2022 Preliminary Financial Results
9th March 2023

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9th March 2023: Network International Holdings Plc
Preliminary results for the 12 months ended 31 December 2022

Strong strategic progress, delivering 24% revenue growth, profit up over 40% y/y and robust cashflows

Group Financial Summary (USD'000)	2022	2021	y/y change
Total revenue	**438,371**	**352,245**	**24.5%**
Merchant Services[1,2]	183,347	129,670	41.4%
Outsourced Payment Services[1]	242,510	214,082	13.3%
Other revenue	12,514	8,493[3]	47.3%
Underlying EBITDA[3]	**178,603**	**143,477**	**24.5%**
Underlying EBITDA margin[3]	40.7%	38.3%	240bps
Profit for the year	**80,104**	**56,558**	**41.6%**
Underlying free cash flow[3]	**81,927**	**61,908**	**32.3%**
Cash flow from operating activities[4]	**119,202**	**51,656**	**130.8%**
Leverage[5]	**0.7x**	**0.9x**	**(0.2)x**

Financial results in-line with guidance and robust cashflow generation

- **Total revenue of USD 438.4 million grew 24.5% y/y, or 26.6% on a constant FX basis.** DPO delivered revenue of USD 31.5 million, up 27.0% y/y in constant FX on a proforma basis[2].
- **Underlying EBITDA[3] of USD 178.6 million with a margin of 40.7%, up 240bps y/y,** reflecting strong revenue performance and a largely fixed cost base, whilst investing in new products and markets.
- **Profit for the year was USD 80.1 million, up 41.6% y/y**; primarily driven by underlying EBITDA growth.
- **Strong underlying free cash flow[3] of USD 81.9 million, up 32.3% y/y,** driven by higher underlying EBITDA, slightly offset by changes in working capital before settlement related balances.
- **Cash flow from operating activities was USD 119.2 million,** supported by strong underlying business performance and higher profit for the year.
- **Repurchased 11.5 million shares** equal to USD 40.6 million as part of the ongoing buyback programme, whilst also deleveraging the balance sheet to 0.7x net debt: underlying EBITDA.

Merchant Services growth of 41.4% with record signups and strong performance in the UAE and Jordan

- **Middle East (UAE and Jordan) direct-to-merchant Total Processed Volume (TPV[6]) up 28.9% y/y,** with domestic TPV up 20.0% y/y and international TPV up 64.0% y/y. Performance supported by growth in strategic focus areas, with online TPV (excl. Govt/Airlines) up 39.4% y/y, and SME TPV up 41.2% y/y.
- **Africa (DPO Group) proforma TPV growth of 29.6% y/y[2] in constant FX**. Whilst growth in South Africa was impacted by macroeconomic conditions, growth in markets outside of South Africa remains strong.
- **Launched new sector specific services**; such as hospitality solutions through a partnership with FreedomPay and food and beverage solutions with Foodics Pay.
- **Strengthened SME capabilities** through a payment acceptance mobile app and webstore services.
- **Recently launched merchant payment services in Egypt,** representing a new revenue opportunity for the Group, with particular focus on the SME segment.

1. New business segments as previously published, for definitions please refer to page 10. 2. DPO is included within the Merchant Services segment following the acquisition on 28th September 2021, with TPV and revenue not included in the reported Q1-Q3 2021 base. Proforma full year growth presented for information only, comparing twelve months of DPO in 2022 to twelve months in 2021. 3. This is an Alternative Performance Measure (APM). See note 4 of the condensed consolidated financial information for the definition and reconciliation of reported figures to APMs. 4. Cash flow from operating activities for the comparative period has been restated to reflect the recent change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to Note 2 (e) on page 33 for details. 5. Refer to page 22 for the leverage ratio computation and reconciliation of net debt figures to the consolidated financial information. 6. TPV - Total Processed Volumes - the aggregate monetary volume of purchases processed by the Group within its Merchant Services business line.

Outsourced Payment Services growth of 13.3% y/y supported by new customer wins and cross-selling

- **Performance supported by transaction growth up 32.1% y/y and credentials managed up 8.4% y/y.**
- **18 new financial institution (FI) wins**, exceeding pre-pandemic levels, with the rollout of new APIs supporting the automation of customer onboarding.
- **Strategic acquiring partnership launched with Emirates NBD,** further strengthening our relationship with our largest customer.
- **New market entry to Saudi Arabia launched, supported by four new customer wins** and a strong pipeline in place.
- **Launched commercial payment services, driving a new revenue opportunity**, with four FI customers already signed.

Nandan Mer, Chief Executive Officer, commented:

"We accelerated revenue growth to 24.5% y/y in 2022, having also achieved margin expansion whilst investing in new opportunities. This is the result of our revitalised strategic approach which is creating a more agile and effective business, supported by strong economic growth across our markets and continued acceleration towards digital payments. We delivered several critical initiatives, including our market entry to Saudi Arabia, merchant payment services in Egypt and the launch of commercial payment services. We expanded our suite of value-added-services, providing a range of new solutions for merchants and financial institutions; and have doubled the Group's e-commerce revenues through the integration and growth of DPO Group. We remain excited about the growth potential in Africa and will soon deploy our best of breed technology platform on-soil in a number of countries, enhancing our competitive positioning and unlocking additional revenue pools.

Cash generation was strong, which has supported shareholder returns through the launch of a USD 100 million share buyback programme, whilst retaining our flexibility to take advantage of additional growth or acquisition opportunities.

We thank our colleagues and customers for their support and delivery of such a strong outcome. The year ahead holds many growth opportunities, supported by our scale, capabilities, people and trusted brand."

2023 outlook and financial guidance

We remain encouraged by the dynamics we see in our markets, with a high growth transition to digital payments that remains significantly ahead of more developed economies. We are also cognisant of macro-economic conditions and growth slowing in some markets across Africa. Bringing this together we expect high teens constant currency revenue growth for 2023, with y/y growth anticipated to be higher in the second half relative to the first half, given 2022 comparatives and the building contribution of new initiatives including processing in Saudi Arabia, merchant payments in Egypt and commercial payment services.

We expect a 2023 EBITDA margin slightly ahead of that delivered in 2022. This reflects expected higher y/y margins in the core business whilst absorbing inflationary impacts; which will be somewhat offset by margin dilution from new initiatives and the slightly lower margin of fast growing DPO Group. Given the phasing of revenue growth, margin expansion will be predominantly weighted to the second half.

Technical guidance

- Underlying depreciation and amortisation charge USD 68-73 million
- Interest cost USD 24-26 million
- Underlying tax rate 17-18%, attributable to higher profits in higher tax jurisdictions across Africa.

- Specially Disclosed Items i) impacting EBITDA to be nil, in the absence of further M&A; ii) impacting net income to be cUSD 5 million. This includes the final charge from the amortisation of acquired intangibles of the EMP acquisition, and the ongoing amortisation of acquired intangibles from the DPO acquisition
- Capital expenditure of USD 65-70 million. This includes cUSD 60 million for maintenance and growth, including the supply of POS terminals for new merchant services in Egypt and to access new revenue streams in commercial payments; and cUSD 5-10 million to deploy on-soil processing capabilities to better serve our customers locally in West and Central Africa, whilst also adhering to new legislatory requirements in South Africa.
- Share buyback programme of USD 100 million expected to complete during 2023. USD 40.6 million was repurchased during 2022, and cUSD 24 million to year-to-date, with a further cUSD 35 million to complete.

Results presentation

A presentation for analysts and investors will be held today at 9:00am UK GMT / 13:00pm 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/fy-results-2022/vip_connect

• Webcast link: https://secure.emincote.com/client/network-international/fy-results-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 growth ambition is supported by the multitude of opportunities open to us in our fast-growing markets 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 (FIs) and ultimately, the consumers they serve. To support our ambition, we are delivering a strategy which both accelerates growth and innovates across our services and capabilities.

New business: record levels of merchant and FI signings

Merchant signups:

2022 marked a record year for merchant signups, primarily driven by the SME sector in the UAE which is a high margin strategic focus area. SME signings increased significantly as we progressed through the year, supported by the launch of digital onboarding, low-cost mobile phone app payment acceptance and the web-store builder associated with our 'DPO Pay' package. We also continue to attract new large merchants, securing Anantara, Taj Tower Hotel Group, Talabat, Audemars Piguet, and Western Union, amongst others.

FI wins:

The pace of new FI customer wins for payment processing services remains ahead of pre-pandemic levels. We secured 18 new customers in the period, including Fair Money Digital Bank in Nigeria, Pivot Bank in East Africa, alongside wins the Middle East including El Nilein in the UAE and Blink Neo Bank in Jordan. We renewed six notable existing contracts and expanded portfolios with customers through successful cross-selling. In Acquirer Processing, this included the deployment of N-Genius™ payment terminals to Access Bank in Botswana, extending our partnership with Tymebank in South Africa through the rollout of mobile phone app payment acceptance and signing new service agreements with I&M Bank in Kenya and Access Bank Ghana. In Issuer Processing, we signed our first credit credential processing agreement in South Africa through a service extension with Access Bank and added new debit, credit and prepaid credentials for Arab Bank Jordan.

We also reached a new milestone with our largest customer Emirates NBD, having signed a new strategic Acquirer Processing partnership, the first extension of this major customer relationship into Acquirer Processing. We are providing merchant acquiring services to a number of Emirates NBD's institutional clients in the UAE through white-labelled services, including point-of-sale terminals, processing and settlement of funds. The partnership will also extend to SME merchants through a referral agreement that spans digital payment acceptance, lending and other banking services.

New capabilities: are supporting new business wins, faster onboarding and revenue diversification

New payment methods give merchants more reasons to choose Network over competitors

- Network offers merchants over 30[1] digital payments acceptance options across cards, mobile wallets and alternative payments.
- UAE merchants benefitted from a wider selection of online payment solutions through collaborations with Amazon Payment Services and Mastercard's 'Click to Pay' checkout solution which securely enrolls and stores consumer payment details; as well as loyalty programme points acceptance across major shopping malls and hotels with SHARE.
- In Jordan, merchants are now able to accept QR code payments through a partnership with CliQ. Network was also the first to launch Buy Now Pay Later (BNPL) acceptance in Jordan during 2022, through a partnership with Zoodpay.

1. Number of payment options refers to largest market of the UAE and may be lower in other smaller markets.

- UAE merchants can now accept payments through more channels, having introduced self-service payment kiosks in partnership with Nayax, which adds to our Point-of-Sale (POS), mobile phone app and online payment acceptance options.

New value-added services increase merchant loyalty

- Enabled faster sign up of merchants having launched fully automated digital onboarding.
- Launched sector specific solutions. Including a fully integrated payments platform tailored to the hospitality industry in partnership with FreedomPay, providing merchants with a unified view of transactions across front desk reservations, restaurants, bars, theme parks and spas. We have also launched 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.
- Developed our e-commerce payment services through 'buy online and return in-store' and rolling out a series of e-commerce plugins for SME merchants which provide online stores, shopping carts, FX support and search engine optimization.
- More lending options for SMEs; having expanded our lending partners in the UAE and launched lending for the first time in Jordan, in partnership with Sanadcom.
- Enhanced data analysis dashboards for merchants in the UAE, having introduced self-service capabilities. We have also brought more data insights to merchants in Jordan through our SmartView report, providing SMEs with in-depth actionable information on their businesses.

New services for FIs are diversifying revenue streams

- New business line launched in commercial payments, representing a potential new revenue pool and a cross-selling opportunity to existing customers.
- Accelerated customer onboarding and simplified the integration of new capabilities through the launch of new APIs[1], where we now have over 150 APIs[1] in place.
- Expanded fraud solutions to include real time and artificial intelligence monitoring, improved credit-based analysis and approvals for lenders through our partnerships with FICO (Falcon Fraud Prevention Solution) and Mastercard (Brighterion).
- Digital wallet services through Network's white label solutions, supporting the issuance, processing and management of virtual cards for several financial institutions.
- Wallet provisioning, enabling FIs to directly enroll cards on mobile wallets, using their banking app.

DPO: focus on expanding capabilities and merchant reach in more challenging market conditions

In its first full year of ownership and integration as part of Network, DPO has delivered considerable value to our business. DPO has provided us with direct-to-merchant services across Africa for the first time, alternative payment acceptance capabilities and enabled us to take new online payment services to our merchants in other markets. DPO has added revenue of USD 31.5 million to the Group in 2022 and whilst still a young business, has transitioned quickly into profitability with an underlying EBITDA margin of c20% (constant FX, excluding exceptional items).

