Network

Network International Holdings Plc, 18th August 2021

Interim results for the six months ended 30 June 2021

Recovery of KPIs, transaction growth accelerating, confident in meeting full year expectations

Group financial summary

(USD'000)	H1 2021	H1 2020	y/y change
Revenue[1]	156,382	134,206	16.5%
Underlying EBITDA[1,2]	60,372	51,508	17.2%
Underlying EBITDA margin[2] (excl. share of associate)	35.3%	35.3%	0pp
Profit / (loss) for the period	15,045	(936)	-
Underlying free cash flow[1,2,3]	21,083	18,110	16.4%
Cash flow from operating activities	24,764	59,906	(58.7%)
Leverage[4]	2.1x	2.3x (FY20)	0.2x
Leverage[4] (including the funds raised for the DPO acquisition)	0.0x	0.0x (FY20)	-
Key Performance Indicators (KPIs)[5]			
Total processed volume (TPV) (USD m)	18,962	15,999	18.5%
Total number of cards hosted (m)	16.3	13.8	18.0%
Total number of transactions (m)	459.8	355.6	29.3%

- **Total revenue[1] grew 16.5% y/y** and 3% versus H1 2019, with performance and KPIs across the business lines and key regions showing an ongoing recovery from COVID-19.
- **Merchant Solutions[6] revenue grew 30.2% y/y** and (4)% versus H1 2019, with improving trends in TPV as we moved through the period.
  - Total TPV grew 18.5% y/y and (12.0)% versus H1 2019, which includes continued strong growth in directly acquired online TPV (excluding Government and airlines) of 41.9% y/y and 93.9% compared with H1 2019.
  - Domestic TPV trends have not consistently recovered to pre-pandemic levels, which is reflective of the varying pace of recovery in our merchants sectors, alongside continued competition, but is an area of opportunity to accelerate growth. International TPV is slightly ahead of expectations.
- **Issuer Solutions[6] revenue grew 9.9% y/y** and 6.1% versus H1 2019, showing continued resilience.
- **Underlying EBITDA[1,2] was USD 60.4 million with flat margin y/y.** We saw the presence of costs not incurred in the prior year, including those to separate shared services from Emirates NBD and performance related compensation to retain our talent; alongside investments directly associated with business growth.
- **Profit for the period was USD 15.0 million (2020: USD 0.9m loss)**, driven by higher trading profit, lower interest costs and the impact of the write-off of debt issuance costs in 2020.

1. As previously announced, the financial performance of Mercury, a domestic card scheme where the Group retains 70% ownership, is now classified as a continuing operation. Mercury was previously reported as a discontinued operation in the prior year period. Therefore H1 2020 has been reclassified on the same basis.
2. This is an Alternative Performance Measure (APM). See notes 3-4 of the condensed consolidated interim financial information for APMs definition and the reconciliations of reported figures to APMs.
3. As previously announced, underlying FCF now includes additional deductions, including: SDIs affecting EBITDA; and the share of EBITDA, minus dividends, for the Group's associate Transguard Cash. Therefore, the prior year has been reclassified on the same basis.
4. Refer to page 22 for the leverage ratio computation and reconciliation of net debt figures to the consolidated financial information.
5. For KPIs and constant currency definition, refer to page 25.
6. Refer to financial review for further detail on business line revenues.

- **Underlying free cash flow[1,2,3] was USD 21.1 million, up 16.4% y/y**, comprised of higher underlying EBITDA[2] and lower capital expenditure compared with the prior year.
- **Cash flow from operating activities was USD 24.8 million, down (58.7)% y/y**, mainly reflecting changes in settlement related balances.

Strategic and operational highlights

- **Ongoing recovery from COVID-19:** In Issuer Solutions; our revenues, the numbers of cards hosted and transactions processed are all tracking ahead of 2019 levels. In Merchant Solutions; whilst overall trends have improved through the half and international spending is ahead of our expectations, domestic spending has not consistently recovered to pre-pandemic levels. We are therefore very focused on accelerating growth in this business line, through improved capability launches and customer service.
- **Improvement in new business wins:** Record levels of merchant sign ups were seen in the first half, alongside the signing of eight new payment processing contracts with bank customers. We also completed the first sale of our digital payment platform capabilities to one of our long-standing bank customers, Orabank.
- **Leveraging partnerships and enhancing capabilities, to accelerate growth:** A successful start to the year as we partnered with Mastercard in the growing B2B payments landscape. We will be further strengthening our partnership in the future by launching “SME in a box”, a quick and low-cost payments solution to SME merchants. In addition, we are developing a low-cost payment option for merchants, which allows payment acceptance through a mobile app, without the need for a traditional POS terminal. We are partnering with TerraPay to accelerate mobile money payment acceptance to our merchants; and with Commercial Bank of Dubai for merchant lending. We are also exploring options to expand our current FICO supported fraud management offerings to introduce more value-added services to banks.
- **Saudi Arabia market entry in progress, with capex spend lower than originally expected:** Our market entry into the Kingdom of Saudi Arabia has now started and we are pleased with the progress made. We have revised our strategy to enter the market and are starting to reap the benefits, which includes significantly lower capital investment versus our original expectations, with live operations also likely to be ahead of schedule. As a result, we expect incremental revenue generation in 2022.
- **Proposed acquisition of DPO expected to complete in Q3, with current trading ahead of expectations:** Trading at DPO remains supportive to our investment decision, with the group delivering strong H1 y/y reported revenue growth of over 50%, or over 35% in constant currency. Our confidence around closing the transaction has increased, with only one regulatory approval outstanding.
- **Virtual Capital Markets Day:** On Wednesday 29th September 2021, where we will share our vision, future strategy and medium-term outlook with investors.

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2021 guidance: profit outlook unchanged, lower capex guidance

(All outlook commentary excludes DPO Group, as the acquisition has not yet completed)

Our expected EBITDA and profit outturn for the full year is unchanged. Given the ongoing recovery, we now expect to see total revenues slightly higher than those recorded in 2019. We intend to use the incremental revenue to support the future growth of the business through investment in our operations, which will lead to underlying costs higher than originally anticipated. The investment will focus on strengthening our market position in the merchant acquiring business, and in particular to support our SME and e-commerce growth strategies through increased sales resource and capabilities. Overall, our EBITDA expectation therefore remains unchanged.

Interest costs will be lower than previously guided at USD16-18 million, whilst the underlying tax rate will be slightly higher at 11-12% as a result of changes to tax regulations in two African countries.

We expect to deploy lower total capital expenditure during the year at cUSD55 million (initial guidance cUSD65 million). Within this; i) core capital expenditure will be cUSD40 million, slightly ahead of our initial expectations, where we will deploy a greater number of POS terminals to merchants. This reflects an increased supply to our fast growing SME merchant base, and the upgrade of existing terminals as telco operators across the UAE and Jordan accelerate the shutdown of 2G services; ii) capex to enter Saudi Arabia is significantly reduced at cUSD5 million during the year, reflecting our revised market entry plan (further detail and the full capital investment plan is provided in the body of this statement) and iii) up to USD 10 million to continue the separation of shared services from Emirates NBD, in line with original guidance.

Nandan Mer, Chief Executive Officer, commented

"It is encouraging to see the business continuing to take strides. We are seeing a recovery from COVID-19, with the majority of KPIs now ahead of pre-pandemic levels, including the signing of new merchant and bank customers. At the same time, we have yet to see a full recovery in our Merchant Solutions business, which is reflective of our exposure to international spending, more discretionary merchant sectors, as well as competitive dynamics. This provides us with the opportunity to more proactively improve our performance and accelerate growth in this area, which will be supported by a rejuvenated strategic approach and expanded capabilities.

I am excited about the progress we have made in entering the Kingdom of Saudi Arabia. Whilst borders were closed during the height of the pandemic, we used our time productively and have re-assessed the approach, with much lower capital investment and a faster go to market plan. I am also very pleased to see DPO's strong trading through the period, which remains highly supportive to our investment case, with reported revenue growth of over 50%.

My vision is to ensure our business becomes the largest, fastest growing and most innovative digital payments company in the MEA. I look forward to sharing more detail on this vision, our strategy, and medium-term financial outlook with investors at a virtual event in September."

Results presentation

A presentation for analysts and investors will be held today at 9:30am UK BST / 12:30pm GST with a conference call dial-in facility to facilitate live Q&A, as well as a listen only video webcast option. Please register for the conference call via the weblink below, where you will receive your personalised dial-in details.

- Conference call registration: https://secure.emincote.com/client/network-international/interim-results-2021/vip_connect
- Webcast listen only link: https://secure.emincote.com/client/network-international/interim-results-2021/

A replay will be available through the same link above one hour after the presentation finishes.

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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

Evidence of continued recovery from COVID-19

Market dynamics are supportive, and restrictions are easing across our regions

Whilst the pandemic has caused short term disruption, emerging data indicates COVID-19 will be an accelerant in the transition to digital payments, which underpins our confidence and reinforces our strategic focus.

In our core market of the United Arab Emirates (UAE), the region has been largely unrestricted since the beginning of the year. The region is open to most foreign nationals and whilst there were some capacity restrictions around entertainment and retail at the beginning of the year, these have now largely lifted. The situation in Egypt is similar. In South Africa, whilst normal conditions prevailed for most of the period, more stringent lockdown measures were implemented at the start of June in response to rising infection rates. Jordan has continued to experience more stringent lockdown measures, including curfews, for the majority of the first half period. These measures are now starting to lift through a phased plan; and a full return to normality has been indicated by the Government in September.

With the pandemic ongoing, we are providing employees with several additional initiatives to support their mental health and wellbeing, including the provision of online advice to support parents with time management through open forum discussions, alongside general health seminars. We have also provided COVID-19 vaccination clinics at our offices in the UAE and initiated a full return-to-office policy, following the lead of Government practices. In our other markets, a return-to-office is being introduced in a phased manner based on the relevant local Government guidelines.

Business operations remain uninterrupted and both financial and operating KPIs are recovering

Our payments and processing activities remain unaffected by the pandemic and we are seeing a recovery across all the markets in which we operate.

In Issuer Solutions, our revenues, the numbers of cards hosted and transactions processed are all tracking ahead of levels seen in the first half of 2019. This has been supported by encouraging momentum in new business, including the signing of eight financial institutions during the period.

In the Merchant Solutions business, whilst overall trends have improved through the half, TPV has not consistently recovered to pre-pandemic levels. This is largely due to our exposure to more discretionary merchants sectors, as well as international spending, which remains subdued due to restrictions in international travel corridors. We are therefore very focused on accelerating growth in this business line. We have already appointed new senior hires in the UAE market, improved our customer service approach and added new capabilities such as merchant lending, QR code payment capability and the acceptance of new payment types. This is already delivering results, having seen record numbers of merchant signings in both June and July. At a more strategic level, we plan to leverage global trends into our merchant offer, including improved information and analytics services, and expanding into further alternative payment acceptance.

Our liquidity and balance sheet position remain strong, with leverage at 2.1x (excluding the funds raised for the DPO acquisition), well below covenant levels of 3.5x.

