordan, restricted cash represents i) cash held as a form of collateral to manage the risk of merchant chargebacks, and ii) cash balances collected from card schemes/financial institutions but not settled to merchants.

In Africa (DPO), restricted cash largely represents cash balances already received from banks and mobile network operators, but not yet remitted to merchants.

12. Cash and cash equivalents

Cash and cash equivalents – as per condensed consolidated statement of financial position	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000
Cash and cash equivalents (restricted)	100,971	86,801
Cash and cash equivalents (un-restricted)	202,733	270,345

Cash and cash equivalents – as per condensed consolidated statement of cash flows	Six months ended 30 June (Unaudited) 2022 USD'000	2021 Restated USD'000
Cash and cash equivalents (restricted)	100,971	16,509
Cash and cash equivalents (un-restricted)	202,733	390,341
Bank overdraft (note 16)	(40,354)	(27,406)
Cash and cash equivalents as per condensed consolidated statement of cash flows	**263,350**	**379,444**

13. Receivables and prepayments

Receivables and prepayments are initially recognised at fair value in the period to which they relate. They are held at amortised cost, less any provision (if any). Provisions are presented net with the related receivable in the condensed consolidated statement of financial position.

	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000
Trade receivables	69,991	67,121
Chargeback receivables	3,063	2,430
Prepaid expenses	16,360	8,728
Advance taxes	6,991	6,358
Security deposits	1,920	2,288
Other receivables	4,758	5,325
	103,083	92,250
Less: Provision for impairment	(3,762)	(3,876)
Receivables and prepayments	**99,321**	**88,374**

14. Related party balances and transactions

In the interim financial statements for the half year ended on 30 June 2022, there are no significant changes to the nature of related parties disclosed in the annual consolidated financial statements for the Group as at and for the year ended 31 December 2021. Related party transactions during the period are set out in the table below:

	Six months ended 30 June (Unaudited)	
	2022	**2021**
Transguard Cash LLC (an associate and related party of the Group until 9 November 2021)	**USD'000**	**USD'000**
Transactions for the period		
Share of EBITDA	-	5,133
Share of depreciation	-	(2,251)
Share of net profit	-	2,882
Executive Director's remuneration		
Director's remuneration during the period	**504**	731
Terminal and other benefits	**1,003**	1,192
Share-based payments	**542**	922
Non-Executive Director's remuneration		
Director's remuneration during the period	**905**	1,040
Other key management personnel remuneration		
Salaries and allowances	**2,016**	1,703
Terminal and other benefits	**2,679**	2,249
Share-based payments	**1,590**	1,751

15. Trade and other payables

Trade and other payables are recognised initially at fair value in the period to which they relate. They are subsequently held at amortised cost using the effective interest rate method. It also includes provisions which are recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000
Accrued expenses	67,127	58,024
Staff benefits		
Provision for bonus and sales incentives	4,067	8,987
Terminal and other benefits	2,169	2,966
Unpaid capital expenditure	9,091	20,637
Unclaimed balances	5,272	5,207
Tax and other related liabilities	13,065	13,360
Interest payable	253	101
Deferred income (refer note below)	7,941	9,976
Other liabilities	15,072	17,247
Trade and other payables	**124,057**	**136,505**

Deferred income relates to the Group contractual liabilities for the project related revenues.

16. Borrowings

The Group's total borrowings, including current borrowings, amounted to USD 400.8 million (2021: USD 491.3 million). The details are included in the table below.

The long-term syndicated loan facility is utilised to increase the Group's liquidity, fund inorganic growth opportunities and other accelerator projects, as well as for general corporate purposes. The original facility was for USD 525 million, of which USD 375 million was drawn in March 2020 which represents the opening balance at the start of the period. We have since made a scheduled repayment of USD 18.7 million and expect to make a total repayment of USD 37.5 million during 2022, which represents 10% of the outstanding balance at the beginning of the period.