DPO operates across 21 high growth African markets, with the majority of the business based in South Africa. On a proforma basis[2], 2022 Total Processed Volume (TPV) grew 29.6% y/y and revenue increased 27.0% y/y in constant FX. Whilst growth in markets outside South Africa remains strong, South Africa is experiencing more challenging macro-economic conditions, high inflation and rising interest rates, which is negatively impacting consumer spending. Set against this backdrop, DPO has focused on delivering new

1. API - Application Programming interface. 2. DPO was acquired on 28th September 2021, therefore DPO TPV and revenue is not present in the Q1-Q3 2021 base. Proforma data is presented for information only, comparing twelve months of DPO in 2022 to twelve months in 2021.

capabilities and services which are accelerating merchant onboarding and expanding our reach across sectors. Real-time onboarding has been rolled out across 19 countries; new payment methods have been added, including Airtel money in three markets and account-to-account payments in multiple markets; and sector specific partnerships have also been signed in the travel and airline industries.

In the year ahead, our focus will be to scale DPO's presence in markets outside South Africa to further diversify the revenue base, launch data analytics and other value-added-services; and cross-sell face-to-face payment acceptance capabilities to omnichannel merchants.

New markets: services for FIs in Saudi Arabia and merchants in Egypt

The Kingdom of Saudi Arabia represents a new market for Network. It is the largest economy in the Middle East and offers a dynamic payments landscape, supported by the government's Vision 2030 to achieve c70% digital payments participation. Real GDP growth in the Kingdom is growing at its fastest pace in almost a decade, supported by diversification of the economy. We see the market as a USD 50 million revenue opportunity in the medium-long term and 2022 marked our entry to the processing market. We have completed our technology deployment on-soil in line with budget and signed four new FIs, bringing customer numbers to six in total and providing a solid underpin to our revenue target. In the future, further investment would enable us to access an additional revenue opportunity through merchant payment services. We have already taken the first steps towards this opportunity, having successfully received a Major Payment Institution Category license from the Saudi Central Bank[1].

Egypt is a long established and successful processing services market for Network where we serve over 20 FIs across Acquirer and Issuer Processing. We have recently launched direct-to-merchant payment services, focusing on the SME segment. The deployment of our technology stack is complete and merchant services launched during January 2023.

Technology: investing in oil-soil capabilities across West, Central and South Africa

We will soon be deploying local, on-soil technology capabilities to better serve the West, Central and South African markets. Africa is a structurally attractive region with a significant runway for future growth where we expect to deploy cUSD 5-10 million of capital investment to launch on-soil processing capabilities. This not only unlocks further revenue opportunities but will enhance our competitive positioning and align us with new regulatory legislations to better serve customers locally.

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.

<u>Supporting financial inclusion</u>

We have implemented a number of programmes which facilitate lower cost, convenient payment acceptance solutions and expand our reach to unbanked customers across the MEA. Notable examples include the launch of payment services to micro and SME merchants in Egypt, and supporting the Jordanian government in issuing prepaid cards to low-income individuals.

<u>Promoting responsible business practices</u>

We are cognisant that we conduct business in markets where the risks surrounding financial crime and unethical business practices can be elevated.

1. Licenses will be granted upon satisfaction of a number of customary conditions which Network is in the process of addressing before the expected date of launch/grant of license.

As part of developing our already robust risk and governance practices, we increased employee training on anti-bribery, corruption, money laundering and 'know your customer' policies; and further enhanced our Group procurement policy during the year to ensure we engage with our vendors in an ethical, non-discriminatory and responsible manner. Whilst colleague awareness of Whistleblowing arrangements declined marginally to 92% (2021: 94%), this largely reflects the addition of newly acquired DPO Group and overall still remains high.

Building a well -trained, inclusive and diverse working environment

Our key focus areas include employee training, engagement and diversity. As a result of the programmes launched in 2022, employee training hours have more than doubled and female representation at the Senior Manager level has improved to 33% (2021: 25%). Whilst employee engagement saw a reduction in the year to 57% (2021: 65%), this was influenced by some integration and restructuring measures at newly acquired DPO, as well as initiatives to increase productivity.

Minimising our environmental impact

We undertook a number of actions to work towards our commitment of delivering a carbon neutral position on Scope 1 & 2 emissions before 2030. This included the use of Renewable Energy Certificates which reduced our 2022 usage by 26%. We have also estimated our Scope 3 emissions for the first time. Looking ahead, it is our intention to further develop our plans and commitments towards a Net Zero target and transition pathway.

Capital allocation: a growth focused framework

Our capital allocation policy is prioritised towards initiatives that will support revenue and profit growth. Firstly, to undertake investment through organic opportunities which will accelerate growth, such as our entry to the Saudi Arabian market or the launch of merchant services in Egypt. We will also continue to look at disciplined potential acquisitions, focusing on three areas that include in-market consolidation, accelerating new market entries or obtaining new products and capabilities. We aim to maintain leverage at a long-term average level of 1-2x net debt: u.EBITDA, and where appropriate, will also deliver shareholder returns. Given our ongoing balance sheet deleveraging and strong cash generation, we took the decision to initiate a USD100 million share buyback programme during the year. We repurchased a total value of USD 40.6 million during 2022 and the programme is currently ongoing.

Conclusions: a revitalised business with a high growth outlook

Network has experienced significant growth acceleration during 2022. This is the result of a strong rebound from the pandemic across our markets, acceleration towards digital payments and a revitalised strategic approach which is creating a more agile and effective business. We are fortunate to be operating in markets that see positive growth and economic trends, however, we are cognisant of weakening macro-economic conditions and growth slowing in some markets across Africa, as well as an inflationary cost environment. We therefore expect constant currency revenue growth in the high teens for 2023, supported by continued EBITDA margin expansion. The year ahead holds many further growth opportunities, supported by our scale, capabilities, people and trusted brand.

Nandan Mer
Chief Executive Officer
8 March 2023

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Financial Review

	2022 USD'000	2021 USD'000[14]	y/y change
Select financials			
Revenue	438,371	352,245	24.5%
Underlying EBITDA[1,2]	178,603	143,477	24.5%
Underlying EBITDA margin[1,3]	40.7%	38.3%	240bps
Profit for the year	80,104	56,558	41.6%
Underlying net income[1]	86,880	63,192	37.5%
Underlying basic earnings per share (USD cents)[1,4,5]	15.7	11.6	35.3%
Reported basic earnings per share (USD cents)[5]	14.5	10.4	39.4%
Underlying free cash flow (underlying FCF)[1]	81,927	61,908	32.3%
Cash flow from operating activities[6]	119,202	51,656[6]	130.8%
Leverage[7]	0.7x	0.9x	(0.2)x
Segmental results[8]			
Merchant Services revenue[9]	183,347	129,670	41.4%
Outsourced Payment Services revenue[11]	242,510	214,082[11]	13.3%
Other revenue[10,11]	12,514	8,493[11]	47.3%
Merchant Services contribution margin[1]	70.9%	70.4%	50bps
Outsourced Payment Services contribution margin[1]	70.6%	68.7%	190bps
Geographical results			
Middle East revenue	288,383	247,683	16.4%
Africa revenue	142,674	100,239	42.3%
Other revenue[10]	7,314	4,323	69.2%
Key Performance Indicators[12]			
Total Processed Volume (TPV) (USD m)[13]	45,905	33,327	37.7%
Total number of credentials hosted (m)	18.0	16.6	8.4%
Total number of transactions (m)	1,294.0	979.9	32.1%

1. This is an Alternative Performance Measure (APM). See notes 4 and 5 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.
2. We announced the strategic exit of our stake in Transguard Cash LLC on 10th November 2021. There is a 10-month contribution from associate as part of underlying EBITDA in 2021.
3. Underlying EBITDA margin in 2021 excludes the share of contribution from Associate, Transguard Cash LLC, which was sold in November 2021
4.Underlying basic earnings per share is defined as underlying net income attributable to the shareholders divided by the weighted average number of ordinary shares during the relevant financial year.
5. Weighted average share count for 2022 was 552.3 million vs 552.9 million in 2021
6. Cash flow from operating activities for the comparative period has been restated to reflect the recent change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to Note 2 (e) on page 33 for details.
7. Refer to page 22 for the leverage ratio computation and reconciliation of net debt figures to the consolidated financial information.
8. Refer to page 10 for new financial operating segment disclosures which requires restatement of 2021 figures.
9. Merchant Services includes revenue from DPO Group, having completed the acquisition on 28th September 2021. Therefore, DPO contributed three months in the 2021 financials and twelve months in the 2022 financials.
10. Other revenue under segmental results primarily includes cash advance fees on withdrawals from ATMs, and foreign exchange gains / (losses) arising from the Merchant Services and Outsourced Payment Services business lines alongside revenues recognised relating to the Mastercard strategic partnership. Other revenues under Geographical results includes only revenues recognised relating to the Mastercard strategic partnership.
11.2021 other revenue has been restated in line with business re-segmentation, following the movement of other revenue relating to Diners into the Outsourced Processing Services business line
12. For definition of KPIs, please refer to page 24.
13. TPV has been restated following the new segmentation of business lines, with TPV now primarily excluding acquirer processing volumes.
14. DPO was acquired on 28 September 2021. There is therefore a three-month contribution to the 2021 income statement, cash flows and Total Processed Volume KPI.

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Key updates relating to 2022 financial statements

New financial operating segment disclosures

As announced on 16 February 2023, we have updated our financial segment reporting to align with operational responsibilities. The new segments are classified according to customer groups:

I. 'Merchant Services' which directly serves merchants (previously known as Merchant Solutions): Where we maintain direct relationships with merchant customers and Payment Service Providers (PSPs), enabling merchant customers to accept digital payments. Merchant Services includes services in the UAE, Jordan, across Africa (DPO Group) and newly launched services in Egypt. (DPO Group performance will not be reported separately going forward).

II. 'Outsourced Payment Services' where we serve financial institutions (FIs), fintechs and other customers (previously known as Issuer Solutions). The Outsourced Payment Services segment supports customers across two main business lines:

   a. Issuer processing – where we support payment credential issuing customers in enabling their consumers to 'make payments' by managing and processing their consumer payment credentials and transactions. Issuer processing represents the majority of revenue within Outsourced Payment Services.

   b. Acquirer processing – where we enable FIs, fintechs, and indirectly, their merchant customers, to 'take payments' from consumers. Within acquirer processing, our clients maintain the relationship with the merchants, whilst we provide digital payment acceptance, transaction processing and other operational services.

There are two main adjustments in the new financial segmentation, which primarily reflects; i) the movement of acquirer processing revenues out of the business line previously known as Merchant Solutions into the newly classified Outsourced Payment Services and; ii) revenue relating to the Diners scheme franchise in the UAE and Egypt has been moved into the new Outsourced Payment Services business line. Diners was previously included in 'other' revenue. Comparative segmental results for 2021 have been restated on this new basis.

Geographical revenue disclosures continue to be provided and can be found on subsequent pages.

Reminder of strategic milestones and their impact on the financial statements

i) **Acquisition of DPO Group:** Was completed on 28 September 2021. 2021 financials include a three-month contribution from DPO, whilst 2022 financials have a full year contribution. We also present 12-month y/y proforma growth for information purposes only through this document.

ii) **Divestment of 50% stake in Transguard (TG) Cash:** Was completed in November 2021. The prior year financials have no revenue contribution from TG Cash, as it was accounted for on an equity accounting basis but include a 10-month contribution of USD 8.5 million to underlying EBITDA[1] and USD 4.7 million to underlying net income[1], prior to the sale of our stake. Current year financials do not include any contribution from TG cash.

iii) **Disposal of 70% holding in Mercury Payments Services LLC (Mercury):** Was completed in January 2022. The underlying results do not have any material financial impact in the current year. The prior year had an immaterial revenue contribution and included a USD (2.3) million loss to both underlying EBITDA[1] and underlying net income[1].

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

Total revenue

Trends vs 2021: Total revenue in the year increased by 24.5% y/y (26.6% on a constant currency basis[1]) to USD 438.4 million (2021: USD 352.2 million). This includes a USD 31.5 million revenue contribution from DPO Group (2021: USD 7.5 million). Excluding DPO's contribution in both 2022 and 2021, revenue grew 18.0% y/y.