Strategic execution and new business momentum

Advancing on our market entry to the Kingdom of Saudi Arabia with lower capex investment

The Kingdom of Saudi Arabia (KSA) remains a strategic new market opportunity for our business. KSA represents the largest economy in the Middle East, with GDP of cUSD800bn and a relatively young population of c35million (IMF data[1]). It has a dynamic payments landscape beyond traditional banks, including a rising number of Fintech companies. Like many of our markets, digital payments are at a relatively low penetration, providing significant upside potential as the region transitions towards non-cash transactions. Digital payments represented only c18%[2] of total consumer and commercial payment transactions in 2020. This statistic has already significantly increased from c8% of total payment transactions in 2017, reflecting the impact of COVID-19 on digital payments growth, and the target set by the Government as part of the 2030 Vision, to reach 70% digital payment participation. The outsourcing of payment processing activities remains nascent, with operations conducted largely in-house by banking participants and minimal presence from independent payment processing companies.

We have updated our technology approach and strategy for market entry. We now expect to deploy a total capital investment of under cUSD10 million, investing cUSD5 million during 2021 and the remainder in 2022 which is significantly lower than our prior plan of cUSD25 million. Our technology platform will be largely based on the Network One platform, using the Openway Way4 payments processing software. Cloud based software hosting services have recently been made available in KSA, which will enable us to reduce our data centre hardware requirements and associated costs. This will also accelerate our time to market and enable rapid future scalability.

As a new market, revenues in the region will build as we grow our customer base over a multiple year period. We will commence services in 2022 with Issuer Solutions card processing and Merchant Solutions acquirer processing, which will be followed in the medium term with broader value-added services. We expect to see customer revenue generation from 2022 in the low single digit millions range, building to revenues of cUSD50 million and an EBITDA margin of c50%, within a five-year period. As payments is a predominantly fixed cost business, operating expenses are largely embedded from the outset. We therefore expect around two years to break even at an EBITDA level, following which we expect strong positive cashflow and a payback period of 3-4 years on our investment. This represents a measured and prudent business case, aligned with initial customer demand. In time, we see the potential to expand our services directly to merchants, which would create further revenue and growth upside.

New customer and business wins are accelerating

We have signed contracts to provide Issuer Solutions services to eight new financial institution customers in the period, including six banks across Africa and two in the UAE. We have added c0.5 million virtual cards to our platform with existing customer, Access Bank Nigeria. In addition, we also renewed our contract with long standing major customer, Abu Dhabi Commercial Bank (ADCB) in the UAE, to continue providing them with Issuer Solutions services for a further five years. We will also begin providing complete managed fraud solution services to Orabank across Africa.

In the Merchant Solutions business line, we saw record levels of merchant signings in both June and July. New key merchant clients include the Hilton Hotel portfolio, Al Maya, Ali & Sons (distributors of Audi, VW, Porsche and MG in the UAE), Shaklan Supermarket Group, an additional Carrefour Hypermarket, and Dubai

[1] IMF Kingdom of Saudi Arabia at a glance
[2] Edgar, Dunn & Company

Racing Club amongst others. We continue to focus on the fast-growing e-commerce merchant space, where online TPV (excluding Governments and airlines) is 94% ahead of pre-pandemic levels; as well as the SME merchant space, where sign-ups are significantly ahead of the average rates seen during 2020. We are also seeing good uptake of our proprietary N-Genius™ payment acceptance platform, both the POS device and online gateway, with a number of our bank customers across Africa including Arab African International Bank in Egypt, BancABC in Botswana, Orabank across six countries and Tyme Bank in South Africa.

We continue to see demand for our developing data and information products, particularly amongst our larger merchants and government clients. Most notably, we have signed an agreement with the Government of Abu Dhabi to support their statistics unit with the provision of historic and forward flow transaction data, that will help the Emirate to enhance their understanding of market and sector dynamics and improve economic forecasts. We have also contracted with the iconic Atlantis the Palm to provide regular market share insights on their hotel and restaurants, together with comprehensive performance dashboards. We are seeing increasing interest for our advisory services in Africa and have recently engaged with two bank customers in Nigeria and Rwanda to help them address customer engagement dynamics and card portfolio profitability.

Capability innovation is driving our progress

For our merchant customers, we are adding a number of additional payment acceptance solutions which will help them drive additional revenues for their businesses. This includes QR code payments, the ability to accept MIR (Russian) and Rupay (Indian) cards, as well as a currency conversion option on contactless payments. We have extended the application of our proprietary N-Genius™ Point-Of-Sale software so that it can be used on multiple types of terminals. This expands the range of devices available to our merchants that can be tailored to their payment needs. We are also bringing easier acceptance to merchants and launching payment acceptance capabilities through a mobile app, which removes the need for a traditional POS terminal. This is an ultra-low cost capability and only requires limited mobile data, with the merchant able to use the software either inside or outside of merchant premises.

For our financial institution customers, we will be adding a number of new services or capabilities in the months ahead, including the adoption of the latest security protocols that will allow card issuers to introduce biometric authentication for online card payments. We will also be developing highly targeted loyalty solutions that will enable both banks and fintechs to engage more with and retain their digital customers.

We also continue to invest in our advisory and information services capabilities. We are developing a comprehensive performance dashboard for our large to mid-tier merchants, which will provide significant insights on their own business performance, help them to understand competitor benchmarks, consumer loyalty and the performance of the market and sector in which they operate.

Leveraging partnerships and enhancing our digital product capabilities remains a strategic focus

Mastercard partnership: We have added more capabilities to our digital product platform, which has been developed in conjunction with Mastercard. We have licensed and integrated technology from Fabrick, which enables mobile application technology solutions. This will allow us to provide white label apps for customers that enable a range of push payments between consumers and merchants, and support the instant issuance of virtual cards by financial institutions. The platform is now live in the market, and Orabank, our long-standing African banking customer, has signed up to receive a number of services.

We are one of Mastercard's first partners in the Middle East and Africa region to be part of the Mastercard Track Business Payment Service, an innovative solution that addresses the need for automated B2B payments and collections. Mastercard Track Business Payment Service allows merchants to receive business payments directly into their bank account, enabled by a virtual card, where Network is acting as the acquirer.

We will also be further strengthening our partnership through launching "SME in a box", a simple, quick and low-cost payments solution to SME merchants in the region, allowing them to accept a range of payments through a mobile phone, following a simple onboarding process. We will be selling this both directly to merchants, and to our banking clients.

Mobile money payments partnership: We are partnering with TerraPay, to bring African mobile money wallet acceptance as an additional payment option for our merchants. This will significantly facilitate mobile money adoption by providing our merchant customers with yet another way to accept payments from international visitors, in the evolving future-ready payments landscape.

Online payments partnerships: We have partnered with both Adyen and Stripe in their provision of online merchant payment services into the UAE, working together to expand the fast growing online acquiring market and grow merchant appetite for online payments. Network International is acting as their sponsors for the Visa and Mastercard schemes, helping them to settle funds to their merchants.

More B2B payments: With PayMate in the UAE. PayMate is a provider of B2B payment automation services and supports both large businesses and SMEs, managing their accounts payable and receivable. Network will facilitate the settlement of commercial card payments as an acquirer, powering PayMate's B2B payments platform.

Fraud solutions: In conjunction with FICO, we are exploring options to expand our current FICO supported fraud management offerings for financial institutions and Fintech customers across the UAE, Saudi Arabia and Egypt. This will include the introduction of value-added services that will support banks with the ability to make real-time approvals on credit applications; source additional information to support underwriting reviews; or undertake ongoing credit quality monitoring of lending portfolios.

Merchant lending: We have partnered with Commercial Bank of Dubai to provide our merchant customers with pre-approved business loans, which can be settled through their online gateway or Point-Of-Sale payment receivables. This allows us to provide a wider range of services to our merchants, with no lending risk to our business.

Payments analytics: We have also partnered with Profit Insight, a leading provider of revenue optimization and leakage advisory services company that complements our internal consulting capabilities and will enable us to provide a wider range of services to our issuer clients across our regions.

Aligning our business to better serve our customers

We have made significant progress on the project to separate the shared datacentre with Emirates NBD, which will provide our business with improved long-term operational agility, flexibility and availability. We have made good progress and we anticipate completion of the project before year end. The remaining elements of the separation project from Emirates NBD includes moving to an independent HR infrastructure and systems, and some finance systems. Some of these workstreams are in progress, and completion is anticipated during 2022.

We are also in the process of re-organising our senior management team and operational responsibilities, ensuring our activities and teams are more closely aligned with customers. This has included the internal promotion of a number of our country heads, expanding the responsibility of existing senior management team members, as well as the external hire of Marcello Baricordi as President, Financial Institutions, Fintechs and Payments Partnerships.

Strengthening our purpose as a responsible business

As a responsible company, Network International is committed to the highest environmental, social and governance (ESG) standards in our operations. We engaged in several community and environmental initiatives during the first half of the year. This included our participation in a tree plantation drive in Jordan, under the sponsorship of the Arab Group For The Protection Of Nature and blood donation drives in both Egypt and the UAE. We also supported Smart Dubai (a Government body) with the 100 Million Meals campaign for the month of Ramadan, through donations made using our N-Genius™ payment terminals.

At a strategic level, we recognise that we need to further refresh our ESG and sustainability approach with evolving international best practice and regulatory requirements. Our ambition is to design and deliver a transparent and measurable ESG framework, which will articulate our purpose and align our business with sustainability pillars.

In summary

We are seeing an ongoing recovery from the impacts of the pandemic, and the underlying drivers of the business and the markets in which we operate in remain strong. Whilst the pandemic continues to create some uncertainty, our overall outlook is unchanged. There continues to be an intense focus on strong execution and maintaining the continued good momentum in the business.

Nandan Mer
Chief Executive Officer
18th August 2021

Financial Review

	H1 2021 USD'000	H1 2020[7] USD'000	Change
Select financials			
Revenue	156,382	134,206	16.5%
Underlying EBITDA[1]	60,372	51,508	17.2%
Underlying EBITDA margin (excl. share of associate)[1]	35.3%	35.3%	0pp
Profit / (loss) for the period	15,045	(936)	-
Underlying net income[1]	21,771	13,821	57.5%
Underlying earnings per share (USD cents)[1,2]	4.0	2.8	43.2%
Reported earnings / (losses) per share (USD cents)[2]	2.8	(0.1)	-
Underlying free cash flow (underlying FCF)[1]	21,083	18,110	16.4%
Cash flow from operating activities	24,764	59,906	(58.7)%
Leverage[3]	2.1x	2.3x (FY 2020)	0.2x
Leverage (including funds raised for DPO acquisition)[3]	0.0x	0.0x (FY 2020)	-
Segmental results			
Middle East revenue	112,366	94,536	18.9%
Africa revenue	43,956	36,566	20.2%
Other revenue[4]	60	3,104	(98.1)%
Middle East contribution margin[1]	67.8%	64.9%	293bps
Africa contribution margin[1]	63.5%	67.1%	(363)bps
Business line results			
Merchant Solutions revenue	66,505	51,060	30.2%
Issuer Solutions revenue	86,669	78,832	9.9%
Other revenue[5]	3,208	4,314	(25.6)%
Key Performance Indicators[6]			
Total Processed Volume (TPV) (USD m)	18,962	15,999	18.5%
Total number of cards hosted (m)	16.3	13.8	18.0%
Total number of transactions (m)	459.8	355.6	29.3%

1. This is an Alternative Performance Measure (APM). See notes 3 and 4 of the condensed consolidated interim financial information for APMs definition and the reconciliations of reported figures to APMs.
2. Average share count has increased compared with the prior year, as a result of the issuance of 50 million new shares to fund the DPO acquisition.
3. Refer to page 22 for the leverage ratio computation and reconciliation of net debt figures to the condensed consolidated interim financial information.
4. Other revenue represents revenues recognised relating to the Mastercard strategic partnership. See note on page 12 for details.
5. Other revenue primarily includes revenues recognised relating to cash advance fees on withdrawals from ATMs, and foreign exchange gains / (losses) arising from the Merchant and Issuer Solutions business lines, and Mastercard strategic partnership.
6. For KPIs definition, please refer to page 25.
7. As previously detailed in the 2020 annual reports and accounts, certain reclassifications of financial disclosures have taken place. This includes the treatment of Mercury Payments Services LLC as a continuing operation, and the presentation of some Specially Disclosed Items (SDIs). H1 2020 has therefore been reclassified on the same basis.