The facility consists of both AED and USD tranches of conventional financing and one USD denominated tranche of Islamic financing facility. The facility carries a quarterly / half yearly coupon rate of EIBOR plus margin on the AED conventional financing and LIBOR plus margin on the USD conventional financing and equivalent on the Islamic finance tranche. The margin is calculated by reference to the Leverage (net debt / underlying EBITDA, as per definition and methodology provided in the financing documents), based on a grid which provides for reduced pricing as Leverage of the Group reduces and vice versa. During the period, the margins associated with the facility are 3-month EIBOR +1.70% on the AED tranche and 3 month LIBOR +1.95% on the USD tranche. Covenants set at 3.5x net debt: underlying EBITDA . Financial covenants limits are set to 3.5x net debt: underlying EBITDA. The facility has a tenor of six years, which will mature in 2026. Capital repayments and amortisation have commenced in Q1 2022. Break up and classification of borrowings are as follows:

	(Unaudited) 30 June 2022 USD'000	**31 December 2021 USD'000**
Non-Current borrowings	302,408	336,739
Current borrowings	98,364	154,605
Total	**400,772**	**491,344**
Split into:		
a) Syndicated term loan		
- Non-Current portion	295,555	332,810
- Current portion	56,250	37,500
Sub Total	**351,805**	**370,310**
b) Other term loan-from business combination		
- Non-Current portion	6,853	3,929
- Current portion	1,760	4,825
Sub Total	**8,613**	**8,754**
c) Revolving credit facility – current	-	35,000
Sub Total	**-**	**35,000**
d) ATM lease liability – current	-	191
Sub Total	**-**	**191**
Bank overdraft (for working capital)	**40,354**	**77,089**
Total	**400,772**	**491,344**

17. Share capital

Ordinary shares are classified as equity. Incremental costs (if any) directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

	(Unaudited) 30 June 2022 USD'000	31 December 2021 USD'000
Issued and fully paid up		
561,101,690 shares of GBP 0.10 (2021: 561,101,690 shares of GBP 0.10)	73,077	73,077

Reserves comprise of the following:

Foreign exchange reserves include the cumulative net change due to changes in value of subsidiaries functional currency to USD from the date of previous reporting period to date of current reporting period.

Reorganisation reserves include the reserve created as part of restructuring undertaken by the Group.

Other reserves include statutory reserves and fair value reserves.

Statutory reserves are the reserves representing a proportion of profit that are required to be maintained in subsidiary companies based on the local regulatory laws of the respective countries in which the Group operates.

18. Share-based compensation

The Group has the following share-based payment schemes for the employees.

- Long Term Incentive Plan (LTIP)
- Network International LLC Management Incentive Award Plan (MIP Plan) and IPO Cash Bonus (for comparative purpose only)

The detailed accounting policy related to the above schemes are included in the consolidated financial statements for the year ended 31 December 2021 and are available on the Company's website under Annual report and accounts 2021.

The details of P&L charge, liability and cumulative P&L charge for these schemes at the reporting date are as below:

Particulars			Cumulative P&L charge USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2022 (Unaudited)**	**31 December 2021**	**30 June 2022 (Unaudited)**	**30 June 2021 (Unaudited)**
LTIP – Grants	Equity Settled	Service and / or performance conditions	13,007	9,993	3,014	1,943

Particulars			Liability USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2022 (Unaudited)**	**31 December 2021**	**30 June 2022 (Unaudited)**	**30 June 2021 (Unaudited)**
MIP Plan and IPO Cash Bonus	Cash Settled	Vesting Conditions as per the scheme	-	-	-	1,487

19. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period adjusted for the effects of potentially dilutive options.

The basic and diluted earnings per share is based on profit for the period of USD 32.1 million (30 June 2021: USD 15.3 million). The profit attributable to the equity holders for the six months period ended 30 June 2022 is based on 561,101,690 shares (30 June 2021: 550,000,000 shares).

	Six months ended 30 June (Unaudited)	
	2022 In USD / cents	**2021 In USD / cents**
Earnings per share (Basic and diluted)	5.7	2.8

20. Contingencies and commitments

	(Unaudited) 30 June 2022 USD'000	**31 December 2021 USD'000**
Performance and other guarantees	17,973	14,917
Commitments	16,212	12,746
Contingencies and commitments	**34,185**	**27,663**

Performance and other guarantees include guarantees given by the banks on Group's behalf to the clients for the performance and other obligations as per relevant contracts.

Commitments includes capital expenditure commitments against what the Group has committed with different vendors to procure the assets but has not yet acquired them.