Revenue results by operating segments

Merchant Services revenue

Merchant Services, which represents 42% of total revenue (2021: 37%), grew 41.4% y/y to USD 183.3 million (2021: USD 129.7 million), including a USD 31.5 million contribution from DPO Group. Excluding DPO, growth in Merchant Services was 24.2% y/y. Momentum was strong throughout the year, largely a reflection of supportive underlying market conditions alongside a buoyant UAE economy and ongoing strength in consumer confidence. DPO saw pro-forma full year 2022 revenue growth of 17.1% y/y or 27.0% in constant currency, with trading in South Africa slowing towards the end of the year due to growing macroeconomic pressures including an unreliable energy supply, high unemployment and rising interest rates. We continue to see strong growth in markets outside of South Africa, supported by a recovery in international travel.

Total Processed Volume (TPV[2]), which represents the monetary volume of purchases processed by the Merchant Services business, increased by 37.7% y/y to USD 45.9 billion (2021: USD 33.3 billion). Prior year TPV has been restated following the new segmentation of business lines, with TPV now primarily excluding acquirer processing volumes. Excluding DPO, TPV increased 28.9% y/y.

TPV trends in the UAE and Jordan: Directly acquired TPV increased 28.9% y/y to USD 41.6 billion (2021: USD 32.2 billion). Within this, domestic TPV (which represents spending from consumers domiciled in the region) increased 20.0% y/y, driven by a buoyant economic environment and strong consumer confidence. International TPV (which represents consumer spending by overseas visitors) grew 64.0% y/y, reflecting both the UAE's continued attraction as a holiday destination and a year of key events in the region, including Dubai EXPO in Q1 and the FIFA World Cup in Q4, with International TPV particularly strong in Q4 vs. pre-pandemic levels. The strong TPV performance was also supported by growth across our strategic focus segments, with online TPV (excluding Government and airlines) up 39.4% y/y, and SME TPV up 41.2% y/y, aided by a record number of new merchants wins and the launch of new digital capabilities.

TPV trends in Africa (DPO Group): On a twelve-month pro-forma basis, directly acquired TPV grew 19.3% y/y, or 29.6% in constant currency. Although strong, trends in the region were impacted by a challenging macro environment in South Africa, particularly through Q4, which negatively impacted consumer spending. Growth in markets outside of South Africa remained strong.

Contribution[3] for the Merchant Services segment increased 42.5% y/y, to USD 130.0 million (2021: USD 91.3 million), with margins up by 50bps y/y to 70.9% (2021: 70.4%).

1. For constant currency definition, please refer to page 24.
2. TPV - Total Processed Volumes - the aggregate monetary volume of purchases processed by the Group within its Merchant Services business line.
3. This is an Alternative Performance Measure (APM). See note 5 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.

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Trends in directly acquired Total Processed Volume (TPV)

Direct to merchant TPV, y/y	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Direct TPV in UAE & Jordan	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**	**27%**	**27%**	**27%**	**27%**	**21%**	**20%**
Retail	15%	34%	41%	37%	17%	22%	34%	32%	38%	40%	17%	23%
Supermarkets	3%	4%	11%	11%	7%	9%	8%	14%	16%	14%	18%	17%
Travel & Entertainment	59%	112%	116%	57%	62%	44%	48%	50%	43%	22%	10%	5%
Govt, Healthcare, Education	19%	37%	33%	20%	17%	20%	21%	21%	20%	28%	31%	30%
Direct TPV in UAE & Jordan	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**	**27%**	**27%**	**27%**	**27%**	**21%**	**20%**
Domestic consumers	13%	27%	26%	21%	16%	19%	18%	18%	20%	24%	21%	18%
International consumers	70%	139%	164%	69%	73%	49%	94%	92%	70%	37%	22%	25%
Direct TPV in Africa (DPO)[a,b]	**33%**	**31%**	**34%**	**34%**	**33%**	**34%**	**31%**	**29%**	**29%**	**26%**	**25%**	**23%**

a.DPO TPV and revenue is not present in the Q1-Q3 2021 base. Q1-Q3 y/y proforma data is presented for information only, with Q4 on an actual basis. b. Constant FX

Outsourced Payment Services revenue

Outsourced Payment Services represents 55% of total Group revenue (2021: 61%) and grew 13.3% y/y to USD 242.5 million (2021: USD 214.1 million). Revenue increased 15.4% y/y in constant currency, following the depreciation of local currencies in Africa, mainly the Egyptian Pound.

We saw supportive dynamics across new business signings, having secured a total of 18 new financial institutions in the year. We also saw continued strength in both KPIs, with the number of transactions processed increasing 32.1% y/y, and credentials hosted up 8.4% y/y. Both the Middle East and Africa saw y/y growth in the number of credentials hosted and transactions processed. The pace of revenue growth in Outsourced Payment Services was particularly strong in the first nine months of the year, driven by new business wins and strong digital transaction growth, with growth in Q4 slowing, mainly due to the timing of new business revenue streams and longer lead times to onboard new customers.

Contribution[1] for the Outsourced Payment Services segment increased 16.3% y/y, to USD 171.1 million (2021: USD 147.1 million), with margins up by 190 bps y/y to 70.6% (2021: 68.7%), reflecting the strong operating leverage inherent in the business.

Other revenue not allocated to an Operating Segment

The Group's other revenue is mainly derived from the Mastercard strategic partnership, cash advance fees on withdrawals from ATMs and foreign exchange gains/(losses) arising from the Merchant Services and Outsourced Payment Services business lines.

Other revenue was USD 12.5 million, up 47.3% y/y (2021: USD 8.5 million, restated from USD 9.4 million in line with the new segment reporting, with other revenue relating to Diners now included within Outsourced Payment Services). This includes USD 7.3 million of revenue (2021: USD 4.3 million) recognised as part of the Mastercard strategic partnership, which continues to progress well. The strong revenue expansion in other revenue in 2022, is associated with our collaboration with Brighterion, Mastercard's artificial intelligence arm to provide fraud mitigating services, as well as initiatives launched in the prior year, which were completed in 2022, including the launch of 3D Secure 2.0 biometric authentication fraud checking capabilities and 'Fintech in a box', to support the issuance of cards and processing services for fintechs.

1. This is an Alternative Performance Measure (APM). See note 5 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.

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Revenue results by geography

Middle East

The Group's largest geography is the Middle East, where revenues are generated from both Merchant Services and Outsourced Payment Services, representing 66% of Group revenue (2021: 70%).

Revenue increased 16.4% y/y to USD 288.4 million (2021: USD 247.7 million), supported by particularly strong growth in the UAE, our largest market, which experienced relatively strong economic conditions, resilient consumer confidence and a strong year for tourism.

Africa

Revenue in Africa contributed 33% of total revenue in the period (2021: 28%) and increased 42.3% y/y to USD 142.7 million (2021: USD 100.2 million), including a USD 31.5 million contribution from DPO Group. Excluding DPO, revenue growth was 19.8%. Growth was relatively stronger in Northern and Sub-Saharan Africa vs. Southern Africa, with South Africa seeing macro-economic challenges as explained earlier. The region saw continued expansion in associated KPIs, particularly in the number of transactions processed between Q1-Q3.

Expenses and other line items

	2022 USD'000			2021 USD'000			
	Reported	Specially disclosed items	Underlying results[1] (A)	Reported	Specially disclosed items	Underlying results[1] (B)	Change (A&B)
Salaries and allowances	95,776	-	95,776	80,966	-	80,966	18.3%
Bonus and sales incentives	16,523	-	16,523	11,557	-	11,557	43.0%
Share based compensation	5,952	-	5,952	7,550	(3,657)	3,893	52.9%
Terminal and other benefits	12,600	-	12,600	7,884	-	7,884	59.8%
Total personnel expenses	130,851	-	130,851	107,957	(3,657)	104,300	25.5%
Technology and communication costs	56,709	-	56,709	55,266	-	55,266	2.6%
Third-party costs	26,080	-	26,080	23,523	-	23,523	10.9%
Legal and professional fees	21,473	-	21,473	26,933	(7,261)	19,672	9.2%
Provision for expected credit loss	2,922	-	2,922	393	-	393	643.5%
Other general and administrative expenses	21,733	-	21,733	14,076	-	14,076	54.4%
Selling, operating and other expenses	128,917	-	128,917	120,191	(7,261)	112,930	14.2%
Depreciation and amortisation	71,429	(10,526)[2]	60,903	60,958	(5,885)	55,073	10.6%
Share of depreciation from associate	-	-	-	3,768	-	3,768	(100.0)%
Total depreciation and amortisation	71,429	(10,526)	60,903	64,726	(5,885)	58,841	3.5%
Net Interest expense	18,547	-	18,547	13,708	-	13,708	35.3%
Unrealised foreign exchange (gains) / losses	(2,639)	-	(2,639)	910	-	910	(390.0)%
Taxes	13,332	1,581[2]	14,913	6,826	-	6,826	118.5%

1. This is an Alternative Performance Measure (APM). See note 4 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.
2. SDI relating to amortisation of acquired intangibles in the above table is shown at gross level i.e., amortisation and its related tax impact are shown in their respective line items.

Expenses: Total expenses (personnel expenses and selling, operating and other expenses) were USD 259.8 million (2021: USD 228.1 million), with Specially Disclosed Items (SDIs) of nil (2021: USD 10.9 million). Underlying total expenses[1] grew by 19.6% y/y or 10.3% y/y excluding DPO Group, whilst continuing to invest in new growth opportunities and market entry into the Kingdom of Saudi Arabia.

Personnel expenses: Total personnel expenses were USD 130.9 million (2021: USD 108.0 million), including SDIs of nil (2021: USD 3.7 million). Underlying personnel expenses[1] were USD 130.9 million (2021: USD 104.3 million), up 25.5% y/y, or 13.9% y/y excluding DPO, predominantly driven by investment in our people including talent retention and inflation linked increases across the Group, alongside costs associated with the build of our new local team in the Kingdom of Saudi Arabia.

Selling, operating and other expenses: Total selling, operating and other expenses were USD 128.9 million (2021: USD 120.2 million), including SDIs of nil (2021: USD 7.3 million). Underlying selling, operating and other expenses[1] grew by 14.2% to USD 128.9 million (2021: USD 112.9 million) or 7.1% excluding DPO. Growth was mainly attributable to; i) direct costs associated with our revenue growth in Outsourced Payment Services, ii) our market entry into the Kingdom of Saudi Arabia, iii) a higher charge for expected credit losses on trade and other receivables (which is reflective of growth in the overall trade receivable balances due to higher revenues and the Group's prudent view on credit losses); and iv) resumption of controlled discretionary expenditure on travel and marketing.

Underlying EBITDA[1]

Underlying EBITDA[1] increased by 24.5% to USD 178.6 million (2021: USD 143.5 million). Underlying EBITDA margin[1] was 40.7% (2021: 38.3%), a 240bps expansion y/y.

There are contributions to underlying EBITDA in either 2022 or 2021, that are not present in the comparable period. These include: DPO Group (USD 5.0 million in 2022, USD 1.7 million in 2021); Transguard Cash LLC and Mercury (nil in 2022, USD 6.2 million in 2021). Excluding these contributions, underlying EBITDA increased by 28% to USD 173.6 million (2021: USD 135.6 million) and margin increased by 329 bps to 42.7% (2021: 39.4%), demonstrating the Group's strong strategic progress in the year. It is also evidence of the inherent operating leverage in our business and the early benefits of our ability to 'do more with less', including insourcing our technology capabilities, as well as establishing centres of excellence.

	2022 USD'000	2021 USD'000
Profit for the year	**80,104**	**56,558**
Depreciation and amortisation	**71,429**	60,958
Net interest expense	**18,547**	13,708
Unrealised foreign exchange (gains)/losses	**(2,639)**	910
Taxes	**13,332**	6,826
Gain on sale of subsidiary/associate	**(2,170)**	(10,169)
Share of depreciation from associate	**-**	3,768
Specially disclosed items affecting EBITDA	**-**	10,918
Underlying EBITDA[1]	**178,603**	**143,477**

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

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Depreciation and amortisation

The Group's total depreciation and amortisation (D&A) charge, increased by USD 6.7 million to USD 71.4 million (2021: USD 64.7 million, including a USD 3.8 million share of depreciation from previous associate Transguard Cash LLC). This includes an SDI of USD 10.5 million (2021: USD 5.9 million) for the amortisation of acquired intangibles. The Group's underlying D&A[1] charge grew 3.5% to USD 60.9 million (2021: USD 58.8 million), mainly relating to D&A charges on new assets capitalised during the year, which were partially offset by assets retired during the period.