A reminder of reclassifications made to the presentation of financial information

During 2020, management undertook a review of its financial disclosures and as a result, a number of updates were made including; i) the reclassification of Mercury Payments Services LLC ('Mercury') as a continuing operation, ii) underlying EBITDA[1] and underlying net income[1] now include items that were previously classified as Specially Disclosed Items (SDIs), and iii) Underlying free cash flow[1] now comprises additional deductions, including but not limited to SDIs affecting EBITDA. Accordingly, the 2021 Interim condensed set of financial statements have been presented on this basis and the prior year 2020 comparative figures have been reclassified on a like-for-like basis. For details, refer to the tables on pages 17 & 18, and to the Chief Financial Officer's Review in the 2020 Annual Report and Accounts.

Total revenue

Trends vs H1 2020: Total revenue in the first half increased by 16.5% y/y (similar on a constant currency basis[2]) to USD 156.4 million (2020: USD 134.2 million). On a quarterly basis, this represents a broadly flat performance in Q1 2021 and significant growth of 36% y/y in Q2 2021, as a result of severe lockdown restrictions in the same period last year.

Trends vs 2019: Our financial guidance for 2021 is based upon revenue returning to pre-pandemic levels. We therefore provide revenue growth rates for 2021 compared with both 2020 and 2019. Total revenue in H1 2021 was 3% higher compared to the same period in 2019.

Revenue results by operating segment

Middle East

The Group's largest segment is the Middle East, where revenues are generated from both Merchant and Issuer Solutions, representing 72% of total revenue (2020: 70%). The UAE, our largest market, is now open to tourism and lockdown restrictions have eased significantly. Jordan, our second largest market in the region, has also eased restrictions though the recovery remains behind the UAE.

Trends vs 2020: During the period, revenue increased by 18.9% y/y to USD 112.4 million (2020: USD 94.5 million). On a quarterly basis, growth in Q1 2021 was flat, where the base period was less impacted by COVID-19. Q2 2021 saw significant growth y/y, due to the lockdowns in the prior year, particularly in the UAE.

Trends vs 2019: Compared with H1 2019, Middle East revenue was broadly flat. Revenue in Merchant Solutions remains below pre-COVID levels, largely linked to the ongoing reduction in tourism into the region. Issuer Solutions performance is delivering good growth, with the transactions ahead of pre-COVID levels.

Contribution[1] for the Middle East segment increased by 24.2% to USD 76.2 million (2020: USD 61.3 million), with contribution margin[1] up 293bps to 67.8% (2020: 64.9%) This is reflective of strong revenue growth in the period, alongside a largely fixed cost base.

Africa

The Group's Africa segment operates across 43 countries and contributed 28% of total revenue in the period (2020: 27%). Performance in Africa remains less impacted than the Middle East as the business is weighted towards Issuer Solutions, which demonstrates greater resilience due to the nature of its revenue streams and contract structures. Looking at sub-regional performance, Northern Africa was relatively stronger on

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2. For KPIs and constant currency definition, please refer to page 25.

the back of positive market dynamics and limited COVID-19 restrictions, whilst recovery in Southern Africa is slower, linked to growing COVID-19 infections and reinstated lockdown restrictions in some countries.

Trends vs 2020: Africa revenue increased by 20.2% y/y to USD 44.0 million (2020: USD 36.6 million), continuing on its high growth trajectory.

Trends vs 2019: Compared with H1 2019, Africa revenue was up 8%, with growth in all associated KPIs; including the number of cards hosted and transaction volumes, as well as TPV processed for Merchant Solutions bank customers. This is encouraging and supports both the recovery from COVID-19 and showcases the improvement in market dynamics in a region which is still in the early stages of transition from cash to digital payments.

Contribution[1] for the Africa segment increased 13.7% y/y, to USD 27.9 million (2020: USD 24.5 million), with margins down by (363) bps y/y to 63.5% (2020: 67.1%), reflecting a) revenue mix changes, where we have seen a great uptake of our N-Genius™ POS terminals from several bank customers. Whilst initially a low margin revenue stream, terminal sales drive incremental recurring revenues over time, and b) investment in enhancing local sales capabilities, to pursue growth acceleration opportunities.

Other revenue, not allocated to an Operating Segment

The Group's other revenue was USD 0.06 million (2020: USD 3.1 million). This represents solutions developed as part of the Mastercard strategic partnership. As a reminder, revenue from the Mastercard strategic partnership is recognised based on the completion of milestones associated with the development of projects or solutions. During H1 2021, there were no material projects completed.

Revenue results by business line

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

	Growth compared with 2020			Growth compared with 2019		
	Q1	Q2	H1	Q1	Q2	H1
Total revenue	1%	36%	17%	1%	4%	3%
of which Merchant Solutions	(3)%	86%	30%	(11)%	4%	(4)%
of which Issuer Solutions	5%	15%	10%	7%	5%	6%

Merchant Solutions revenue

Merchant Solutions services are largely focused on our direct acquiring markets in the UAE and Jordan. We saw trends improve during the first half of 2021, reflecting the recovery in consumer spending, easing of lockdown measures and an acceleration in the shift away from cash towards digital payments.

Trends vs 2020: Revenue for the Merchant Solutions business, which represents 43% of total revenue, grew 30.2% y/y to USD 66.5 million (2020: USD 51.1 million). Within this, Q1 2021 was down slightly y/y, mainly due to a limited COVID-19 impact in the prior year. This was offset by strong y/y growth Q2 2021, as a result of tough lockdown restrictions in the prior year. Overall, Total TPV[2] increased by 18.5% y/y to USD 19.0 billion (2020: USD 16.0 billion).

Trends vs 2019: Compared with H1 2019, Merchant Solutions revenue declined by (4)% and total TPV declined by (12)%. Domestic consumer TPV[2] remained slightly below pre-pandemic levels through much of the period, but had recovered and was in growth as we exited the period in June 2021. International TPV[2]

1. This is an Alternative Performance Measure (APM). See note 4 of the condensed consolidated interim financial information for APMs definition and the reconciliations of reported figures to APMs.
2. For KPIs definition, please refer to page 25.

remains subdued but overall has tracked ahead of our expectations, particularly in the latter months of the period where international spends were c(25)-(30)% below pre-pandemic levels. We also continue to see an acceleration and growing participation of online TPV[1] (excluding Government and airlines), with growth of 94% compared with H1 2019.

Trends in directly acquired Total Processed Volume (TPV)[1]

Growth in directly acquired TPV, y/y	Jan	Feb	Mar	Apr	May	Jun
Total	**(18)%**	**(17)%**	**19%**	**104%**	**70%**	**44%**
of which Retail	(7)%	0%	65%	274%	82%	45%
of which Supermarkets	8%	8%	(17)%	(7)%	(1)%	0%
of which Travel & Entertainment	(44)%	(46)%	36%	669%	386%	211%
of which Other (Government, Healthcare & Education, Other)	(13)%	(14)%	16%	87%	57%	30%
Total	**(18)%**	**(17)%**	**19%**	**104%**	**70%**	**44%**
of which Domestic	(7)%	(8)%	17%	78%	50%	28%
of which International	(47)%	(47)%	35%	753%	530%	337%

Growth in directly acquired TPV vs 2019	Jan	Feb	Mar	Apr	May	Jun
Total	**(14)%**	**(18)%**	**(14)%**	**(17)%**	**(8)%**	**(5)%**
of which Retail	4%	(3)%	1%	(5)%	5%	2%
of which Supermarkets	13%	19%	17%	16%	5%	11%
of which Travel & Entertainment	(44)%	(53)%	(48)%	(47)%	(27)%	(30)%
of which Other (Government, Healthcare & Education, Other)	(9)%	(8)%	(3)%	(8)%	(6)%	4%
Total	**(14)%**	**(18)%**	**(14)%**	**(17)%**	**(8)%**	**(5)%**
of which Domestic	(3)%	(3)%	0%	(6)%	(4)%	2%
of which International	(44)%	(55)%	(52)%	(49)%	(26)%	(30)%

Issuer Solutions revenue

Issuer Solutions represents 55% of total revenue. Revenue for this business line is more resilient than Merchant Solutions, due to the variety of revenue streams, revenues which are not linked with transaction volumes and customer agreements with contractual minimums.

Trends vs 2020: During the first half period, revenue increased by 9.9% y/y to USD 86.7 million (2020: USD 78.8 million). We saw solid growth in Q1 compared with the prior year, which subsequently accelerated in Q2. While performance is broadly reflective of solid trading across all regions, Africa delivered particularly strong growth. The momentum in new business wins with financial institutions remains positive, resulting in revenues from new contracts, renewed card portfolios, value added and project-based services.

Trends vs 2019: Compared with H1 2019, Issuer Solutions revenue grew 6%, supported by the number of cards hosted and transactions which grew by 21% and 25% respectively. Not only have we seen continued progress at an overall level, we have also seen an improvement in KPIs across both the Middle East and Africa regions.

Other revenue not allocated to a business line

The Group's other revenue of USD 3.2 million, which represents 2% of total revenue, is mainly derived from cash advance fees on withdrawals from ATMs, foreign exchange gains / (losses) arising from the Merchant and Issuer Solutions business lines, and Mastercard strategic partnership.

1. For KPIs definition, please refer to page 25.

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Expenses

	H1 2021 USD'000 Reported	H1 2021 USD'000 Specially disclosed items	H1 2021 USD'000 Underlying results[1] (A)	H1 2020 USD'000 Reported	H1 2020 USD'000 Specially disclosed items	H1 2020 USD'000 Underlying results[1,2] (B)	Change (A&B)
Salaries and allowances	**40,137**	-	**40,137**	36,685	-	36,685	9.4%
Bonus and sales incentives	**3,694**	-	**3,694**	846	-	846	336.6%
Share based compensation	**3,430**	**(2,113)**	**1,317**	4,796	(5,145)	(349)	477.4%
Terminal and other benefits	**2,486**	-	**2,486**	3,331	-	3,331	(25.4)%
Total personnel expenses	**49,747**	**(2,113)**	**47,634**	**45,658**	**(5,145)**	**40,513**	**17.6%**
Technology and communication costs	**26,944**	-	**26,944**	22,608	-	22,608	19.2%
Third-party processing services costs	**10,408**	-	**10,408**	10,464	-	10,464	(0.5)%
Legal and professional fees	**12,469**	**(2,511)**	**9,958**	6,774	(714)	6,060	64.3%
Provision for expected credit loss	-	-	-	1,196	-	1,196	-
Other general and administrative expenses	**6,199**	-	**6,199**	6,073	(75)	5,998	3.4%
Selling, operating and other expenses	**56,020**	**(2,511)**	**53,509**	**47,115**	**(789)**	**46,326**	**15.5%**
Depreciation and amortisation	**28,174**	**(2,102)**	**26,072**	24,913	(2,102)	22,811	14.3%
Share of depreciation from associate	**2,251**	-	**2,251**	1,689	-	1,689	33.3%
Total depreciation and amortisation	**30,425**	**(2,102)**	**28,323**	**26,602**	**(2,102)**	**24,500**	**15.6%**
Net Interest expense	**7,882**	-	**7,882**	**11,716**	-	**11,716**	**(32.7)%**
Write-off of unamortised debt issuance cost	-	-	-	**6,721**	-	**6,721**	-
Unrealised foreign exchange losses / (gains)	**423**	-	**423**	**(622)**	-	**(622)**	**168.0%**
Taxes	**1,973**	-	**1,973**	**2,092**	-	**2,092**	**(5.7)%**

1. This is an Alternative Performance Measure (APM). See note 3 of the condensed consolidated interim financial information for APMs definition and the reconciliations of reported figures to APMs.
2. Certain figures of H1 2020 have been reclassified to enable like-for-like comparison with the current period,

Personnel expenses: Total personnel expenses were USD 49.7 million in the first half (2020: USD 45.7 million), including SDIs of USD 2.1 million (2020: USD 5.1 million). Underlying personnel expenses[1] were USD 47.6 million (2020: USD 40.5 million), up 17.6% y/y, reflecting sales incentives, accrual for discretionary bonus (Nil last year), and higher charge for share based compensation including for the recently issued grant.

