



Q1 Trading Update 18th April 2023



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Classification - Public

18th April 2023: Network International Holdings Plc, Q1 2023 trading update

Solid first quarter with good revenue and strong margin performance, full year outlook unchanged

Q1 23 vs. Q1 22	y/y reported growth	y/y constant currency growth
Group revenue	+13%	+16%
Merchant Services revenue	+21%	+23%
Total Processed Volume (TPV)	+26%	+27%
Outsourced Payment Services revenue	+7%	+10%

Solid start to the year supported by momentum in new wins and cross-sells

- **2023 guidance unchanged:** High teens constant currency y/y revenue growth and slight y/y EBITDA margin expansion. As previously noted, revenue growth and margin expansion will be H2 balanced given the weighting of 2022 comparatives and building contribution of recently launched initiatives.

Merchant Services supported by strong performance in the UAE and record merchant wins

- **Very strong growth in Group TPV of 27% y/y in constant FX** and continued progress in strategic focus areas, with Group online TPV up 43% y/y (excl. Government) and Group SME volumes up 36% y/y.
- **Excellent performance in the UAE and Jordan** with domestic TPV up 27% y/y and international TPV up 27% y/y, reflecting the strength of the underlying economies and our strong market position.
- **Q1 signings grew significantly y/y, at record levels across UAE SME's and key enterprise merchants.** Strong growth reflects improving strength of proposition versus competitors, improved automated onboarding and the support of our new acquiring partnership in the UAE with Emirates NBD.
- **New capabilities, including the first to launch 'face pay' technology in the UAE,** a mobile self-checkout for merchants in retail & hospitality, whilst expanding mobile money acceptance in Africa.

Outsourced Payment Services growth driven by new business wins in the prior year and cross-selling

- **Constant currency revenue growth of 10% y/y,** supported by growth in credentials hosted and strong double-digit performance in transactions processed across both the Middle East and Africa.
- **Three financial institution (FI) wins** including Alinma Bank, one of Saudi Arabia's top five FI's, Vodacom Financial Services, one of Africa's top Mobile Network Operators and e& money, the fintech arm of e& life¹, a leading regional telecom operator.
- **Mastercard partnership remains strong,** with the commercialisation of many recently agreed services and capabilities, including fraud mitigating services through Brighterion and 'Click to Pay'.
- **Good progress on the renewal of our contract with key customer Emirates NBD,** which we expect to close in the coming months.
- **Fraud monitoring capabilities gaining traction,** supported by cross-selling and signing of new agreements in the Middle East and Africa with two existing financial institution customers.

Nandan Mer, Chief Executive Officer, commented:

"We have seen a solid start to the year. This demonstrates economic strength across key markets, supported by the accelerated transition from cash to digital payments and continued successful strategic execution of our growth-oriented strategy. Merchant Services performance remains very strong, with trends reflecting buoyant UAE consumer spending and the region's attractiveness to international visitors. Merchant Services performance across Africa has improved when compared to the exit rates we

1. Previously known as Etisalat

saw at the end of 2022 and the launch in Egypt is progressing well. Momentum in Outsourced Payment Services has also improved, with growth supported by new business and continued strength in the existing portfolios. We are encouraged by the start to the year.”

Rohit Malhotra, Chief Financial Officer, commented:

“Financial performance in the first quarter has underpinned our guidance and outlook for the full year. Revenue growth of 16% y/y in constant currency saw good delivery from across the business, with Merchant Services showing particularly strong growth and Outsourced Processing seeing an uptick in momentum compared to the exit rate in 2022. We have maintained disciplined cost control, with a corresponding strong margin position. Cash generation is healthy and the balance sheet remains strong, with our capital allocation policy focused on deploying investment towards new growth opportunities, as well as the ongoing execution of our USD 100 million share buyback programme.”

Merchant Services business line review

	Q1 23 vs Q1 22
Group Merchant Services revenue	21% (23% in constant FX)
Group Merchant Services TPV	26% (27% in constant FX)
Group Offline TPV	26%
Group Online TPV (excl. Government)	43%
Group Key Enterprise TPV	14%
Group SME TPV	36%
In the UAE and Jordan:	
Domestic TPV ¹	27%
International TPV ¹	27%

1. Domestic TPV represents spending from consumers domiciled in the region. International TPV represents consumer spending by overseas visitors.