Net interest expense

The Group's net interest expense increased by USD 4.8 million to USD 18.5 million (2021: USD 13.7 million), largely due to the increase in benchmark rates of the term loan facility.

	2022 USD'000	2021 USD'000	Comments
Interest Expense on:			
Term loan facility [a,b]	13,776	8,158	Largely represents interest and other fees. Average balance in 2022: 356.2m. Average interest rate of 3.7% for the year (6.6% as at 31 Dec 2022). Average balance in 2021: USD 377m, Average interest rate of 2.1%.
Revolving credit facility	208	1,000	RCF outstanding balance was fully repaid during Q1-2022.
Bank overdrafts for working capital	1,996	1,678	Relates to interest and commitment fees on overdraft facility for settlement related working capital.
Debt Issuance amortisation	1,766	1,444	Amortisation of debt issuance costs associated with term loan and revolving credit facility.
Other Interest expense	2,135	1,812	Relates to interest charges on lease liabilities, mainly on liabilities recognised on right of use assets.
Interest income	(1,334)	(384)	Relates to interest income on bank deposits in Nigeria, Egypt, and South Africa.
Net Interest Expense	18,547	13,708	

a. Covenants are set at 3.5x net debt: underlying EBITDA b. Includes interest expense related to other term loan as well

Unrealised foreign exchange gains/(losses)

Unrealised FX gains/(losses) relate to the translation of the Group's foreign currency denominated assets and liabilities. During the year, the non-recurring FX gain totalled USD 2.6 million (2021: USD (0.9) million) which is mainly due to the depreciation of local currencies across several African countries, including Egypt, Nigeria, South Africa, Ghana, and Kenya.

Taxes

The Group's total tax charge during the year was USD 13.3 million (2021: USD 6.8 million) with a reported effective tax rate[1] of 14.3% (2021: 10.8%). The underlying tax charge was USD 14.9 million (2021: USD 6.8 million) with an underlying effective tax rate of 14.7% (2021: 9.7%). The increase is mainly due to: i) overall higher taxable profits, particularly in higher tax jurisdictions in Africa where we have seen strong revenue growth; ii) a full year impact of the change in tax regulation in Mauritius which came into effect in July 2021, and; iii) the movement of customer contracts to our Nigerian business entity, where higher tax rates are applicable.

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

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

Profit for the year was USD 80.1 million (2021: USD 56.6 million) which includes a gain of USD 2.2 million from the disposal of the 70% holding in Mercury Payments LLC, which was completed in January 2022. Underlying net income[1] increased by 37.5% to USD 86.9 million (2021: USD 63.2 million).

	2022 USD'000	2021 USD'000
Profit for the year	**80,104**	**56,558**
Gain on sale of subsidiary/associate	(2,170)	(10,169)
Specially Disclosed Items affecting EBITDA	-	10,918
Specially Disclosed Items affecting net income (net of tax impact)	8,946	5,885
Underlying net income[1]	**86,880**	**63,192**

Reported basic earnings per share for the period was 14.5 USD cents (2021: 10.4 USD cents) and underlying basic earnings per share (EPS)[1] increased by 35.3% to 15.7 USD cents (2021: 11.6 USD cents).

The weighted average share count during 2022 was 552,291,780 which is largely similar to 2021 as the increase of 11,101,690 share in September 2021 (issued for the DPO acquisition) is offset by shares purchased under the buyback program launched in August 2022, (please refer to the cash flow section below for details) and shares purchased for LTIP Scheme. The total outstanding shares as at 31 December 2022 was 541,949,121.

	2022	2021
Underlying net income[1] (USD'000)	**86,880**	**63,192**
Non-controlling interest (loss) (USD'000)	25	880
Underlying net income – attributable to equity holders (USD'000)	**86,905**	**64,072**
Weighted average number of shares ('000)	552,292	552,859
Underlying basic earnings per share[1] (USD cents)	**15.7**	**11.6**

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 in nature, should be disclosed separately to give a more comparable view of underlying financial performance. There were no new SDIs classified during the year.

SDIs affecting EBITDA during the year were nil, as expected (2021: USD 10.9 million) and SDIs affecting net income were USD 8.9 million net of tax (2021: USD 5.9 million).

Share-based compensation: Prior year figures included the charge relating to the Management Incentive Award Plan, Initial Public Offering (IPO) Cash Bonus, and certain Long-Term Incentive Plans awarded to eligible employees, all of which were specific payments relating to the Group's IPO and no longer recurring.

M&A costs: Prior year figures include costs incurred relating to due diligence, advisory, and execution in relation to the acquisition of DPO. During the year, M&A costs were not material and therefore have not been disclosed separately.

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

The key SDIs affecting net income in the year were:

Amortisation of acquired intangibles (net of deferred tax impact): Amortisation and tax on acquired intangibles are treated as SDIs. These charges are based on judgements about their value and economic life and are the result of the application of acquisition accounting. Whilst revenue recognised in the income statement does benefit from the underlying intangibles that have been acquired, the amortisation costs bear no relation to the Group's underlying operational performance. The amortisation of acquired intangibles is not included in the analysis of segment performance used by the Chief Operating Decision Maker.

During the year, the amortisation charge amounted to USD 10.5 million (2021: USD 5.9 million) on the intangible assets recognised in the Group's consolidated statement of financial position from the following acquisitions: i) USD 4.2 million (2021: USD 4.2 million) from Emerging Market Payments Services in 2016 and; ii) USD 6.3 million (2021: USD 1.7 million) net of a tax related impact of USD (1.6) million (2021: nil) from the acquisition of DPO.

	2022 USD'000	2021 USD'000
Items affecting EBITDA		
Share-based compensation	-	3,657
M&A costs	-	7,261
Total SDIs affecting EBITDA	-	**10,918**
Items affecting Net Income		
Amortisation net-of tax on acquired intangibles	8,946	5,885
Total SDIs affecting net income	**8,946**	**5,885**
Total specially disclosed items	**8,946**	**16,803**

Cash flow

The Group's net cash flow from operating activities was USD 119.2 million (2021: USD 51.7 million), an increase of USD 67.5 million versus the prior year, mainly due to strong underlying business performance driving higher net profit in the year.

The Group's net cash outflow from investing activities was USD (59.7) million (2021: USD (178.9) million), which mainly represents capital expenditure during the year. The movement of USD 119.2 million versus 2021 is largely a reflection of the cash outflows for the acquisition of DPO Group in 2021 (USD 198.9 million), which was partially offset by proceeds from the sale of our stake in Transguard Cash (USD 74.4 million).

The Group's net cash movement from financing activities was USD (137.7) million (2021: USD (10.7) million), mainly reflecting; i) cash outflows of USD (40.6) million for the share buyback program (see below); ii) a scheduled repayment on the syndicated loan facility of USD (37.5) million; iii) repayment of the RCF loan of USD (35.0) million and; iv) purchase of the shares under the Long-Term Incentive Plan (LTIP) for eligible Group employees of USD (16.9) million.

	2022 USD'000	2021 USD'000	Change
Net cash movement from operating activities	119,202	51,656	131%
Net cash movement from investing activities	(59,744)	(178,913)	67%
Net cash movement from financing activities	(137,740)	(10,743)	(1,182)%

Share buyback programme

On 11 August 2022 we announced a share buyback program (the "Initial Program"), in line with the Group's capital allocation strategy. The principal focus of the capital allocation strategy is to prioritise investment in order to accelerate growth, including potential organic investments as well as disciplined selective acquisitions. Returns to shareholders are also considered in the context of balance sheet leverage and upcoming investment opportunities. Given the business' strong cash generation and leverage position below the 1-2x average target range, the buyback programme gives the opportunity to return some excess capital to shareholders whilst maintaining future flexibility to invest in accelerating growth.

The Initial Program for the buyback of shares for up to an aggregate purchase price of USD 50 million was completed on 27th January 2023. As announced on 26th January 2023, the Company initiated the second tranche of the buyback programme, of up to an aggregate purchase price of a further USD 50 million, following the completion of the Initial Program.

Underlying free cash flow[1]

Underlying free cash flow (u.FCF) is calculated as underlying EBITDA adjusted for changes in other working capital balances, taxes paid, total capital expenditure, and in the prior year SDIs affecting EBITDA and adjustment for share of EBITDA of associate, less dividend.

Underlying FCF[1] was USD 81.9 million (2021: USD 61.9 million), 32% higher than the prior year, driven by higher underlying EBITDA[1], and the absence of both SDIs affecting EBITDA and the share of EBITDA from TG cash. This was mainly offset by changes in working capital before settlement related balances and higher taxes paid.

The Group uses u.FCF as an operating performance measure that helps management monitor the conversion of underlying EBITDA to underlying free cash flow. u.FCF conversion improved to 46% in 2022 (2021: 43%).

	2022 USD'000	2021 USD'000	Change
Profit for the year	**80,104**	**56,558**	**42%**
Depreciation and amortisation	71,429	60,958	17%
Net interest expense	18,547	13,708	35%
Unrealised foreign exchange (gains)/losses	(2,639)	910	(390)%
Taxes	13,332	6,826	95%
Gain on sale of subsidiary/associate	(2,170)	(10,169)	(79)%
Share of depreciation of associate	-	3,768	(100)%
Specially disclosed Items affecting EBITDA	-	10,918	(100)%
Underlying EBITDA[1]	**178,603**	**143,477**	**24%**
Changes in other working capital balances	(28,754)	(1,074)	2577%
Taxes paid	(8,773)	(4,842)	81%
Total capital expenditure	(59,149)	(56,272)	5%
Specially Disclosed Items affecting EBITDA	-	(10,918)	(100)%
Adjustment for share of EBITDA of associate, less dividend	-	(8,463)	(100)%
Underlying free cash flow[1]	**81,927**	**61,908**	**32%**
Underlying free cash flow conversion	**46%**	**43%**	**3%**

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

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

	2022 USD'000	2021 USD'000	Change
Net cash inflows from operating activities	**119,202**	**51,656**	**131%**
Changes in scheme debtors, merchant creditors, long term receivables and other liabilities	14,889	57,371	(74)%
Charge for share based payment	(5,952)	(4,518)	32%
Interest Paid	15,859	14,064	13%
Charge for expected credit losses	(2,922)	(393)	642%
Underlying free cash flow before capital expenditure	**141,076**	**118,180**	**19%**
Total capital expenditure	(59,149)	(56,272)	5%
Underlying free cash flow[1]	**81,927**	**61,908**	**32%**

Capital expenditure

	2022 USD'000	2021 USD'000	Change
Total capital expenditure	**59,149**	**56,272**	**5%**
Core capital expenditure:	**53,430**	**43,955**	**22%**
of which is maintenance capital expenditure[1]	19,872	16,015	24%
of which is growth capital expenditure[1]	33,558	27,940	20%
Saudi Arabia market entry	**4,778**	**5,006**	**(5)%**
Separation of shared services from Emirates NBD	**941**	**7,311**	**(87)%**

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

Maintenance capital expenditure represents investments on additions or improvements to manage the existing operations of the Group. Maintenance capital expenditure was USD 19.9 million in 2022 (2021: USD 16.0 million) mainly spent on upgrading and servicing our technology infrastructure.

Growth capital expenditure represents investments made in 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 33.6 million in the year (2021: USD 27.9 million) mainly relating to investments in; i) new point-of-sale terminals to drive volume growth and support the signing of new SME merchants in the UAE; ii) new capabilities to accelerate SME onboarding and; iii) enhancing our value added services through additional investments in fraud mitigation solutions and data analytics.

Capital expenditure to support the launch of processing into the Kingdom of Saudi Arabia (which is now complete) amounted to USD 4.8 million (2021: USD 5.0 million), in line with expectations, having spent an aggregate of cUSD 10 million on our market entry into the region.

Capital expenditure for the separation of shared services from Emirates NBD largely reflects investments on the migration of our data center and ERP implementation. These investments are now largely complete, with only minimal spending to come in the future, which will not be disclosed separately. This totalled USD 0.9 million in the year (2021: USD 7.3 million).