Selling, operating and other expenses: Total selling, operating and other expenses were USD 56.0 million (2020: USD 47.1 million), including SDIs of USD 2.5 million (2020: USD 0.8 million). Underlying selling, operating and other expenses[1] grew by 15.5% to USD 53.5 million (2020: USD 46.3 million). This largely reflects additional costs incurred for the separation of data centre from Emirates NBD, costs associated with revenue growth and our ongoing investments in IT systems, operations and compliance to support our long-term growth.

Share of EBITDA[1] of associate

The Group's share of EBITDA of associate, Transguard Cash, which provides end to end ATM management and cash in transit services in the UAE, was USD 5.1 million in H1 2021 (2020: USD 4.1 million).

Underlying EBITDA[1]

Underlying EBITDA[1] increased by 17.2% to USD 60.4 million (2020: USD 51.5 million). Underlying EBITDA margin[1] (which excludes the Group's share of its associate, Transguard Cash) was 35.3% (2020: 35.3%). EBITDA margin remained stable, reflecting the presence of costs not incurred in the prior year, including those to separate shared services from Emirates NBD and performance related compensation to retain our talent; alongside investments directly associated with business growth. The table below presents a reconciliation of the Group's reported profit to underlying EBITDA[1].

	H1 2021 USD'000	H1 2020 USD'000
Profit / (loss) for the period	**15,045**	**(936)**
Depreciation and amortisation	28,174	24,913
Write-off of unamortised debt issuance cost	-	6,721
Net interest expense	7,882	11,716
Unrealised foreign exchange losses / (gains)	423	(622)
Taxes	1,973	2,092
Share of depreciation from associate	2,251	1,690
Specially disclosed items affecting EBITDA	4,624	5,934
Underlying EBITDA[1]	**60,372**	**51,508**

Depreciation and amortisation

The Group's total depreciation and amortisation (D&A) charge, including the share of depreciation from associate Transguard Cash, increased by USD 3.8 million to USD 30.4 million (2020: USD 26.6 million). This includes a SDI of USD 2.1 million (2020: USD 2.1 million) for the amortisation of acquired intangibles. The Group's underlying D&A[1] charge grew by 15.6% to USD 28.3 million (2020: USD 24.5 million).

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

Net interest expense

The Group's net interest expense decreased by USD 3.8 million to USD 7.9 million (2020: USD 11.7 million). The overall decline in the net interest charge largely reflects a lower interest rate charged on debt facilities, due to the Group's lower stated leverage ratio which includes the funds raised for the acquisition of DPO.

	H1 2021 USD'000	H1 2020 USD'000	Comments
Interest Expense on:			
Term loan facility[a]	4,573	6,496	Average balance in 2021: USD 375m[a]. Average interest rate of 2.2%[a]. Average balance in H1 2020[b]: USD 332m, Average interest rate of 3.7%. 2021 cost also includes c.USD 0.3m of commitment fees (2020: c.USD 0.3m).
Revolving credit facility	551	932	Average drawdown in 2021: USD 35m. Average interest rate of 2.0%. Average drawdown in H1 2020: 48.7m. Average interest rate of 3.1%. 2021 cost also includes c. USD 0.2m of commitment & utilization fees.
Bank overdrafts for working capital	912	2,554	UAE working capital facility contributes c.55% of the associated costs. Average utilisation in 2021 c.USD 9m, average interest rate of 2.7%. Commitment costs on the UAE facility amounted to c.USD 0.4 million. Average utilisation in 2020 c.USD 107m, average interest rate 3.8%. Remaining ~45% of the cost is associated with working capital facilities in Jordan (USD 0.3m) and Egypt (USD 0.1m).
Debt Issuance amortisation	989	1,258	Amortisation of debt issuance cost costs associated with term loan and revolving credit facility.
Other Interest expense	916	902	Relates to interest charges on lease liabilities.
Interest income	(59)	(426)	Relates to interest income on bank deposits
Net Interest Expense	**7,882**	**11,716**	

a. Syndicated debt facility was refinanced during H1 2020. The current interest rates associated with the new facility are 3 month EIBOR +1.70% on the AED tranche and 3 month LIBOR +1.95% on the USD tranche. Covenants set at 3.5x net debt: underlying EBITDA

b. Opening balance USD290m, closing balance USD375m (gross of debt issuance costs)

Unrealised foreign exchange losses / (gains)

Unrealised FX losses / (gains) relate to the translation of Group's foreign currency denominated assets and liabilities. The charge during the year amounted to USD 0.4 million (2020: USD (0.6) million).

Taxes

The Group's total tax charge during the period was USD 2.0 million (2020: USD 2.1 million) with an underlying effective tax rate of 8.3% (2020: 13.1%).

Profit / (loss) for the period, underlying net income[1], reported and underlying EPS[1]

Profit / (loss) for the period totalled to USD 15.0 million (2020: USD 0.9 million loss). Underlying net income[1] increased by 57.5% to USD 21.8 million (2020: USD 13.8 million). The table below presents a reconciliation of the profit from continuing operations to underlying net income[1].

	H1 2021 USD'000	H1 2020 USD'000
Profit / (loss) for the period	**15,045**	**(936)**
Write-off of unamortised debt issuance cost	-	6,721
Specially Disclosed Items affecting EBITDA	4,624	5,934
Specially Disclosed Items affecting net income	2,102	2,102
Underlying net income[1]	**21,771**	**13,821**

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

Reported earnings / (losses) per share for the period is 2.8 USD cents (2020: (0.1) USD cents) and underlying Earnings Per Share (EPS)[1] increased by 43.2% to 4.0 USD cents (2020: 2.8 USD cents). The share count has increased compared with the prior year as a result of 50,000,000 shares issued in the second half of 2020 to fund the proposed acquisition of DPO Group.

	H1 2021	H1 2020
Underlying net income[1] (USD'000)	**21,771**	**13,821**
Weighted average number of shares ('000)	**550,000**	500,000
Underlying earnings per share[1] (USD cents)	**4.0**	**2.8**

Assets previously classified as discontinued operations, impact on H1 2020

During the period, losses from assets previously classified as discontinued operations were USD (0.8) million (2020: USD (0.8) million). As previously disclosed, Mercury is now a continuing operation and the prior period financials have been reclassified accordingly.

	H1 2021 USD'000			H1 2020 USD'000		
	Currently presented	Mercury results	Without consolidation	Currently presented	Mercury results	Without consolidation
Revenue	**156,382**	**(273)**	**156,109**	134,206	(49)	134,157
Underlying EBITDA	**60,372**	**759**	**61,131**	51,508	786	52,294
Underlying net income	**21,771**	**833**	**22,604**	13,821	786	14,607
Discontinued operations	**-**	**(833)**	**(833)**	-	(786)	(786)
Net profit / (loss)	**15,045**	**-**	**15,045**	(936)	-	(936)

Specially Disclosed items (SDIs)[1]

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

SDIs affecting EBITDA during the first half period were USD 4.6 million (2020: USD 5.9 million) and SDIs affecting net income were USD 2.1 million (2020: USD 2.1 million).

The key SDIs affecting EBITDA in the period were:

1. **Share-based compensation:** Includes the charge related to the Management Incentive Award Plan, IPO Cash Bonus, and certain Long-Term Incentive Plans awarded to Group wide eligible employees, all of which are specific payments relating to the Group's Initial Public Offering (IPO). These charges have reduced compared with 2020, and will not recur after 2021.
2. **M&A costs:** This includes costs incurred during the period, such as those paid for diligence, advisory, and execution in relation to the proposed acquisition of DPO.

The key SDIs affecting net income in the period were:

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

Amortisation of acquired intangibles: Charge on the intangible assets recognised in the Group's consolidated statement of financial position from the acquisition of Emerging Market Payments Services in 2016.

	H1 2021 USD'000 (A)	H1 2020 USD'000 (B)	H1 2020 Reclassification USD'000	H1 2020 Previously reported USD'000	Change (A&B)
Items affecting EBITDA					
Share-based compensation	2,113	5,145	-	5,145	(58.9)%
M&A costs	2,511	789	-	789	218.3%
Other one-off items		-	(219)	(219)	-
Total SDIs affecting EBITDA	**4,624**	**5,934**	(219)	5,715	(22.1)%
Items affecting Net Income					
Amortisation related to IT transformation	-	-	7,048	7,048	-
Amortisation of acquired intangibles	2,102	2,102	-	2,102	-
Total SDIs affecting net income	**2,102**	**2,102**	7,048	9,150	-
Total specially disclosed items	**6,726**	**8,036**	6,829	14,865	(16.3)%

Cash flow

The Group's net cash flow from operating activities was USD 24.8 million (2020: USD 59.9 million), a decrease of USD (35.1) million, mainly reflecting changes in settlement related balances. The Group's net cash flow from operating activities, before settlement related balances, was USD 23.3 million (2020: USD 29.5 million) where the current year has seen a working capital outflow as the business returns to its growth trajectory.

The Group's net cash outflow from investing activities was USD (22.5) million (2020: USD (28.4) million), largely reflecting lower capital expenditure.

The Group's net cash movement from financing activities was USD (7.9) million (2020: USD 106.2 million) mainly reflecting the purchase of the shares under the Long-Term Incentive Plan (LTIP) for eligible Group employees. The prior year saw an inflow of USD 106 million, which included proceeds drawn down from borrowing facilities as a precautionary measure during the first phase of the pandemic.

	H1 2021 USD'000	H1 2020 USD'000	Change
Net cash flows from operating activities before settlement related balances	**23,294**	**29,499**	**(21.0)%**
Changes in settlement related balances	1,470	30,407	(95.2)%
Net cash movement from operating activities	**24,764**	**59,906**	**(58.7)%**
Net cash movement from investing activities	**(22,460)**	**(28,441)**	**21.0%**
Net cash movement from financing activities	**(7,857)**	**106,253**	**(107.4)%**

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Underlying free cash flow[1]

Underlying Free Cash Flow[1] (underlying FCF) was USD 21.1 million (2020: USD 18.1 million), comprised of higher underlying EBITDA[1] and lower capital expenditure compared with the prior year, partially offset by changes in working capital before settlement related balances.