New merchant wins: Remains at record levels given strength in our offer and capabilities

Following a record year of merchant wins in 2022, strong momentum in new signings continued through Q1, with the pace of new SME wins up over 35% y/y in the UAE. We secured several new merchants including Talabat, one of the UAE's largest online food delivery services and West Zone Supermarket Group. We also signed Tourvest Holdings, the duty-free provider for airlines in Africa, where we are enabling digital payments on all Kenya Airways flights. We also became the payments partner of choice for the Namibian government, enabling digital payments for e-visas and passport applications across the country. The continued strength in Group SME TPV growth of 36% is supported by the pace of new signings which accelerated through the period, particularly across the UAE & Jordan, supported by our fully digital onboarding process which now features 3D Secure 2.0 as a default for new merchants.

Enhancing capabilities: Introducing new payment acceptance methods and value-added-services

- **First acquirer to launch 'face pay' technology in the UAE**, enabling digital payments at select Carrefour stores through facial verification.
- **New mobile self-checkout**, enabling UAE merchants in the retail and hospitality sectors to accept payments via an App through 'Scan, Pay and Leave' technology.
- **Introduced over 500 self-service payment kiosks** across a number of different sectors in the UAE.
- **Launched e-commerce payment services for government departments in Jordan**, including the Ministry of Interior and the Jordanian Embassy, enabling e-government transactions at scale.
- **Enhanced mobile money acceptance capabilities in Africa**, having partnered with Ecocash, a Mobile Network Operator in Zimbabwe, enabling even more merchants to accept mobile money payments.
- **Becoming the single point of contact for merchants** through our expanding range of value-added services and providing our merchant customers with additional tools to further grow their businesses.

New markets: Good progress in newly launched Egypt Merchant Services

Merchant Services in Egypt launched in January and is progressing well, with transactions live. We are focused on the fragmented and underserved SME segment, enabling SMEs with digital payment acceptance methods through point-of-sale devices and 'Tap-on-Phone' smartphone app technology.

Outsourced Payment Services business line review

Q1 23 vs Q1 22	
Outsourced Payment Services revenue	7% (10% constant FX)
New customers signed	3

New customer wins: Including leading MNOs in the UAE and in Africa

We secured three new FIs across our markets, including Vodacom Financial Services, one of Africa's most renowned MNOs, to provide merchant acquirer processing services in South Africa. The services expand across online and offline payment acceptance methods through our proprietary N-Genius™ platform, including 'Tap on Phone' smartphone app technology, alongside value-added services such as fraud management, data analytics and merchant dashboards. We have partnered with Mastercard to provide processing services to e& money, the fintech arm of e& life¹, a leading regional telecom operator, enabling mobile money wallet payments via a secure smartphone App and UAE mobile number without the need of a bank account. We also renewed an existing contract with Polaris Bank in Africa for a further five years, providing one of Nigeria's leading retail banks with card hosting, operational and management services.

New markets: Processing win in Saudi Arabia, healthy future customer pipeline in place

We made significant progress in our new market opportunity in the Kingdom of Saudi Arabia, having signed Alinma Bank, one of the country's top five financial institutions. The new contract expands across issuer processing services, where we will support the FI in helping its fintech customers increase their digital presence through the introduction and roll out of new issuing products, including instant pre-paid cards. The latest win demonstrates our continued focus and commitment to the region, where we have a healthy pipeline of potential future customers in place.

New markets: Actively expanding our presence and processing services in Kuwait

We remain focused on expanding our services in the GCC region and are pleased to have hired an on-soil dedicated country manager in Kuwait. We are already providing both acquirer and issuer processing services to three FIs in the region.