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

	2022 USD'000	2021 USD'000	Change
Total Capital expenditure	**59,149**	**56,272**	**5%**
Goods/services received in the current period, but yet to be paid	(11,963)	(14,723)	(19)%
Goods/services received in prior period, and paid in the current period	18,222	13,513	35%
Total Consolidated capital expenditure spend (as per consolidated statement of cash flows)	**65,408**	**55,062**	**19%**

Working capital

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

Settlement related working capital

	2022 USD'000	2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme Debtors	336,728	364,025	27,297
Restricted Cash	119,357	86,801	(32,556)
Merchant Creditors	(285,791)	(329,280)	(43,489)
Settlement Related Working Capital Balances	**170,294**	**121,546**	**(48,748)**

Movements in settlement related working capital balances are linked to the Merchant Services business line funding cycle and represent those from both Network (UAE and Jordan) and DPO (Africa). The settlement related working capital outflow during the year primarily arises from the UAE business, due to a larger decline in merchant creditors compared to scheme debtors, as explained below.

Scheme debtors and merchant creditors: Merchant creditor and scheme debtor balances generally reflect TPV processed in the Merchant Services business line over the 2-3 days before the period end, as well as a number of other factors that can include the day of the week on which the period ends. Overall, the merchant creditor balance decreased by USD (43.5) million y/y and the scheme debtor balance decreased by USD (27.3) million y/y.

At Network, which represents the majority of the balances: merchants generally receive funds before Network obtains settlement from the card schemes and financial institutions, resulting in higher scheme debtor balances as compared to merchant creditor balances. The majority of merchants receive settlement on a T+1 basis following a consumer transaction. In 2022, the period ended on a Saturday on which day merchant settlements occurred as usual in the UAE and the balance broadly represented one day of outstanding payments. In 2021, the period ended on a Friday, which at that time was both a weekend and a day of religious observance; and no merchant payments were remitted, resulting in approximately two days of outstanding payments. The 2022 merchant creditor balance is therefore lower than at the end of 2021.

Network usually receives funds from the payment schemes on a T+2/3 basis, and from financial institutions on T+1 basis. At the end of 2022, settlement from schemes for domestic TPV and financial institutions largely occurred as normal, compared with 2021 which saw delayed domestic TPV and scheme settlements, for reasons related to the day of the week as mentioned above. The resultant y/y decline in the scheme debtor balance is less than the y/y decline in the merchant creditor balance.

At DPO, the settlement timeline differs to Network. Payments to merchants are made after DPO has received settlement payments from banks and mobile network operators and therefore results in larger merchant creditor balances when compared to scheme debtor balances. The merchant creditor balance increased when compared with the prior year, as the period ended on a Saturday, where payments were not remitted to merchants in the African markets. This increase partly offset the decline in the UAE merchant creditor balance. The DPO scheme debtor balance at the period end was de minimis, whilst the merchant creditor balance was USD 82.1 million out of the total Group merchant creditor balance of USD 285.8 million.

Restricted cash: Restricted cash represents balances specifically due to merchants. The restricted cash balance of USD 119.4 million (2021: USD 86.8 million) is split between Network and DPO and has increased y/y mainly due to the following:

At Network, restricted cash largely represents cash held as a form of collateral to manage the risk of merchant chargebacks and increased slightly during the year.

At DPO, restricted cash largely represents cash balances already received from banks and mobile network operators, but not yet remitted to merchants. This balance increased y/y, again due to the day of the week on which the period ended in 2022, which was a Saturday when merchant settlements did not occur in multiple African countries.

Other working capital balances

This represents the amount of capital used by the Group to fund its day-to-day trading operations, outside of settlement flows in the Merchant Services business. The other working capital balances at USD 10.8 million is 2.5% of Group revenue. The overall change in other working capital balance is mainly due to; i) higher outstanding receivables from customers across Africa, which is a reflection of our high growth in the region and ii) a lower unpaid expenses and unearned revenue balance compared to last year.

	2022 USD'000	2021 USD'000	Change USD'000
Trade receivables & chargeback receivables			
(Net of provisions for expected credit losses)	77,301	65,675	(11,626)
Prepayments and other receivables	18,071	22,699	4,628
Trade, other payables and income tax payable	(127,943)	(145,331)	(17,388)
	(32,571)	**(56,957)**	**(24,386)**
Items excluded[1]:			
Capital expenditure accrual	14,378	20,637	6,259
Lease liabilities – current portion	4,262	3,282	(980)
Interest payable	223	101	(122)
Charge for expected credit losses	2,922	393	(2,529)
Tax liabilities[2]	20,469	15,828	(4,641)
Other movements	1,122	(1,233)	(2,355)
Working capital changes	**10,805**	**(17,949)**	**(28,754)**

1. These items are excluded as these are either shown separately in the consolidated statement of cash flows or non-cash in nature.
2. Tax liabilities include tax and other related liabilities under Note 14 of USD 15.2 million (2021: USD 13.4 million), income tax payable in the statement of financial position of USD 5.2 million (2021: USD 8.8 million) and net of advance taxes under Note 11 of nil (2021: USD 6.4 million)

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Debt

The Group's total debt, including current borrowings, amounted to USD 500.6 million in the year (2021: USD 491.3 million).

	2022 USD'000	2021 USD'000	Change
Syndicated term loan			
Principal outstanding	337,500	375,000	(10)%
Unamortised debt issue cost	(3,515)	(4,690)	(25)%
Net amount included in borrowings	**333,985**	**370,310**	**(10)%**
Other term loan – from business combination	7,365	8,754	(16)%
Revolving credit facility	-	35,000	(100)%
ATM lease liability	-	191	(100)%
Bank overdraft (for working capital)	159,287	77,089	107%
Total	**500,637**	**491,344**	**2%**
Non-current borrowings	265,291	336,739	(21)%
Current borrowings	235,346	154,605	52%
Total	**500,637**	**491,344**	**2%**

The long-term syndicated loan facility is utilised to increase the Group's liquidity, fund inorganic growth opportunities and other growth 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 prior period. We have since made a scheduled repayment of USD (37.5) million during 2022, which represented 10% of the outstanding balance at the beginning of the year. The prepayment schedule increases to 20% between 2023-25, with the remaining balance of 30% to be paid in full in 2026.

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 syndicated lending facility 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. EBITDA is measured on an underlying basis over the last twelve-month period and financial covenants are set to 3.5x net debt: underlying EBITDA[1].

Leverage Ratio[1]

	2022 USD'000	2021 USD'000
Net debt	118,683	127,724
Underlying EBITDA[1]	178,603	143,477
Leverage ratio	**0.7**	**0.9**

1. These are alternative performance measures, the definitions and calculations of which are included in this section.

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

Particulars	2022 USD'000	2021 USD'000
Non-current borrowings	265,291	336,739
Current borrowings	235,346	154,605
Cash and cash equivalents (un-restricted)	(234,402)	(270,345)
Net debt as per consolidated financial information	**266,235**	**220,999**
Less: Working capital facility overdraft	(159,287)	(77,089)
Less: Cash Balance (non-controlling interest of subsidiary)	-	(1,833)
Add: Unamortised debt issue cost	3,515	4,690
Other adjustments*	8,220	(19,043)
Net debt as per the financing facility agreement	**118,683**	**127,724**

* Other adjustments mainly 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	2022 USD'000	2021 USD'000
Opening balance	**127,724**	**252**
Repayment of borrowings		
Term Loan	(37,500)	-
Revolving Credit Facility	(35,000)	-
ATM lease liabilities	(191)	(734)
Other bank loans	(1,389)	8,754
Cash balances	35,943	128,436
Cash balances of held for sale entity (70%)	1,833	(1,833)
Others*	27,263	(7,151)
Closing balance	**118,683**	**127,724**

* Others includes changes in the adjustment for any temporary end of day excess / short drawdown position of the working capital facility.

Definitions

Foreign currencies which are not USD pegged

The non-USD pegged currencies that have an impact on the Group as a result of foreign operations in Egypt, South Africa, Nigeria, Ghana and Kenya include the Egyptian Pound (EGP), South African Rand (ZAR), Nigerian Naira (NGN), Ghanaian Cedi (GHS) and Kenyan Shilling (KES), respectively.

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) and South African Rand (ZAR).

Average rates

The table shows the average rate of these currencies per USD for the year of 2022 and 2021.

Currency rate vs USD	2022 Average rate	2021 Average rate
Egyptian Pound (EGP)	**19.4**	**15.8**
Nigerian Naira (NGN)	**427.6**	**403.8**
South African Rand (ZAR)	**16.3**	**14.8**
Ghanaian Cedi (GHS)	**8.4**	**5.8**
Kenyan Shilling (KES)	**122.8**	**112.7**

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 Services business line. The 2021 and 2022 TPV figures have been restated to primarily exclude the acquirer processing volumes following the new business line segmentation, where acquirer processing is now within the newly classified Outsourced Payment Services segment.

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 Outsourced Payment Services business line.

Number of transactions

Number of transactions is defined as the aggregate number of transactions processed and billed by the Group within its Outsourced Payment Services business line.

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Consolidated statement of financial position

As at 31 December

	2022 USD'000	2021 USD'000
Assets		
Non-current assets		
Goodwill	495,782	496,695
Intangible assets	229,216	243,081
Property and equipment	58,148	59,584
Investment securities	246	246
Long term receivables	333	3,735
Deferred tax assets	9,184	7,633
Total non-current assets	**792,909**	**810,974**
Current assets		
Scheme debtors	336,728	364,025
Receivables and prepayments	95,372	88,374
Cash and cash equivalents (restricted)	119,357	86,801
Cash and cash equivalents (un-restricted)	234,402	270,345
Assets held for sale	-	4,347
Total current assets	**785,859**	**813,892**
Total assets	**1,578,768**	**1,624,866**
Liabilities		
Non-current liabilities		
Borrowings	265,291	336,739
Other long-term liabilities	18,520	25,815
Deferred tax liabilities	18,195	18,914
Total non-current liabilities	**302,006**	**381,468**
Current liabilities		
Merchant creditors	285,791	329,280
Trade and other payables	122,711	136,505
Income tax payable	5,232	8,826
Borrowings	235,346	154,605
Liabilities held for sale	-	1,769
Total current liabilities	**649,080**	**630,985**
Shareholders' equity		
Share capital	73,077	73,077
Share premium	252,279	252,279
Treasury shares	(40,631)	-
Share merger reserve	52,971	52,971
Foreign exchange reserve	(36,501)	(19,693)
Reorganisation and other reserves	(1,544,066)	(1,547,389)
Retained earnings	1,870,715	1,802,501
Equity attributable to equity holders	**627,844**	**613,746**
Non-controlling interest	**(162)**	**(1,333)**
Total shareholders' equity	**627,682**	**612,413**
Total liabilities and shareholders' equity	**1,578,768**	**1,624,866**

These consolidated financial information were approved and authorised for issue by the Board of Directors on ________________ 2023 and signed on its behalf by:

Nandan Mer

Director and Chief Executive Officer

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Consolidated statement of profit or loss

For the year ended 31 December

	2022 USD'000	2021 USD'000
Revenue	**438,371**	**352,245**
Personnel expenses	(130,851)	(107,957)
Selling, operating and other expenses	(128,917)	(120,191)
Depreciation and amortisation	(71,429)	(60,958)
Share of profit of associate	-	4,694
Profit before interest, tax and gain on sale of a subsidiary /associate	**107,174**	**67,833**
Gain on sale of subsidiary / associate	2,170	10,169
Net interest expense	(18,547)	(13,708)
Unrealised foreign exchange gains / (losses)	2,639	(910)
Profit before tax	**93,436**	**63,384**
Taxes	(13,332)	(6,826)
Profit for the year	**80,104**	**56,558**
Attributable to:		
Equity holders of the Group	80,129	57,438
Non-controlling interest	(25)	(880)
Profit for the year	**80,104**	**56,558**
Basic earnings per share in USD cents	14.5	10.4
Diluted earnings per share in USD cents	14.3	10.4

Consolidated statement of profit or loss for the current and prior year represents results from continuing operations.