	H1 2021 USD'000	H1 2020 USD'000	Change
Profit / (loss) for the period	**15,045**	(936)	-
Depreciation and amortisation	28,174	24,913	13.1%
Write-off of unamortised debt issuance cost	-	6,721	-
Net interest expense	7,882	11,716	(32.7)%
Unrealised foreign exchange losses	423	(622)	168.0%
Taxes	1,973	2,092	(5.7)%
Share of depreciation of associate	2,251	1,690	33.2%
Specially disclosed Items affecting EBITDA	4,624	5,934	(22.1)%
Underlying EBITDA[1]	**60,372**	51,508	**17.2%**
Changes in working capital before settlement related balances	(10,011)	1,968	-
Taxes paid	(2,769)	(3,441)	19.5%
Total capital expenditure	(16,752)	(21,850)	23.3%
Specially disclosed Items affecting EBITDA	(4,624)	(5,934)	22.1%
Adjustment for share of EBITDA of associate, less dividend	(5,133)	(4,141)	(24.0)%
Underlying free cash flow[1]	**21,083**	18,110	16.4%

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

	H1 2021 USD'000	H1 2020 USD'000	Change
Net cash inflows from operating activities	**24,764**	**59,906**	**(58.7)%**
Less: Cash inflows included in the statutory cash flow but not in the Underlying free cash flow			
Changes in settlement related balances, long term receivables and other liabilities	5,737	(28,384)	120.2%
Charge for share based payment	(1,943)	(1,472)	(32.0)%
Add: Cash outflows included in the statutory cash flow but not in the Underlying free cash flow			
Interest Paid	9,052	11,277	(19.7)%
Others*	225	(1,367)	116.5%
Underlying free cash flow before capital expenditure	**37,835**	39,960	**(5.3)%**
Total capital expenditure	(16,752)	(21,850)	23.3%
Underlying free cash flow[1]	**21,083**	**18,110**	**16.4%**

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

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

Capital expenditure

	H1 2021 USD'000	H1 2020 USD'000	Change
Total capital expenditure	**16,752**	**21,850**	(23.3)%
Core capital expenditure:	**13,147**	**18,360**	(28.4)%
of which is maintenance capital expenditure[1]	6,769	4,819	40.5 %
of which is growth capital expenditure[1]	6,378	13,541	(52.9)%
Saudi Arabia market entry	**560**	**313**	78.9%
Separation of shared services from Emirates NBD	**3,045**	**3,177**	(4.2)%

Maintenance capital expenditure relates to spending on additions or improvements to the existing operations of the Group. Maintenance capital expenditure was USD 6.8 million (2020: USD 4.8 million) and was mainly composed of investments to maintain and enhance our technology infrastructure.

Growth capital expenditure relates to spending that is associated with delivering revenue growth, including but not limited to the onboarding of new customers, expansion of services with existing customers or the development of new product offerings. Growth capital expenditure was USD 6.4 million in the first half (2020: USD 13.5 million); down (52.9)% y/y, as majority of product development was completed in 2020 (including product capabilities built in partnership with Mastercard).

Capital expenditure to support the entry to Saudi Arabia amounted to USD 0.6 million in the half, slightly above the prior year (2020: USD 0.3 million). For more details on the capital investment plan, and associated timings, please refer to the Strategic Review.

Capital expenditure for the separation of shared services from Emirates NBD largely reflects the migration of our data centre into an independent location. This totalled USD 3.0 million in H1 2021, slightly below the previous year (2020: USD 3.2 million).

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

	H1 2021 USD'000	H1 2020 USD'000	Change
Total Capital expenditure	**16,752**	**21,850**	**(23.3)%**
Goods/services received in the current period, but yet to be paid			
Growth and Maintenance capital expenditure	(2,132)	(5,292)	59.7%
Goods/services received in prior period, and paid in the current period			
Transformation capital expenditure	797	5,266	-
Growth and Maintenance capital expenditure	7,102	9,023	(21.3)%
Total Consolidated capital expenditure spend (as per consolidated statement of cash flows)	**22,519**	**30,847**	**(27.0)%**

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

Working capital

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

Settlement related working capital

This is mainly related to the funding cycle associated with settling merchant balances in the direct merchant acquiring business in the UAE and Jordan. During the period, there was an inflow of USD 1.5 million. Scheme debtors declined by USD (8.8) million, mainly due to the lower level of direct TPV processed at the end of June 2021, compared with the end of December 2020 which saw a natural seasonal peak in merchant trading. Restricted cash balances were lower by USD (36.0) million, reflecting our reduced exposure to airlines and associated risk approach to hold funds as collateral. Other merchant creditors declined, also linked with the lower level of TPV processed compared with the end of 2020.

	H1 2021 USD'000	Dec 2020 USD'000	Cash inflow/ (outflow) USD'000
Scheme Debtors	**156,618**	**165,436**	**8,818**
Restricted Cash	**16,509**	**52,550**	**36,041**
Total Merchant Creditors	**(121,753)**	**(165,142)**	**(43,389)**
Settlement balances On-Hold*	(15,818)	(51,688)	(35,870)
Other Merchant Creditors	(105,935)	(113,454)	(7,519)
Settlement Related Working Capital Balances	**51,374**	**52,844**	**1,470**

* represents the off-set balance to restricted cash

Working capital before settlement related balances

This represents the amount of capital used by the Group to fund its day-to-day trading operations, outside of the direct acquiring business. The outflow is due to higher trade receivables, largely reflecting amounts that are recoverable in third quarter of the year, and higher prepayments (which is a timing difference due to different period end); partially offset by an increase in trade and other payables.

	H1 2021 USD'000	Dec 2020 USD'000	Change USD'000
Trade receivables & chargeback receivables			
(Net of provisions for expected credit loss)	58,560	45,874	(12,686)
Prepayments and other receivables	32,361	22,000	(10,361)
Trade and other payables	(126,092)	(127,732)	(1,640)
	(35,171)	**(59,858)**	**(24,687)**
Items excluded*:			
Capex accrual			5,767
Share based compensation liability			5,512
Other movement**			3,397
Subtotal			**14,676**
Working capital before settlement related balances			**(10,011)**

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

Debt

The Group's total debt, including current borrowings, amounted to USD 432.5 million (2020: USD 434.5 million).

	H1 2021 USD'000	Dec 2020 USD'000	Change
Syndicated term loan			
Principal Outstanding	375,000	375,000	-
Unamortised debt issuance Cost	(5,497)	(6,134)	10.4%
Sub total	**369,503**	**368,866**	**0.2%**
Revolving credit facility	35,000	35,000	-
Lease liability	564	925	(39.0)%
Bank overdraft (for working capital)	27,406	29,681	(7.7)%
Total	**432,473**	**434,472**	**(0.5)%**
Non-current borrowing	351,008	369,025	(4.9)%
Current borrowing	81,465	65,447	24.5%
Total	**432,473**	**434,472**	**(0.5)%**

During 2020, we refinanced our syndicated debt facility. The refinancing was conducted in order to increase liquidity, fund growth accelerator projects, as well as for general corporate purposes. The facility was for USD 525 million, of which USD 375 million has been drawn. The undrawn balance was available for a period of one year from the date of refinancing. The Group has decided not to extend the availability period of the undrawn balance as we believe we have sufficient liquidity to meet our upcoming financing requirements.

Our leverage ratio[2], which represents net debt[2] to underlying EBITDA[1], is calculated as per the methodology provided in the financing facility agreement with the lending banks. Under these agreements net debt excludes; a) the overdraft facilities which are mainly used to facilitate settlement related working capital balances and; b) restricted cash balances, which are largely the amounts withheld from merchants for a period of time to cover the risk of chargebacks. EBITDA is measured on an underlying basis over the last twelve-month period, i.e. from 1 July 2020 – 30 June 2021 (for comparatives: FY 2020). Financial covenants limits are set to 3.5x net debt: underlying EBITDA.

Leverage Ratio[2]

	H1 2021 USD'000	Dec 2020 USD'000
Net debt	**1,565**	252
Underlying EBITDA[1]	**121,425**	112,561
Leverage ratio[2]	**0.0**	**0.0**

Leverage Ratio[2] – excluding the cash raised to fund the acquisition of DPO

	H1 2021 USD'000	Dec 2020 USD'000
Net debt	**260,968**	259,655
Underlying EBITDA[1]	**121,425**	112,561
Leverage ratio[2]	**2.1**	**2.3**

1. This is an Alternative Performance Measure (APM). See note 3 of the condensed consolidated interim financial information for APMs definition and the reconciliations of reported figures to APMs.
2. 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 condensed consolidated interim financial information and methodology prescribed in the financing agreement.

Particulars	H1 2021 USD'000	Dec 2020 USD'000
Non-current borrowings	**351,008**	369,025
Current borrowings	**81,465**	65,447
Cash balance	**(390,341)**	(398,781)
Net debt as per condensed consolidated interim financial information	**42,132**	**35,691**
Less: Working capital facility overdraft	**(27,406)**	(29,681)
Less: Cash Balance (Share of associate and non-controlling interest of subsidiary)	**(14,275)**	(11,422)
Add: Unamortised debt issuance cost	**5,497**	6,134
Other Adjustments*	**(4,383)**	(470)
Net debt as per the financing facility agreement – including cash raised for DPO acquisition	**1,565**	252
Cash generated from equity raise (net of issuance cost)	**259,403**	**259,403**
Net debt as per the financing facility agreement – excluding cash raised for DPO acquisition	**260,968**	259,655

* Other adjustments include restricted cash of Group's subsidiaries and adjustment for any temporary end of day excess / short drawdown position of the working capital facility.

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

Net Debt Movement	H1 2021 USD'000	Dec 2020 USD'000
Opening balance	**252**	**273,754**
Proceeds from new borrowing		
Term Loan	-	375,000
Revolving Credit Facility	-	40,000
Repayment of borrowing		
Term Loan	-	(288,751)
Revolving Credit Facility	-	(40,000)
ATM lease liabilities	(361)	(694)
Cash balances	8,440	(353,308)
Cash balance of associate (50%)	(2,941)	(7,908)
Others*	(3,825)	2,159
Closing balance – including cash raised for DPO acquisition	**1,565**	**252**
Cash generated from equity raise (net of issuance cost)	259,403	259,403
Closing balance – excluding cash raised for DPO acquisition	**260,968**	**259,655**

* Others mainly include changes in restricted cash from Group subsidiaries, cash balance relating to non-controlling interest of Mercury, and adjustment for any temporary end of day excess / short drawdown position of the working capital facility.

Proposed new financial segmentation

Following the appointment of the CEO, Nandan Mer, we are in the process of re-organising management and operational responsibilities across geographical segments, business lines and customer verticals, ensuring our activities and teams are more closely aligned with customers. This may lead to a change in the segment disclosures which we will reflect in our 2021 annual accounts. Ahead of any formal change in segmentation, we will inform investors in advance as to the scope and structure of the new disclosure.

Definitions

Constant Currency Revenue

Constant Currency Revenue is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP). The other non-US backed currencies that have a significant impact on the Group as a result of foreign operations in Nigeria and South Africa are the Nigerian Naira (NGN) and the South African Rand (ZAR), respectively. The table shows the average rate of these currencies per USD for the six month period ended 30 June 2021 and 2020.