Cross-sell and new product launches: Remains strong across fraud monitoring and card issuance

- **Fraud monitoring capabilities gaining traction**, having signed a new agreement with United Arab Bank for the provision of fraud monitoring solutions, in partnership with FICO, with Arab African International Bank also extending its portfolio to include fraud monitoring.
- **Remain the card issuer of choice in our markets**, having strengthened our relationship with Access Bank in South Africa to issue virtual cards and launched new pre-paid cards for Blink Neobank.
- **Launched new payment options for merchants in Jordan**, including Apple Pay and becoming the first to launch Google Pay acceptance in the region through Network's eCommerce Payments Gateway.

1. Previously known as Etisalat

Upcoming events

- AGM: 18th May 2023
- Interim 2023 results: 10th August 2023
- Q3 2023 Trading Statement: 19th October 2023

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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.

APPENDIX

NETWORK PROFIT FORECASTS

The following statements set out in Network's Q1 2023 Trading Update (the "FY23 Guidance Statements") constitute ordinary course profit forecasts for the purposes of Note 2 on Rule 28.1 of the Takeover Code:

"High teens constant currency y/y revenue growth and slight y/y EBITDA margin expansion."

"Revenue growth and margin expansion will be H2 balanced given the weighting of 2022 comparatives and building contribution of recently launched initiatives."

Basis of preparation

The FY23 Guidance Statements are based on the Group's current internal forecast for the remainder of the year ending 31 December 2023.

The basis of accounting used for the FY23 Guidance Statements is consistent with the Group's existing accounting policies, which (i) are in accordance with U.K. adopted International Accounting Standards, IFRS as adopted by the EU and IFRS as issued by the International Accounting Standards Board, (ii) were applied in the preparation of the Group's financial statements for the year ending 31 December 2022 and (iii) are expected to be applied in the preparation of the Group's financial statements for the year ending 31 December 2023.

The FY23 Guidance Statements have been prepared on the basis referred to above and subject to the principal assumptions set out below. The FY23 Guidance Statements are inherently uncertain and there can be no guarantee that any of the factors referred to under 'Principal Assumptions' below will not occur and/or, if they do, their effect on the Group's results of operations, financial condition or financial performance, may be material. The FY23 Guidance Statements should therefore be read in this context and construed accordingly.

Principal Assumptions

Factors outside the influence or control of the Network Directors for the year ending 31 December 2023:

- no material change to the Group's assumptions in the forecast period for growth of the Group's business;
- no material change to the Group's assumptions in the forecast period in relation to the Group's ability to access addressable markets through its capabilities, business locations and relationships with its key customers;
- no material adverse events which would have a significant impact on the operating results or financial position of the Group;
- no material change in market conditions over the forecast period in relation to the Group's customers or competitive environment;
- no material adverse change to current prevailing global macroeconomic and political conditions in the markets and regions in which Network operates or intends to operate;

- no change in legislation, taxation or regulatory requirements relating to the Group or the legislative or regulatory environment within which the Group operates;
- no change in general sentiment towards the Group and/or its operations which has an impact on its ability to attract customers and to operate its business;
- no business disruption affecting the Group, its customers or other stakeholders (including, but without limitation, any pandemic related lockdowns and restrictions or similar, natural disasters, severe adverse weather, acts of terrorism, cyberattacks, workforce shortage or labour disputes);
- no litigation or contractual disputes which are material in the context of the Group;
- no material movements in inflation, interest rates, tax rates and foreign exchange rates compared with the Group's estimates;
- no change in the Group's existing debt arrangements, or its ability to access external financing; and
- no change in the accounting standards or policies which were used for the FY23 Guidance Statements.

Factors within the influence or control of the Network Directors for the year ending 31 December 2023:

- no material change to the strategy, budget or operation of the Group's business;
- no material change to the Group's assumptions in the forecast period in relation to the Group's ability to execute on new initiatives, including processing in Saudi Arabia, Merchant Services in Egypt and Commercial Payment services;
- no material change in the Group's relationship with its key customers and partner relationships;
- no material change in capital policies of the Group;
- no material acquisitions or disposals;
- no material strategic investments over and above those currently planned; and
- no material changes in key management of the Group.

Directors' Confirmation

The Network Directors confirm that the FY23 Guidance Statements remain valid and have been properly compiled on the basis of the principal assumptions stated above and that the basis of accounting used is consistent with Network's accounting policies as set out above.