Consolidated statement of other comprehensive income

For the year ended 31 December

	2022 USD'000	2021 USD'000
Profit for the year	**80,104**	**56,558**
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation difference on foreign operations	(16,808)	(255)
Items that will never be reclassified to profit or loss		
Re-measurement of defined benefit liability	2,345	203
Net change in other comprehensive income	**(14,463)**	**(52)**
Total comprehensive income for the year	**65,641**	**56,506**
Attributable to:		
Equity holders of the Group	65,666	57,386
Non-controlling interest	(25)	(880)
Total comprehensive income for the year	**65,641**	**56,506**

Consolidated statement of other comprehensive income for the current and prior year represents results from continuing operations.

Consolidated statement of changes in equity

For the year ended 31 December

	Share capital	Share premium	Treasury shares	Share merger reserve	Foreign exchange reserve	Reorganisation reserve	Other Reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' 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 for the year											
Profit for the year	-	-	-	-	-	-	-	80,129	**80,129**	(25)	**80,104**
Other comprehensive income for the year:											
Foreign currency translation differences	-	-	-	-	(16,808)	-	-	-	**(16,808)**	**-**	**(16,808)**
Re-measurement of defined benefit liability	-	-	-	-	-	-	2,345	-	**2,345**	-	**2,345**
Total other comprehensive income for the year	-	-	-	-	(16,808)	-	2,345	-	**(14,463)**	-	**(14,463)**
Total comprehensive income for the year	-	-	-	-	(16,808)	-	2,345	80,129	**65,666**	(25)	**65,641**
Increase in legal reserve	-	-	-	-	-	-	978	(978)	**-**	-	**-**
Purchase of treasury shares	-	-	(40,631)	-	-	**-**	-	(16,889)	**(57,520)**	-	**(57,520)**
Share based payment	-	-	-	-	-	**-**	-	5,952	**5,952**	-	**5,952**
Disposal of subsidiary with NCI	-	-	-	-	-	**-**	-	-	**-**	1,196	**1,196**
As at 31 December 2022	73,077	252,279	(40,631)	52,971	(36,501)	(1,552,365)	8,299	1,870,715	**627,844**	(162)	**627,682**

Consolidated statement of changes in equity *(continued)*

For the year ended 31 December

	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 shareholders' 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 for the year										
Profit for the year	-	-	-	-	-	-	57,438	**57,438**	(880)	**56,558**
Other comprehensive income for the year:										
Foreign currency translation differences	-	-	-	(255)	-	-	-	**(255)**	**-**	(255)
Re-measurement of defined benefit liability	-	-	-	-	-	203	-	**203**	-	**203**
Total other comprehensive income for the year	-	-	-	(255)	-	203	-	**(52)**	-	**(52)**
Total comprehensive income for the year	-	-		(255)	-	203	57,438	**57,386**	(880)	**56,506**
Issuance of new shares	1,520	-	53,100	-	-	-	-	**54,620**	-	**54,620**
Share issuance cost	-		(129)	-	**-**	-	-	**(129)**	-	**(129)**
Purchase of treasury shares	-	-	-	-	**-**	-	(5,563)	**(5,563)**	-	**(5,563)**
Share based payment	-	-	-	-	**-**	-	9,017	**9,017**	-	**9,017**
As at 31 December 2021	73,077	252,279	52,971	(19,693)	(1,552,365)	4,976	1,802,501	**613,746**	(1,333)	**612,413**

Consolidated statement of cash flows

For the year ended 31 December

	2022 USD'000	2021 USD'000 *(Restated)*[2]
Operating activities		
Profit for the year from operations	**80,104**	**56,558**
▪ *Adjustments for:*		
Depreciation and amortisation	71,429	60,958
Provision for expected credit losses	2,922	393
Net interest expense	18,547	13,708
Taxes	13,332	6,826
Unrealised foreign exchange gains / (losses)	(2,639)	910
Gain on sale of a subsidiary / associate	(2,170)	(10,169)
Share of profit of associate	-	(4,694)
Charge for share based payment	5,952	4,518
▪ Interest paid	(15,859)	(14,064)
▪ Taxes paid	(8,773)	(4,842)
Net cash flows before working capital balances	**162,845**	**110,102**
▪ Changes in scheme debtors	27,297	(198,589)
▪ Changes in merchant creditors	(43,489)	164,138
▪ Changes in long term receivables and other liabilities	1,303	(22,921)
▪ Changes in other working capital balances[1]	(28,754)	(1,074)
Net cash flows from operating activities[2]	**119,202**	**51,656**
Investing activities		
▪ Purchase of intangible assets and property and equipment	(65,408)	(55,062)
▪ Sale of intangible assets and property and equipment	-	92
▪ Proceeds from sale of subsidiary/associate	4,330	74,440
▪ Interest received	1,334	550
▪ Acquisition of subsidiary, net of cash acquired	-	(198,933)
Net cash flows from investing activities	**(59,744)**	**(178,913)**

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- Comparative year has been restated to reflect the change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to note 2e.

Consolidated statement of cash flows *(continued)*

	2022 USD'000	2021 USD'000 *(Restated)*[2]
Financing activities		
▪ Repayment of borrowings	(73,368)	-
▪ Purchase of treasury shares (share buyback)	(40,631)	-
▪ Purchase of treasury shares (sharebased payments)	(16,889)	(5,563)
▪ Payment of debt issuance cost	(591)	-
▪ Payment of lease liabilities	(6,261)	(5,051)
▪ Payment of share issuance expenses	-	(129)
Net cash flows from financing activities	**(137,740)**	**(10,743)**
Net decrease in cash and cash equivalents	**(78,282)**	**(138,000)**
▪ Cash as part of held for sale	-	(2,619)
▪ Effect of movements in exchange rates on cash held	(7,303)	(974)
Cash and cash equivalents at the beginning of the year	**280,057**	**421,650**
Cash and cash equivalents at the end of the year	**194,472**	**280,057**

1 Legal status and activities

Network International Holdings PLC ('the Company') listed its shares on the London Stock Exchange on 12 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 and digital payment services.

The registered address of the Company's office is Suite 1, 7th floor, 50 Broadway, London SW1H 0BL, England. The registration number of the Company is 11849292.

The consolidated financial information of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the 'Group').

2 Basis of preparation

(a) Statement of compliance

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the registrar of companies, and those for 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (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.

(b) Basis of measurement

The consolidated financial information has 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 and financial assets at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

Items included in the financial information 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 Company's functional currency is GBP.

The presentation currency of the Group is United States Dollar ('USD') as this is a more globally recognised currency and moreover functional currency of two of the Group's largest entities, (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.

(d) New standards and interpretations

The following amendments and interpretations apply for the first time in 2022, but do not have any significant impact on the consolidated financial information.

- Amendments to IFRS 7, 9 and 16, and IAS 39: addressing issues affecting financial reporting in the period leading up to IBOR reform;
- Amendments to IFRS 4 – insurance contracts;
- Amendments to IAS 37– Onerous contracts: cost of fulfilling a contract; and
- Amendments to IAS 16 – Property, plant and equipment (proceeds before intended use)

The following amendments and interpretations apply for the first time in beginning on or after 1 January 2023

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- IFRS 17 Insurance contracts
- Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative Information
- Accounting Policies, Changes in Accounting Estimates and Errors: definition (Amendments to IAS 8)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

Based on the preliminary assessment, the impact of the above amendments and interpretations is not expected to be significant on the consolidated financial information.

(e) 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 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 in the comparative figures

	2021 **USD'000**
Cash flows from operating activities – previously reported	**17,405**
Changes in restricted cash during the period	34,251
Cash flows from operating activities – as restated	**51,656**
Cash and cash equivalent – statement of cash flows - previously reported	**193,256**
Restricted cash	86,801
Cash and cash equivalent – statement of cash flows – as restated	**280,057**

In the 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 financial position.

(f) Accounting judgements and estimates

The preparation of consolidated financial information requires Directors to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and estimates

During the year, the Directors believes that other than the estimates used in performing the impairment testing of one of the Group's Cash generating unit 'CGU' (DPO) as detailed below, there are no significant accounting judgement and estimates made by the Directors in the process of applying the Group's accounting policies, that have a significant effect on the amounts recognised in the consolidated financial information.

Impairment testing requires the Directors to assess whether the carrying value of assets or a Cash Generating Unit (CGU) can be supported by their recoverable amount (i.e., the greater of value in use or its fair value less costs to sell). The key assumptions that Directors have used in performing impairment test of DPO are cash flow projections, pre-tax discount rate and terminal growth rate. Refer note 6 for details.

3 Going concern

The Directors have adopted the going concern basis in preparing the consolidated financial information after assessing the principal risks on the Group's financial performance including under a base case and severe but plausible downside scenarios.

In making this assessment, the Directors have considered cash flows and leverage forecasts prepared for a period of at least 12 months from the date of approval of the financial information, estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group including the impact of the continued recovery from the COVID-19 pandemic. The base forecast has been done based on the budget for 2023 approved by the Board. The forecast has been done based on assumptions related to key variables including but not limited to Total Processed Volumes (TPV), number of credentials hosted, and number of transactions, which are the key drivers of the Group revenue and cash flow.

Revenue for both business lines, Merchant services and Outsourced payment services, were impacted differently by the COVID-19 pandemic. The business operations have shown a continued recovery from the impact of COVID-19 and now all KPIs are trending higher than pre-pandemic levels. In Merchant service revenue, 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 services revenue are primarily generated in the UAE, Jordan and with the addition of DPO since September 2021, our direct-to-merchant services have also been expanded to Africa. Whilst Outsourced payment services revenue are broadly balanced across Middle East and Africa. Under Outsourced payment services, 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 greater resilience due to card hosting income stream 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 term financing facility agreement in the base case scenario as well as under severe but plausible downside scenarios as described below. Please refer to note 9 of the consolidated financial information for details of the Group's drawn and available facilities. The Group has strong liquidity position which is effectively managed by the cash generated in the business, term loans and overdraft facilities. As per the financing facility agreement for term loans, 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 31 December 2022 was 0.7x.

The base forecast has been further stress tested by using two severe but plausible downside scenarios, to assess the Group's resilience against plausible adverse economic factors. In these stress scenarios, the Directors considered following assumptions

a) revenue growth is 50% lower than the base forecast

b) no revenue growth in forecast period as compared to the actual 2022 performance.

In both the downside scenarios as above, it has been assumed that the cost base will not decrease in proportion to decreases in revenues as a significant proportion of Group's cost base is fixed in nature. This also impacts the headroom available in the Group's leverage ratio. However, with forecasted operating cash flow generation and available committed financing facilities, leverage ratio remains below the threshold in the downside scenarios as well.

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 information and therefore continue to adopt the going concern basis in preparing these consolidated financial information

4 Alternative performance measures

The Group uses Alternative Performance Measures (APMs) to enhance the comparability of information between reporting periods by adjusting for uncontrollable or one-off items, to aid the user of the financial information 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.

4.1 Specially disclosed items

Specially disclosed items (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 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 years ended 31 December 2022 and 2021.

	2022 USD'000	2021 USD'000
Items affecting EBITDA		
Share-based compensation[1]	-	3,657
M&A costs[2]	-	7,261
Total SDIs affecting EBITDA	**-**	**10,918**

	2022	2021
Items affecting Net Income		
Amortisation and tax on acquired intangibles[3, 4]	8,946	5,885
Total SDIs affecting net income	**8,946**	**5,885**
Total specially disclosed items[5]	**8,946**	**16,803**

1 The charge related to the Management Incentive Award Plan, IPO Cash Bonus, and Long-Term Incentive Plan awarded to Group wide eligible employees, all of which are specific payments relating to the Group's Initial Public Offering (IPO).

2 This included costs incurred, during the period, for due diligence, advisory, and execution in relation to the acquisition of DPO. During the current year, M&A cost are not material, and therefore has not been disclosed separately.

3. Amortisation and tax on acquired intangibles (net of deferred tax impact) are treated as SDIs. These charges are based on judgements about their value and economic life and are the result of the application of acquisition accounting. Whilst revenue recognised in the income statement does benefit from the underlying intangibles that have been acquired, the amortisation costs bear no relation to the Group's underlying operational performance. The amortisation of acquired intangibles is not included in the analysis of segment performance used by the Chief Operating Decision Maker.