Currency rate vs USD	H1 2021 Average rate	H1 2020 Average rate
Egyptian Pound (EGP)	**15.7**	15.9
Nigerian Naira (NGN)	**396.0**	342.5
South African Rand (ZAR)	**14.5**	16.6

Key Performance Indicators

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

Total Processed Volume (TPV)

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

Number of cards hosted

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

Number of transactions

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

Principal Risks and Uncertainties

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

Principal risk and description	Update on Mitigation Actions
Cyber Security Breach of the Group's infrastructure resulting in the compromise of data or service disruption through cyber security breaches.	• As a consequence of our ongoing project to separate operations from Emirates NBD, we have enhanced our incident response mechanisms through the implementation of a next generation security operations centre ('SOC'), with additional controls including increased security use case library and enhancing our security monitoring with a 360-degree view of our on premise and cloud infrastructure. • We continue to mobilise our cyber security practices in new markets of operation to ensure our controls are standardised across the Group. • Completed the rollout of our annual Information Security Awareness program and we have enhanced our program to include Data Privacy and Data Governance.
Technology Resilience Risk of interruption to critical production services and delays to projects caused by limited availability of technical skills, poor delivery by vendors, software defects introduced to production which could expose the Group to financial losses (e.g. client claims and loss of business) and reputational impact.	Completed our migration from a shared services data centre to an independent location in Dubai. Successfully completed our Group-wide IT disaster recovery and business continuity testing in H1 2020 across all Group locations. Successfully completed the April 2021 global compliance mandate from schemes across our critical platforms without impact to customers. Continued automation initiatives to increase efficiency in IT and Operations across the Group.
Operational Resilience Risk of inability to execute operational processes and deliver on contractual obligations due to operational inefficiencies and discontinuity, defects, errors and delays, which could damage customer relations, decrease potential profitability and expose the Group to liability.	We continue to expand the scope of automation through Robotic Process Automation (RPA) initiative in our operations centres in Egypt, Jordan and the UAE to increase processing efficiencies. We are further enhancing our straight through processing and minimal touch point engagement for our direct Merchant Solutions business. Digital onboarding of new customers has been implemented. We continue to progress on providing self-service option to merchants which will be is p completed in H2 2021.
Strategy and Business Risk of Group's ability to maintain its position as the best payments partner in the Middle East and Africa.	• Significantly enhanced the sales capabilities with clear focus on wining large customers as well as continue to focus on the high-

Risk of increased competitive threats in the direct to merchant acquiring and processing businesses emerging in the UAE and Jordan from established banks, new market entrants (e.g. payment facilitators and fintechs).	margin underpenetrated SME segment, which has shown good traction • Leveraging partnerships with value added services providers to further strengthen market share in certain sectors (e.g. hospitality, loyalty etc.) • Focus on rapidly expanding our product capabilities, where a number of capabilities have been recently added or upgraded viz – more payment methods for merchants, merchant lending with Commercial bank of Dubai, DCC on contactless payments amongst others and a number of future enhancements are in the pipeline around Network advisory services, FICO supported fraud management etc • Post-closing, introduce DPO capabilities to network existing and prospective client base to create further differentiation in the online space.
People Inability to attract, develop and retain a skilled workforce and inconsistent organisational culture across the Group.	• We conducted regular health and wellness awareness sessions for our colleagues through live webinars on topics relating to parenting during pandemic, meditation, stress and hypertension and prevention. • Conducted a COVID-19 vaccination drive for our colleagues located in UAE and our overall percentage of vaccinated colleagues in the UAE stands at 85%. • To support local government initiatives in the UAE we organised a blood donation drive. • We continue to recognise and reward our colleagues through Star of the Month Award, Stellar Award and Recognition of Women at NI recognition programmes. • A program was initiated to hire young talent from leading universities in Egypt and Jordan.
Regulatory Compliance Failure or inability to comply with relevant laws, regulations & scheme obligations. Failure to identify monitor & respond to changing regulations or scheme rules. Failure to comply with regulatory reporting requirements in a timely manner.	• Continued monitoring of all new and emerging regulation as part of our Regulatory and Data Privacy Change Management committee and we continue assess the impact our existing and new markets. • The Group has applied for a payment services license in Ghana to support its issuer solutions business. • In the UAE the Central Bank has published regulations - the Retail Payment Services Regulations which will regulate payment services in the UAE. We are currently

	assessing the requirements and plan to submit our license application in H2.
Financial Financial risks for the Group arise mainly from the following three elements: (1) Not having sufficient liquidity to meet our obligations as they fall due; (2) Exposure to adverse movements in foreign exchange rates arising from Group's foreign operations and transactions in currencies other than AED and pegged currencies; and (3) Exposure to adverse interest rate risk primarily on our variable rate long-term borrowing/revolving line of credit, which we use to manage our working capital needs.	• The process of developing policies to further manage financial risks concerning FX, debt management and derivative and financial instrument is on-going which is likely to complete by the end of the year. • Management re-evaluated liquidity headroom position and decision was taken not to approach the banks to extend the availability period of undrawn USD 150M of term loan which expired in March 2021. Capital repayment on the USD 375M drawn loan will start in March 2022. • Availability period of the USD 75M revolving credit facility has been extended by one year, till October 2022.
Execution Our ambitious growth and expansion plans could be compromised if we are not able to deliver critical internal transformational projects or strategically important projects within expected deadlines. Our growth plans could create heightened levels of risk with regard to people and organisational capacity as we execute our growth plans to ensure on time delivery without disruption to our day to day operations.	• We continue to focus on optimising our resources in technology to automate and streamline processes and create capacity across the business under the 'New Ways of Working' initiative. • The project for entry to Saudi Arabia market was re-baselined with re-targeted market entry in Q1 '22.
Fraud and Credit Risk of compromise of card or merchant data or compromise of systems or networks or collusive merchants with the intention of performing unauthorised payment transactions for financial or non-financial gain resulting in losses to the Group or Group's clients. Risk of financial or non-financial losses arising due to internal or external parties making a negligent and/or intentional fraudulent misrepresentation against the Group or any of its clients. The risk of merchants' inability to meet obligations resulting in chargebacks, refunds, scheme fines, fees and other charges. Risk of clients' inability to settle invoices for services received as part of issuing or acquiring processing. The risk that the Group will be liable for meeting the settlement obligation of sponsored issuing clients where such clients are unable to do so or comply with scheme rules.	• E-commerce acquiring fraud monitoring capabilities have been enhanced with new fraud prevention tools at payment gateway level. • Close monitoring and recovery efforts have resulted in reduced delinquency levels of processing clients' receivables and unrecoverable chargeback losses were at very low levels well within our risk appetite.

Directors' Responsibility statement

We confirm that to the best of our knowledge:

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

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

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

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

By Order of the Board

Nandan Mer,
Chief Executive Officer

Rohit Malhotra,
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO NETWORK INTERNATIONAL HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises comprises the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in note 2, the latest annual financial statements of the group were prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards, and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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

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

Michael Harper

for and on behalf of KPMG LLP

Chartered Accountants

15 Canada Square

London

E14 5GL

18 August 2021

Network

Condensed Consolidated Interim Financial Statements

Condensed consolidated statement of profit or loss

		Six months ended 30 June (Unaudited)	
		2021	2020*
	Notes	USD'000	USD'000
Revenue	*5*	**156,382**	**134,206**
Personnel expenses	*6*	(49,747)	(45,658)
Selling, operating & other expenses	*7*	(56,020)	(47,115)
Depreciation and amortisation		(28,174)	(24,913)
Share of profit of an associate	*13*	2,882	2,451
Profit before interest and tax		**25,323**	**18,971**
Write-off of unamortised debt issuance cost		-	(6,721)
Net interest expense	*8*	(7,882)	(11,716)
Unrealised foreign exchange (losses) / gains		(423)	622
Profit before tax		**17,018**	**1,156**
Taxes	*9*	(1,973)	(2,092)
Profit / (loss) for the period		**15,045**	**(936)**
Attributable to:			
Equity holders of the Group		15,317	(622)
Non-controlling interest		(272)	(314)
Profit / (loss) for the period		**15,045**	**(936)**
Earnings / (losses) per share (Basic and diluted) – in USD / cents	*18*	2.785	(0.124)

* 2020 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) at 2020 year end, from discontinued operations to continuing operations.

The notes on pages 38 to 56 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

	Six months ended 30 June (Unaudited)	
	2021	2020
	USD'000	USD'000
Profit / (loss) for the period	**15,045**	**(936)**
Other comprehensive income / (loss)		
Items that may subsequently be reclassified to profit or loss:		
Foreign currency translation difference on foreign operations	153	(301)
Items that will never be reclassified to profit or loss:		
Re-measurement of terminal benefits	(296)	(444)
Net change in other comprehensive loss	**(143)**	**(745)**
Total comprehensive income / (loss) for the period	**14,902**	**(1,681)**
Attributable to:		
Equity holders of the Group	15,174	(1,367)
Non-controlling interest	(272)	(314)
Total comprehensive income / (loss)	**14,902**	**(1,681)**

The notes on pages 38 to 56 form part of these condensed consolidated interim financial statements.

Network›

Condensed consolidated statement of financial position

	Notes	(Unaudited) 30 June 2021 USD'000	Audited 31 December 2020 USD'000
Assets			
Non-current assets			
Goodwill	*10*	262,619	262,609
Intangible assets		179,561	188,523
Property and equipment		47,889	50,285
Investment in associate		62,394	59,808
Investment securities		246	246
Long term receivables		3,375	2,617
Total non-current assets		**556,084**	**564,088**
Current assets			
Scheme debtors	*11*	156,618	165,436
Receivables and prepayments	*12*	90,921	67,874
Restricted cash	*11*	16,509	52,550
Cash and cash equivalents		390,341	398,781
Total current assets		**654,389**	**684,641**
Total assets		**1,210,473**	**1,248,729**
Liabilities			
Non-current liabilities			
Borrowings	*15*	351,008	369,025
Other long term liabilities		19,716	21,584
Deferred tax liabilities		1,195	1,837
Total non-current liabilities		**371,919**	**392,446**
Current liabilities			
Merchant creditors	*11*	121,753	165,142
Trade and other payables	*14*	126,092	127,732
Borrowings	*15*	81,465	65,447
Total current liabilities		**329,310**	**358,321**
Shareholders' equity			
Share capital	*16*	71,557	71,557
Share premium	*16*	252,279	252,279
Foreign exchange reserve	*16*	(19,285)	(19,438)
Reorganisation reserve	*16*	(1,552,365)	(1,552,365)
Other reserves	*16*	4,477	4,773
Retained earnings		1,753,306	1,741,609
Equity attributable to equity holders		**509,969**	**498,415**
Non-controlling interest		**(725)**	**(453)**
Total shareholders' equity		**509,244**	**497,962**
Total liabilities and shareholders' equity		**1,210,473**	**1,248,729**

The notes on pages 38 to 56 form part of these condensed consolidated interim financial statements.