4. During the year, the amortisation charge amounted to USD 10.5 million (2021: USD 5.9 million) on the intangible assets recognised in the Group's consolidated statement of financial position from the following acquisitions: i) USD 4.2 million (2021: USD 4.2 million) from Emerging Market Payments Services in 2016 and; ii) USD 6.3 million compared to USD 1.7 million for the last quarter of 2021, net of a tax related impact of USD (1.6) million (2021: nil) from the acquisition of DPO.

5. Other than the tax impact explained in the note 4 above, the SDIs does not have any tax impact.

4.2 Underlying EBITDA

Underlying EBITDA is defined as profit for the year, before interest, taxes, depreciation and amortisation, unrealised foreign exchange gain/losses, gain on disposal of subsidiary/associate, share of depreciation of associate and specially disclosed items affecting EBITDA. The table below presents a reconciliation of the Group's reported profit for the year to underlying EBITDA for each of the years ended 31 December 2022 and 2021.

	2022 USD'000	**2021 USD'000**
Profit for the year	**80,104**	**56,558**
Depreciation and amortisation	71,429	60,958
Net interest expense	18,547	13,708
Unrealised foreign exchange gains/(losses)	(2,639)	910
Taxes	13,332	6,826
Gain on sale of subsidiary/associate	(2,170)	(10,169)
Share of depreciation from associate	-	3,768
Specially disclosed items affecting EBITDA	-	10,918
Underlying EBITDA	**178,603**	**143,477**

4.3 Depreciation and amortisation to underlying depreciation and amortisation

Underlying depreciation and amortisation exclude amortisation on acquired intangibles and includes share of depreciation from associate. The table below presents a computation of the Group's depreciation and amortisation to underlying depreciation and amortisation.

	2022 USD'000	**2021 USD'000**
Depreciation and amortisation	**71,429**	**60,958**
Amortisation on acquired intangibles	(10,526)	(5,885)
Share of depreciation from associate	-	3,768
Underlying depreciation and amortisation	**60,903**	**58,841**

4.4 Underlying EBITDA margin excluding share of associate

Underlying EBITDA margin excluding share of associate represents the Group's underlying EBITDA margin which is defined as underlying EBITDA before share of associate divided by the revenue.

	2022 USD'000	2021 USD'000
Revenue	**438,371**	**352,245**
Underlying EBITDA	**178,603**	**143,477**
Share of EBITDA of associate	-	(8,462)
Underlying EBITDA before share of associate	**178,603**	**135,015**
Underlying EBITDA margin excluding share of associate	**40.7%**	**38.3%**

4.5 Underlying net income

Underlying net income represents the Group's profit for the year adjusted for gain on sale of subsidiary/associate, 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 to underlying net income for each of the years ended 31 December 2022 and 2021.

	2022 USD'000	2021 USD'000
Profit from the year	**80,104**	**56,558**
Gain on sale of subsidiary/associate	(2,170)	(10,169)
Specially disclosed items affecting EBITDA (refer to note 4.1)	-	10,918
Specially disclosed items affecting net income (refer to note 4.1)	8,946	5,885
Underlying net income	**86,880**	**63,192**

4.6 Underlying basic earnings per share (EPS)

The Group's underlying basic EPS is defined as the underlying net income attributable to the shareholders' divided by the weighted average number of ordinary shares during the relevant financial year.

	2022	2021
Underlying net income (USD'000)	**86,880**	**63,192**
Non-controlling interest (loss) (USD'000)	25	880
Underlying net income – attributable to equity holders (USD'000)	86,905	64,072
Weighted average number of shares ('000)	552,292	552,859
Underlying basic EPS (USD cents)	**15.7**	**11.6**

4.7 Capital expenditure

The table below provides the split of total capital expenditure into the growth and maintenance capital expenditure (collectively are referred to as core capital expenditure), Kingdom of Saudi Arabia market entry and Separation of shared services from Emirates NBD.

Maintenance capital expenditure relates to that incurred for additions or improvements that sustain the existing operations of the Group.

Growth capital expenditure relates to that associated with delivering business growth, including: onboarding of new customers, expansion of services with existing customers or the development of new product offerings.

	2022 USD'000	2021 USD'000
Total capital expenditure	**59,149**	**56,272**
Core capital expenditure	**53,430**	**43,955**
of which is maintenance capital expenditure	19,872	16,015
of which is growth capital expenditure	33,558	27,940
Kingdom of Saudi Arabia market entry	**4,778**	**5,006**
Separation of shared services from Emirates NBD	**941**	**7,311**

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

	2022 USD'000	2021 USD'000
Total capital expenditure	**59,149**	**56,272**
Goods and services received in the current period, but yet to be paid	(11,963)	(14,723)
Goods and services received in the previous period, and paid in the current period	18,222	13,513
Total consolidated capital expenditure spends (as per consolidated statement of cash flows)	**65,408**	**55,062**

4.8 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, SDIs 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.

	2022 USD'000	2021 USD'000
Underlying EBITDA	**178,603**	**143,477**
Changes in other working capital balances[1]	(28,754)	(1,074)
Taxes paid	(8,773)	(4,842)
Total capital expenditure	(59,149)	(56,272)
Specially disclosed items affecting EBITDA	-	(10,918)
Adjustment for share of EBITDA of associate, less dividend	-	(8,463)
Underlying free cash flow	**81,927**	**61,908**

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.

4.9 Reconciliation of cash flows from operating activities to Underlying free cash flow

	2022 USD'000	2021 USD'000
Net cash inflows from operating activities[1]	**119,202**	**51,656**
Changes in scheme debtors, merchant creditors, long term receivables and other liabilities	14,889	57,371
Charge for share based payment	(5,952)	(4,518)
Interest Paid	15,859	14,064
Charge for expected credit losses	(2,922)	(393)
Underlying free cash flow before capital expenditure	**141,076**	**118,180**
Total capital expenditure	(59,149)	(56,272)
Underlying free cash flow	**81,927**	**61,908**

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 consolidated statement of cash flows. Please refer to note 2(e) for details.

4.10 Underlying effective tax rate

The Group's underlying effective tax rate is defined as underlying taxes as a percentage of the Group's underlying net income before tax. The underlying effective tax rate for the Group for 2022 and 2021 was 14.7 % and 9.7%, respectively.

	2022 USD'000	2021 USD'000
Underlying net income before tax	**101,793**	**70,018**
Underlying taxation[1]	14,913	6,826
Underlying effective tax rate	**14.7%**	**9.7%**

1. Underlying tax is defined as reported tax during the year USD 13.3 million (2021: USD 6.8 million) adjusted for related SDI USD (1.6) million (2021: nil) from the acquisition of DPO

5 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 Executive Committee) 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.

During the year, Group has changed its internal reporting structure and accordingly changed its operating segments under IFRS 8 from Geographical view (i.e., Middle East and Africa) to business line view - Merchant services and Outsourced payment services (previously named as Merchant solutions and Issuer Solutions). Furthermore, certain revenue line items including acquirer processing revenues have been moved from the business line previously known as Merchant Solutions and into the newly classified Outsourced Payments Services business line. Consistent to last year DPO revenues are part of Merchant services, as it does not meet the quantitative threshold of reportable segments under the Group's accounting policy and IFRS 8. The Group has applied its reasonable judgement to aggregate DPO results into Merchant services based on the a) similar economic characteristics of future cash flows, b) nature of Group services (i.e., merchant acquiring products); and c) the Group's method to provide these services to its merchants.

The Group reviews and manages the performance of these segments based on total revenue and contribution for each operating segment. 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.

2022 *Statement of profit or loss*	Merchant Services	Outsourced Payments Services	Non-attributable	Total
	USD'000			
Revenue	183,347	242,510	12,514	438,371
Contribution	130,024	171,130	12,514	313,668
Contribution margin (%)	*70.9%*	*70.6%*	-	*71.6%*
Central functions costs	-	-	(135,065)	(135,065)
Depreciation and amortisation	-	-	(71,429)	(71,429)
Gain on sale of subsidiary	-	-	2,170	2,170
Net interest expense	-	-	(18,547)	(18,547)
Unrealised foreign exchange	-	-	2,639	2,639
Taxes	-	-	(13,332)	(13,332)
Profit for the year	**130,024**	**171,130**	**(221,050)**	**80,104**

	Merchant Services	Outsourced Payments Services	Non- attributable	Total
	USD'000			
Current assets	462,590	70,796	252,473	**785,859**
Non-current assets	62,936	35,385	694,588*	**792,909**
Total assets	**525,526**	**106,181**	**947,061**	**1,578,768**
Current liabilities	477,514	2,152	169,414	**649,080**
Non-current liabilities	-	-	302,006	**302,006**
Total liabilities	**477,514**	**2,152**	**471,420**	**951,086**

*This includes goodwill amounting to USD 495.8 million.

2021 ***Statement of profit or loss (restated)***	**Merchant Services**	**Outsourced Payments Services**	**Non-attributable**	**Total**
	USD'000			
Revenue	129,670	214,082	8,493	352,245
Contribution	91,261	147,096	5,805*	244,162
Contribution margin (%)	*70.4%*	*68.7%*	-	*69.3%*
Central functions costs	-	-	(109,146)	(109,146)
Specially disclosed items	-	-	(10,919)	(10,919)
Depreciation and amortisation	-	-	(60,958)	(60,958)
Share of profit of associate	-	-	4,694	4,694
Gain on sale of an associate	-	-	10,169	10,169
Net interest expense	-	-	(13,708)	(13,708)
Unrealised foreign exchange	-	-	(910)	(910)
Taxes	-	-	(6,826)	(6,826)
Profit for the year	**91,261**	**147,096**	**(181,799)**	**56,558**

*2021: Non-attributable contribution has direct cost of USD 2.7 million associated to Mercury.

Statement of financial position (Restated)	**Merchant Services**	**Outsourced Payments Services**	**Non-attributable**	**Total**
	USD'000			
Current assets	456,402	60,098	297,392	**813,892**
Non-current assets	62,485	31,120	717,369*	**810,974**
Total assets	**518,887**	**91,218**	**1,014,761**	**1,624,866**
Current liabilities	445,088	70	185,827	**630,985**
Non-current liabilities	-	-	381,468	**381,468**
Total liabilities	**445,088**	**70**	**567,295**	**1,012,453**

*This includes goodwill amounting to USD 496.7 million.

Below table shows the segmental allocation of the Group's revenues and non-current assets as per geographical regions.

Revenues	**Middle East**	**Africa**	**Non-attributable**	**Total**
	USD'000			
2022	288,383	142,674	7,314	**438,371**
2021	247,683	100,239	4,323	**352,245**

Non-current assets	**Middle East**	**Africa**	**Non-attributable**	**Total**
	USD'000			
31 December 2022	33,195	1,972	757,742	**792,909**
31 December 2021	32,985	4,266	773,723	**810,974**

Middle East

The Group's primary market in the Middle East region is UAE whereas the second most significant market is Jordan. In both the markets, the Group provides Merchant services and Outsourced payment services to various financial and non-financial institutional clients.

Africa

Under Africa region, the Group's key sub-markets are North Africa, West Africa, East Africa and South Africa.

(i) North Africa

One of the most significant markets in North Africa is Egypt. The Group currently provide services to several of Egypt's leading financial institutions for outsourced payments services. North Africa contributed 36% of the total Africa Revenue in 2022 (2021: 41%) and 12% of Group revenues (2021: 12%).

(ii) West & Central Africa

The significant markets in West & Central Africa are Nigeria and Ghana, where the Group has an established presence serving several leading financial institutions, mainly providing outsourced payments services. West & Central Africa contributed 26% of the total Africa Revenue in 2022 (2021: 30%) and 9% of Group revenues (2021: 9%).

(iii) East Africa

The significant market in East Africa is Kenya where the Group provides its services. East Africa contributed 10% of the total Africa Revenue in 2022 (2021: 6%) and 3% of Group revenues (2021: 2%).

(iv) Southern Africa

The significant market in Southern Africa is South Africa, where the Group provides merchant services and outsourced payments services. South Africa contributed 28% of the total Africa Revenue in 2022 (2021: 23%) and 9% of Group revenues (2021: 7%).

Major Customer

The Group's major customer is Emirates NBD PJSC and its subsidiaries whose revenue accounts for approximately 15.2% (2021: 18.7%) of the total Group revenue.

All of the revenue of Emirates NBD PJSC comes from Outsourced payment services.

6 Intangible assets and goodwill

6.1 Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment.