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Nandan Mer

Chief Executive Officer

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Rohit Malhotra

Chief Financial Officer

Network

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2021
(Unaudited)

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

The notes on pages 38 to 56 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2020
(Unaudited)

	Share capital	Share Premium	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total equity
					USD'000				
As at 1 January 2020	**65,100**	**-**	**(20,115)**	**(1,552,365)**	**5,851**	**1,742,096**	**240,567**	**(1,861)**	**238,706**
Total comprehensive loss for the period									
Loss for the period	-	-	-	-	-	(622)	(622)	(314)	(936)
Other comprehensive loss for the period:									
Foreign currency translation differences in foreign operation	-	-	(301)	-	-	-	(301)	-	(301)
Re-measurement of defined benefit liability	-	-	-	-	(444)	-	(444)	-	(444)
Total other comprehensive loss for the period	-	-	(301)	-	(444)	-	(745)	-	(745)
Total comprehensive loss for the period	-	-	(301)	-	(444)	(622)	(1,367)	(314)	(1,681)
Transfer to statutory reserve	-	-	-	-	287	(287)	-	-	-
Purchase of treasury shares	-	-	-	-	-	(10,425)	(10,425)	-	(10,425)
Share based payment reserve (LTIP)	-	-	-	-	-	1,472	1,472	-	1,472
Increase in shareholding of subsidiary with Non-controlling Interest	-	-	-	-	-	-	-	1,964	1,964
As at 30 June 2020	**65,100**	**-**	**(20,416)**	**(1,552,365)**	**5,694**	**1,732,234**	**230,247**	**(211)**	**230,036**

The notes on pages 38 to 56 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

	Notes	Six months ended 30 June (Unaudited) 2021 USD'000	2020* USD'000
Operating activities			
Profit / (loss) for the period from operations		15,045	(936)
Adjustments for:			
Depreciation, amortisation and write-offs		28,174	32,830
Net Interest expense	*8*	7,882	11,716
Taxes	*9*	1,973	2,092
Foreign exchange losses and others		198	(451)
Share of profit from an associate	*13*	(2,882)	(2,451)
Charge for share based payment	*17*	1,943	1,472
Changes in long term receivables and other liabilities		(7,207)	(2,023)
Interest paid		(9,052)	(11,277)
Taxes paid		(2,769)	(3,441)
Changes in working capital before settlement related balances[1]		(10,011)	1,968
Net cash inflows before settlement related balances		**23,294**	**29,499**
Changes in settlement related balances[2]	*11*	1,470	30,407
Net cash inflows from operating activities		**24,764**	**59,906**
Investing activities			
Purchase of intangible assets & property and equipment	*3.6*	(22,519)	(30,847)
Interest received		59	441
Proceeds from issuance of Subsidiaries capital for NCI		-	1,965
Net cash outflows from investing activities		**(22,460)**	**(28,441)**
Financing activities			
Proceeds from new borrowings		-	415,000
Repayment of borrowing		-	(288,751)
Payment of debt issuance cost		-	(7,165)
Purchase of treasury shares		(5,563)	(10,425)
Payment of lease liabilities		(2,294)	(2,406)
Net cash (outflows) / inflows from financing activity		**(7,857)**	**106,253**
Net (decrease) / increase in cash and cash equivalents		**(5,553)**	**137,718**
Effect of movement of exchange rate on cash		(612)	(236)
Cash and cash equivalents at the beginning of the period[3]		**369,100**	**(14,422)**
Cash and cash equivalents at the end of the period[3]		**362,935**	**123,060**

* 2020 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) at 2020 year end, from discontinued operations to continuing operations.

1 Changes in working capital before settlement related balances reflects movements in trade and other receivables and trade and other payables adjusted for non-cash items.

2 Changes in settlement related balances reflects movement in scheme debtors, merchant creditors and restricted cash.

3 Includes the cash and cash equivalents reported within current assets in the statement of financial position, offset by the overdraft balances reported within current borrowings in the statement of financial position and disclosed in note 15.

Network›

Notes to the condensed consolidated financial statements

1. Legal status and activities

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

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

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. Basis of preparation

Statement of compliance

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

The annual financial statements of the Group for the year ended 31 December 2021 will be prepared in accordance with UK-adopted international accounting standards, and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 31 December 2020 which were prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and do not include all the information required for a complete set of IFRS consolidated financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since these last annual audited consolidated financial statements of the Company as at and for the year ended 31 December 2020.

The comparative figures for the financial year ended 31 December 2020 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the audited consolidated financial statements of the Company (the policy for recognising and measuring income taxes in the interim period is described in note 9) and no new amendments to existing standards has been adopted since the year ended 31 December 2020.

Basis of measurement

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

Functional and presentation currency

Items included in the interim financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The presentation currency of the Group is United States Dollar ("USD") as this is a more globally recognised currency. All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

Impact of Seasonality

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

Use of estimates and judgments

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the last annual audited consolidated financial statements as at and for the year ended 31 December 2020. In the context of the COVID-19 pandemic and its impacts on the Group's business, additional focus has been applied to areas including going concern, impairment of non-current assets and expected credit losses on financial assets. This did not result in any significant changes to the carrying amounts of Group's assets or liabilities.

Basis of consolidation

The condensed consolidated interim financial statements as at, and for the period ended 30 June 2021 comprises results of the Company and its subsidiaries. The condensed consolidated interim financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

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

Going Concern

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

In making this assessment, the directors have considered the cash flow forecasts prepared for a period of at least 12 months from the date of approval of these interim financial statements, estimating key performance indicators including revenues, underlying EBITDA, underlying net income, capital expenditure and liquidity position of the Group. The cash flow forecasts do not consider cash from the equity raise for the proposed DPO acquisition, in each of the base case and severe but plausible downside scenarios. The forecast has been done based on assumptions related to key variables including but not limited to Transaction Processing Volumes (TPV), number of cards hosted and transactions processed, which are the key drivers of the Group revenues and cash flows. Both business lines of Merchant Solutions and Issuer Solutions have been impacted differently by the COVID-19 crisis. In Merchant Solutions, Group's revenues are generated through fees dependent upon the value of transactions processed (TPV), as well as through value added services, and overall are very closely correlated to the underlying value of transactions taking place, and hence, significantly impacted with COVID-19 pandemic. While in Issuer Solutions, Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore our revenues for this business line are correlated to underlying transaction volumes, but have a greater resilience due to the card hosting and contractually fixed elements.

The base forecast has been further stress tested by using a severe but plausible downside scenario, to assess the Group's resilience against the possible adverse effect of the continued impact of COVID-19 pandemic on the economy. In this scenario, the directors assumed slower economic recovery as compared to the base case forecast, whereby the Group forecasted revenues for 2021 are assumed to be similar to 2020 and 2022 revenues starts to grow at half of the originally estimated growth rate. The costs do not go down in the same proportion as decrease in revenues as significant proportion of Group cost base is fixed in nature. This also impacts the headroom available in the Group's leverage ratio covenant especially under the stressed scenario. However, with forecast operating cash flow generation, leverage ratio covenant remains below the threshold.

Furthermore the directors further assessed and concluded that the proposed acquisition of DPO Group does not materially impact the post-acquisition headroom available in the Group's leverage ratio covenant under the base case and the severe but plausible downside scenarios.

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

3. Alternative performance measures

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

3.1 Specially Disclosed Items

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

As at 31 December 2020, certain items that were previously reported as SDIs were reconsidered and accordingly, reclassified in to the underlying performance of the Group. These items were i) expenses relating to reorganisation, restructuring and settlement ii) unrealised loss / (gain) from re-measurement of foreign currency denominated assets or liabilities and iii) amortisation associated with the IT transformation programme.

The table below presents a breakdown of the specially disclosed items for each of the periods ended 30 June 2021 and 2020.

	Six months ended 30 June (Unaudited)			
	2021 USD'000	2020 USD'000	2020 Reclassification USD'000	2020 Previously reported USD'000
Items affecting EBITDA:				
Reorganisation, restructuring and settlements		-	-	-
Share-based compensation[1]	2,113	5,145	-	5,145
M&A and IPO related costs[2]	2,511	789	-	789
Other one-off items	-	-	(219)	(219)
Total specially disclosed items affecting EBITDA	**4,624**	**5,934**	(219)	5,715
Items affecting net income:				
Amortisation related to IT transformation	-	-	7,048	7,048
Amortisation of acquired intangibles[3]	2,102	2,102	-	2,102
Total specially disclosed items affecting net income	**2,102**	**2,102**	7,048	9,150
Total specially disclosed items	**6,726**	**8,036**	6,829	14,865

1. Share-based compensation: Includes the charge related to the Management Incentive Award Plan, IPO Cash Bonus, and certain Long-Term Incentive Plans awarded to Group wide eligible employees, all of which are specific payments relating to the Group's Initial Public Offering (IPO). These charges have declined and 2021 will be the last year of their occurrence.
2. M&A costs: This includes one-off costs incurred during the period, including those paid for diligence, advisory, and execution in relation to the proposed acquisition of DPO.
3. Amortisation of acquired intangibles: Amortisation charge on the intangible assets recognised in the Group's consolidated statement of financial position from the acquisition of Emerging Market Payments Services in 2016.

3.2 Underlying EBITDA

Underlying EBITDA is defined as profit / (loss) before interest, taxes, depreciation and amortisation, write-off of unamortised debt issuance cost, unrealised foreign exchange losses / (gains), share of depreciation from associate and specially disclosed items affecting EBITDA. The table below presents a reconciliation of the Group's reported profit / (loss) for the period to underlying EBITDA for each of the periods ended 30 June 2021 and 2020.

	Six months ended 30 June (Unaudited)	
	2021 USD'000	2020 USD'000
Profit / (loss) for the period	**15,045**	**(936)**
Depreciation and amortisation	28,174	24,913
Write-off of unamortised debt issuance cost	-	6,721
Net interest expense	7,882	11,716
Unrealised foreign exchange losses / (gains)	423	(622)
Taxes	1,973	2,092
Share of depreciation from associate	2,251	1,690
Specially disclosed items affecting EBITDA	4,624	5,934
Underlying EBITDA	**60,372**	**51,508**

3.3 Underlying EBITDA margin excluding share of an associate

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

	Six months ended 30 June (Unaudited)	
	2021 USD'000	2020 USD'000
Revenue	**156,382**	**134,206**
Underlying EBITDA	**60,372**	**51,508**
Share of EBITDA of an associate	(5,133)	(4,141)
Underlying EBITDA before share of an associate	**55,239**	**47,367**
Underlying EBITDA margin excluding share of an associate	**35.3%**	**35.3%**

3.4 Underlying net income

Underlying net income represents the Group's profit / (loss) for the period adjusted for write-off of unamortised debt issuance costs 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 / (loss) for the period to underlying net income for each of the periods ended 30 June 2021 and 2020.

	Six months ended 30 June (Unaudited)	
	2021 USD'000	2020 USD'000
Profit / (loss) for the period	**15,045**	**(936)**
Write-off of unamortised debt issuance costs	-	6,721
Specially disclosed items affecting EBITDA	4,624	5,934
Specially disclosed items affecting net income	2,102	2,102
Underlying net income	**21,771**	**13,821**

3.5 Underlying earnings per share (EPS)

The Group's underlying EPS is defined as the underlying net income (as explained above) divided by the numbers of ordinary shares.