The Goodwill related to cash generating units of Africa and Jordan arose mainly from the acquisition of Network International Investment Holding Limited in 2016 (subsequently amalgamated with Network International Services (Mauritius) Limited). The Goodwill relating to the cash generating unit of DPO arose from the acquisition of DPO in 2021.

Below are the details of goodwill allocated to different CGUs and carrying value of intangible assets having indefinite life.

	Goodwill		Indefinite life intangible assets (brand)	
	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000
Africa	231,052	231,965	-	-
Jordan	30,647	30,647	2,780	2,780
DPO	234,083	234,083	-	-
	495,782	**496,695**	**2,780**	**2,780**

During the year there is no movement in the goodwill except in Africa due to the effect of changes in foreign exchange rates.

6.2 Impairment testing

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising out of business combination is allocated to CGUs or group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset or CGU.

Impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss. They are first allocated to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other asset, an impairment loss is reversed to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Goodwill is not deductible for tax purposes.

Discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the country in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate, country risk premium, market risk premium.

During the year, impairment testing of goodwill was done based on CGUs. For this purpose, management considered three CGUs, namely, Africa, Jordan and DPO.

Africa

During the year, the impairment testing resulted in nil impairment for Africa CGU (2021: nil) as the recoverable amount (value in use) exceeds from its carrying value of USD 414.1 million (2021: USD 384.4 million)

Following are the key assumptions used by the Group in carrying out the impairment testing, that have the most significant effect on the recoverable amount which is compared with the carrying value of the CGU.

a) Revenue and EBITDA growth
b) Pre-tax discount rate of 22.5%
c) Terminal growth rate of 4.5%

The key assumptions described above may change as economic and market condition change. The Group estimates that reasonable possible changes in these assumptions are not expected to cause recoverable amount to decline below the carrying amount. Therefore, the Group consider the application of these accounting estimates for Africa CGU, as non-critical in the preparation of the consolidated financial information.

The Directors have done the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the recoverable amount of this CGU. The Directors noted that by changing the discount rate (by +1.0% and -1.0%) and terminal growth rate (by +0.5% and -0.5%), individually, would not cause the carrying amount of the CGU to be higher than recoverable amount.

Jordan

During the year, the impairment testing resulted in nil impairment for Jordan CGU (2021: nil) as the recoverable amount (value in use) exceeds from its carrying value of USD 53.5 million (2021: USD 50.3 million)

Following are the key assumptions used by the Group in carrying out the impairment testing, that have the most significant effect on the recoverable amount which is compared with the carrying value of the CGU.

a) Revenue and EBITDA growth
b) Pre-tax discount rate of 21.8%
c) Terminal growth rate of 4.5%

The key assumptions described above may change as economic and market condition change. The Group estimates that reasonable possible changes in these assumptions are not expected to cause recoverable amount to decline below the carrying amount. Therefore, the Group consider the application of these accounting estimates for Jordan CGU, as non-critical in the preparation of these consolidated financial information.

The Directors have done the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the recoverable amount of this CGU. The Directors noted that by changing the discount rate (by +1.0% and -1.0%) and terminal growth rate (by +0.5% and -0.5%), individually, would not cause the carrying amount of the CGU to be higher than recoverable amount.

DPO

During the year, the impairment testing resulted in nil impairment for DPO CGU as the recoverable amount (value in use) exceeds from its carrying value of USD 280.3 million.

Following are the significant assumptions used by the Group in carrying out the impairment testing, that have the most significant effect on the recoverable amount which is compared with the carrying value of the CGU.

a) Revenue and EBITDA growth
b) Pre-tax discount rate of 18.0%
c) Terminal growth rate of 4.5%

Using the above assumptions, the recoverable amount is higher by USD 66.1 million as compared to the carrying value of the CGU including goodwill.

a) Management has estimated the revenue CAGR of 35.4% and underlying EBITDA CAGR of 48.6% for 5-year period ending 31 December 2027. This is reflective of supportive underlying market trends for payment industry across the region and Groups' high growth strategy.

b) Discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the countries in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate, country risk premium, market risk premium.
c) The Group has used the terminal growth rate of 4.5% which is reflective of the existing and potential growth trend of the payment industry.

The Directors have done the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the recoverable amount of the three CGUs. The Directors noted that by changing the discount rate (by +1.0% and -1.0%) and terminal growth rate (by +0.5% and -0.5%), individually, would not cause the carrying amount of this CGU to be higher than recoverable amount.

The Directors noted that, a) reduction of 19.1% in the cash flows would reduce the headroom to USD nil, b) an increase in the pre-tax discount rate by 2.5% would reduce the headroom to USD nil, and; c) reduction of 3.1% in the terminal growth rate would reduce the headroom to USD nil.

7 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.

	2022 USD'000	2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	336,728	364,025	27,297
Merchant creditors	(285,791)	(329,280)	(43,489)
Restricted cash (part of cash and cash equivalents)	119,357	86,801	(32,556)

Scheme debtors

Scheme debtors consist primarily of the Group's receivables from the issuer banks, card schemes for transactions processed for merchants; and settlement related receivable from issuer processing clients for amounts settled to card schemes on their behalf.

Merchant creditors

Merchant creditors consist primarily of the Group's liability to merchants for transactions that have been processed but not yet settled including any deferred settlements or amounts withheld to cover chargeback risks. This also includes balances received from card schemes to be settled to acquirer processing clients.

The Group has limited ability to influence the working capital related to scheme debtors and merchant creditors, (which is referred to as settlement related balances), on a day-to-day basis, as these are principally driven by the volume and mix of transactions and the time elapsed since the last clearing by card issuers/payment schemes, which is why these balances fluctuate from one reporting date to another.

Scheme debtors and merchant creditors balances are reflective of a snapshot in time at a period end. The balances and their relative movements can be determined by: i) the day of the week on which period end falls. For example, if the period end falls on a weekend, this causes an extra day delay (T+2/3) in receipt of funds through the scheme settlement processes; ii) proportion of merchants who are not settled on a daily basis; iii) TPV in the last few days prior to the period end; iv) currency mix of TPV and receipt of such funds through the scheme settlement processes.

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.

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

8 Cash and cash equivalents

8.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with banks and highly liquid financial assets with original maturities of less than three months, which are subject to an insignificant credit risk, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

	2022 USD'000	2021 USD'000
Cash and cash equivalents – per consolidated statement of financial position		
Cash and cash equivalents (restricted)	119,357	86,801
Cash and cash equivalents (un-restricted)	234,402	270,345

	2022 USD'000	2021 Restated USD'000
Cash and cash equivalents – per consolidated statement of cash flows		
Cash and cash equivalents (restricted)	119,357	86,801
Cash and cash equivalents (un-restricted)	234,402	270,345
Bank overdraft (note 15)	(159,287)	(77,089)
Cash and cash equivalents – per consolidated statement of cash flows	**194,472**	**280,057**

8.2 Restricted cash (part of cash and cash equivalents)

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.

9 Borrowings

The Group's total borrowings amounted to USD 500.6 million (2021: USD 491.3 million).

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 prior period. We have since made a scheduled repayment of USD 37.5 million during 2022 which represents 10% of the outstanding balance at the beginning of the year, with the repayment increasing to 20% between 2023-25, and the remaining balance of 30% to be paid in full in 2026. The table below provides a breakdown of the borrowings:

	2022 USD'000	**2021 USD'000**
Term loan		
Principal outstanding	337,500	375,000
Unamortised debt issue cost	(3,515)	(4,690)
Net amount included in borrowings	333,985	370,310
Other term loan	7,365	8,754
Revolving credit facility	-	35,000
ATM lease liability	-	191
Bank overdraft	159,287	77,089
Total	**500,637**	**491,344**
Split into:		
a) Term loan		
- Non-current portion **[a]**	258,985	332,810
- Current portion **[b]**	75,000	37,500
Sub total	**333,985**	**370,310**
b) Other term loan – from business combination		
- Non-current portion **[a]**	6,306	3,929
- Current portion **[b]**	1,059	4,825
Sub total	**7,365**	**8,754**
c) Revolving credit facility		
- Current portion **[b]**	-	35,000
Sub total	**-**	**35,000**
d) ATM lease liability		
- Non-current portion **[a]**	-	-
- Current portion **[b]**	-	191
Sub total	**-**	**191**
e) Bank overdraft		

- Current portion **[b]**	159,287	77,089
Sub total	**159,287**	**77,089**
Total	**500,637**	**491,344**
As per consolidated statement of financial position		
Non-current borrowings **[a]**	265,291	336,739
Current borrowings **[b]**	235,346	154,605
Total	**500,637**	**491,344**

10 Revenue

Merchant Services

Under Merchant Services, 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 Services business line is where we maintain direct relationships with merchant customers and PSPs (Payment Service Provider businesses), enabling merchants to accept digital payments. The business line spans the UAE, Jordan, across Africa (DPO Group) and newly launched services in Egypt. The Group generates both, transactional and non-transactional revenue (refer below for detail) under Merchant Services.

Outsourced Payments Services

Through its Outsourced Payments Services business line, the Group provides support to FIs, fintechs and other customers in over 50 countries across two main business lines: i) Issuer processing: where we support payment credential issuing customers in enabling their consumers to 'make payments' by managing and processing their consumer payment credentials and transactions. Issuer processing represents the majority of revenue within Outsourced Payment Services. ii) Acquirer processing: where we enable Financial Institutions (FIs), fintechs, and indirectly, their merchant customers, to 'take payments' from consumers. Within acquirer processing, our clients maintain the relationship with the merchants, whilst we provide digital payment acceptance, transaction processing and other operational services. The Group generates both, transactional and non-transactional revenue (refer below for detail) under Outsourced Payments Services.

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

- **Transaction based revenue** 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 credential hosted and billed and (d) fees for the 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 revenue is recognised at a point in time in line with the group accounting policy.

  Interchange fees are the fees that are paid to the card issuing banks which are 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 revenue**: 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 revenue is 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 group accounting policy.

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

  - Services provided by the Group where customer simultaneously receives and consumes the benefits as and when the Group performs its obligation; and
  - Project related revenue, where the Group provides service to develop or enhances the tangible / intangible assets which is short term in nature. The management applied judgement in measuring the progress of the project through internal process to recognise revenue based on the completion of the project. The project related revenue (where the Group applies its judgement in measuring the completion status of the project) is only 5.0% (2021: 4.0%) of the total Group's revenue and hence the Directors do not consider this as a critical accounting judgement that has most significant effect in preparing the consolidated financial information.

	2022 USD'000	2021 USD'000 (restated)
Merchant services	183,347	129,670
Outsourced payments services	242,510	214,082
Other revenue	12,514	8,493
	438,371	**352,245**

During the year, Group has changed its internal reporting structure and re-aligned its business line - Merchant services and Outsourced payment services (previously named as Merchant solutions and Issuer Solutions). This has resulted in certain revenue line items (primarily acquirer processing revenues) moving from the business line previously known as Merchant Solutions into the newly classified Outsourced Payments Services business line. Accordingly, prior year figures have been re-grouped for a comparable view.

11 Earnings per share (EPS)

The calculation of basic EPS is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares.

The basic and diluted EPS is based on earnings of USD 80.1 million (2021: USD 57.4 million).

On 11 August 2022, the Group announced a share buyback programme (the "Initial Program"). This decision to undertake a share buyback program is in-line with the Group's capital allocation policy which prioritises investment in order to accelerate revenue growth though organic investments as well as disciplined selective acquisitions and use excess cash to return to shareholders. The weighted average number of shares decreased during the year to reflect the buyback of 11,532,594 shares (amounting to USD 40.6 million) following the announcement of our share buyback programme. In 2021, the Company issued 11,101,690 new ordinary shares.

On 7 March 2023, the Group announced its intention to cancel all ordinary shares, purchased up to 6 March 2023 under the buyback programme, with the exception of 5,000,000 shares which will be held in treasury to satisfy obligations under the Group's LTIP scheme.

Basic earnings per share is computed on weighted average number of 552,291,780 shares (2021: 552,859,065 shares) and diluted earnings per share is computed on diluted average number of 559,911,755 shares (2021: 555,713,253 shares).

	2022 USD cents	**2021 USD cents**
Basic earnings per share	14.5	10.4
Diluted earnings per share	14.3	10.4

The number of issued shares at 31 December 2022, totalled 561,101,690 (2021: 561,101,690).