	Six months ended 30 June (Unaudited)	
	2021	**2020**
Underlying net income (USD'000)	**21,771**	**13,821**
Weighted average number of shares ('000)	550,000	500,000
Underlying EPS (USD cents)	**4.0**	**2.8**

3.6 Capital expenditure

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

	Six months ended 30 June (Unaudited)	
	2021	**2020**
	USD'000	**USD'000**
Total capital expenditure	**16,752**	**21,850**
Capital expenditure	**13,147**	**18,360**
of which is maintenance capital expenditure	6,769	4,819
of which is growth capital expenditure	6,378	13,541
Saudi Arabia market entry	**560**	**313**
Separation of shared services from Emirates NBD	**3,045**	**3,177**

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

	Six months ended 30 June (Unaudited)	
	2021	**2020**
	USD'000	**USD'000**
Total Capital expenditure	**16,752**	**21,850**
Goods/services received in the current period, but yet to be paid		
Growth and Maintenance Capex	(2,132)	(5,292)
Goods/services received in prior period, and paid in the current period		
Transformation Capex	797	5,266
Growth and Maintenance Capex	7,102	9,023
Total Consolidated capital expenditure spend (as per consolidated statement of cash flows)	**22,519**	**30,847**

3.7 Underlying free cash flow

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

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

	Six months ended 30 June (Unaudited)	
	2021	**2020**
	USD'000	**USD'000**
Underlying EBITDA	**60,372**	51,508
Changes in working capital before settlement related balances	(10,011)	1,968
Taxes paid	(2,769)	(3,441)
Total capital expenditure	(16,752)	(21,850)
Specially disclosed Items affecting EBITDA	(4,624)	(5,934)
Adjustment for share of EBITDA of associate, less dividend	(5,133)	(4,141)
Underlying free cash flow	**21,083**	18,110

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

	Six months ended 30 June (Unaudited)	
	2021	**2020**
	USD'000	**USD'000**
Net cash inflows from operating activities	**24,764**	**59,906**
Less: Cash inflows included in the statutory cash flow but not in the Underlying free cash flow		
Changes in settlement related balances, long term receivables and other liabilities	5,737	(28,384)
Charge for share based payment	(1,943)	(1,472)
Add: Cash outflows included in the statutory cash flow but not in the Underlying free cash flow		
Interest Paid	9,052	11,277
Others*	225	(1,367)
Underlying free cash flow before capital expenditure	**37,835**	39,960
Total capital expenditure	(16,752)	(21,850)
Underlying free cash flow	**21,083**	18,110

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

3.8 Underlying effective tax rate

The Group's underlying effective tax rate is defined as the underlying / reported taxes as a percentage of the Group's underlying net income before tax. The underlying effective tax rate for the Group for the periods ended 30 June 2021 and 2020 was 8.3% and 13.1%, respectively.

	Six months ended 30 June (Unaudited)	
	2021 USD '000	2020 USD '000
Underlying net income before tax	**23,744**	**15,913**
Taxes	1,973	2,092
Underlying effective tax rate	**8.3%**	**13.1%**

4. Segment reporting

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

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

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

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

Network›

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

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

Statement of financial position as at 30 June 2021

	Middle East	Africa	Non-attributable	Total
		USD'000		
Current assets	184,422	30,756	439,211	654,389
Non-current assets	28,527	2,766	524,791	556,084
Total assets	**212,949**	**33,522**	**964,002**	**1,210,473**
Current liabilities	149,193	7,278	172,839	329,310
Non-current liabilities	12,113	-	359,806	371,919
Total liabilities	**161,306**	**7,278**	**532,645**	**701,229**

Statement of profit and loss for the six months ended 30 June 2020

	Middle East	Africa	Non-attributable	Total
		USD'000		
Revenue	**94,536**	**36,566**	**3,104**	**134,206**
Contribution	61,307	24,536	-	85,843
Contribution margin (%)	64.9%	67.1%	-	64.0%
Central functions costs	-	-	(38,476)	(38,476)
Specially disclosed items affecting EBITDA	-	-	(5,934)	(5,934)
Depreciation and amortisation	-	-	(24,913)	(24,913)
Share of profit of an associate	-	-	2,451	2,451
Write-off of unamortised debt issuance costs	-	-	(6,721)	(6,721)
Net interest expense	-	-	(11,716)	(11,716)
Unrealised foreign exchange gain	-	-	622	622
Taxes	-	-	(2,092)	(2,092)
Loss for the period				**(936)**

Statement of financial position as at 31 December 2020

	Middle East	Africa	Non-attributable	Total
		USD'000		
Current assets	187,697	23,613	473,331	684,641
Non-current assets	33,387	3,142	527,559	564,088
Total assets	**221,084**	**26,755**	**1,000,890**	**1,248,729**
Current liabilities	193,454	5,632	159,235	358,321
Non-current liabilities	12,996	-	379,450	392,446
Total liabilities	**206,450**	**5,632**	**538,685**	**750,767**

Revenues split by region

Middle East

The Group's primary Middle Eastern market is UAE, with Jordan considered the second most significant. The UAE contributed 86% of the total Middle East revenue during the period ended 30 June 2021 (period ended 30 June 2020: 85%) and Jordan contributed 11% during the same period (period ended 30 June 2020: 13%). In both markets, the Group provides merchant acquiring, acquirer processing and issuer solutions services to various financial and non-financial institutional clients.

Africa

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

- **North Africa:** Egypt is the leading market for the Group in North Africa, with Network International currently providing services to several of Egypt's leading financial institutions across both merchant and issuer solution requirements. North Africa contributed 44% of total African revenues during the period ended 30 June 2021 (period ended 30 June 2020: 47%).
- **Sub-Saharan Africa:** In sub-Saharan Africa, the Group is most established in Nigeria, serving several of Nigeria's leading financial institutions primarily with issuer processing solutions. Sub-Saharan Africa contributed 37% of total African revenues during the period ended 30 June 2020 (period ended 30 June 2020: 36%).
- **Southern Africa:** South Africa represents the largest market in southern Africa, specifically focused around retail processing services. South Africa contributed 19% of the total Africa revenues during the period ended 30 June 2021 (period ended 30 June 2020: 18%).

5. Revenues

Merchant Solutions

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

Issuer Solutions

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

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

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

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

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

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

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

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

The breakdown of revenues is as under:

	Six months ended 30 June (Unaudited) 2021 USD'000	2020 USD'000
Merchant Solutions	66,505	51,060
Issuer Solutions	86,669	78,832
Other revenue	3,208	4,314
Revenues	**156,382**	**134,206**

6. Personnel expenses

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

	Six months ended 30 June (Unaudited) 2021 USD'000	2020 USD'000
Salaries and allowances	40,137	36,685
Bonus and sales incentives	3,694	846
Share based compensation*	3,430	4,796
Terminal and other benefits	2,486	3,331
Personnel expenses	**49,747**	**45,658**

* Share based compensation includes a management incentive award plan and IPO cash bonus charge amounting to USD 1.5 million (2020: USD 3.3 million) and LTIP plan charge amounting to USD 1.9 million (2020: USD 1.5 million). Refer to note 17 for details.

7. Selling, operating and other expenses

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

	Six months ended 30 June (Unaudited) 2021 USD'000	2020 USD'000
Technology and communication cost	26,944	22,608
Third party processing services cost	10,408	10,464
Legal and professional fees	12,469	6,774
Expected credit losses	-	1,196
Other general and administrative expenses	6,199	6,073
Selling, operating and other expenses	**56,020**	**47,115**

8. Net interest expense

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

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

	Six months ended 30 June (Unaudited)	
	2021 USD'000	2020 USD'000
Interest cost	7,941	12,103
Interest income	(59)	(387)
Net interest expense	**7,882**	**11,716**

9. Taxes

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

The Group's reconciliation of effective tax in respect of profit for the period is as follows:

	Six months ended 30 June (Unaudited)	
	2021 USD'000	2020 USD'000
Profit before tax	**17,018**	**1,156**
Tax using the tax rate applicable in UAE*		-
Effect of tax rates in foreign jurisdictions	2,049	3,347
Tax effect of:		
Non-deductible expenses	358	221
Tax-exempt income	-	(9)
Other allowable deduction	(189)	(257)
Tax incentives / rebates	(1,218)	(2,114)
Withholding tax	871	1,044
Carry forward losses	(468)	-
Deferred tax	(229)	(143)
Changes in estimates related to prior years	350	-
Other adjustments	449	3
Income tax expense	**1,973**	**2,092**

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

10. Impairment testing of goodwill

At the year ended 31 December 2020, impairment testing of goodwill was performed at the Cash Generating Unit ("CGU") level. For this purpose, management considered two CGUs, namely; Jordan and Africa Business.

At the year ended 31 December 2020, the impairment testing resulted in no impairment for Jordan and Africa CGUs. The Group carries out an annual assessment for the impairment of the Goodwill; no assessment was carried out at 30 June 2021 as no indicators of impairment were noted during the interim period.

11. Scheme debtors, merchant creditors and restricted cash

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

2021	(Unaudited) 30 June 2021 USD'000	(Audited) 31 December 2020 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	**156,618**	**165,436**	**8,818**
Restricted cash	16,509	52,550	36,041
Merchant creditors	(121,753)	(165,142)	(43,389)
Settlement balances on-hold*	(15,818)	(51,688)	(35,870)
Other merchant creditors	(105,935)	(113,454)	(7,519)
Settlement related working capital balances	**51,374**	**52,844**	**1,470**

2020	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	**122,536**	**185,268**	**62,732**
Restricted cash	86,402	54,029	(32,373)
Merchant creditors	(167,215)	(167,167)	48
Settlement balances on-hold*	(85,575)	(53,245)	32,330
Other merchant creditors	(81,640)	(113,922)	(32,282)
Settlement related working capital balances	**41,723**	**72,130**	**30,407**

* Represents the off-set balance to restricted cash

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 receivables 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 debtor and merchant creditor 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 the period end falls. For example, if the period end falls on a weekend, when banks are closed in the US but open in the UAE, 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; and iv) currency mix of TPV and receipt of such funds through the scheme settlement processes.

Restricted cash

Restricted cash represents amounts payable for deferred settlements of transactions to merchants and other third parties that have been withheld in accordance with its contractual rights to cover the risk of chargeback and are eventually payable on demand or as mutually agreed. Furthermore, there is a corresponding liability included in the merchant creditor balance.

12. Receivables and prepayments

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

	(Unaudited) 30 June 2021 USD'000	**(Audited) 31 December 2020 USD'000**
Trade receivables	62,105	49,820
Chargeback receivables	2,256	2,048
Prepaid expenses	15,501	7,669
Advance taxes	6,318	5,717
Security deposits	1,654	1,562
Other receivables	8,888	7,052
	96,722	73,868
Less: Provision for impairment	(5,801)	(5,994)
Receivables and prepayments	**90,921**	**67,874**

13. Related party balances and transactions

In the interim financial statements for the half year ended on 30 June 2021, there are no significant changes to the nature of related parties disclosed in the annual consolidated financial statements for the Group as at and for the year ended 31 December 2020. Related party transactions during the period are set out in the table below:

	Six months ended 30 June (Unaudited)	
Transguard Cash LLC (an associate of the Group)	**2021 USD'000**	**2020 USD'000**
Transactions for the period		
Share of EBITDA	5,133	4,141
Share of Depreciation	(2,251)	(1,690)
Share of Net Profit	2,882	2,451
Key management personnel compensations		
Personnel expenses	4,764	6,130

14. Trade and other payables

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

	(Unaudited) 30 June 2021 USD'000	(Audited) 31 December 2020 USD'000
Accrued expenses	53,377	44,194
Staff benefits		
Current portion of share based payment liability	3,891	9,403
Provision for bonus and sales incentives	2,497	2,236
Terminal and other benefits	2,143	3,590
Unpaid capital expenditure	13,661	19,428
Merchant deposits	4,739	4,934
Unclaimed balances	6,276	6,325
Tax and other related liabilities	15,029	14,327
Interest payable	1,043	3,683
Deferred income (refer note below)	5,619	5,356
Other liabilities	17,817	14,256
Trade and other payables	**126,092**	**127,732**

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

15. Borrowings

The Group's total debt, including current borrowings, amounted to USD 432.5 million (2020: USD 434.5 million). Debt includes the amount outstanding under the syndicated financing facility (net-off of unamortised debt issuance cost) of USD 369.5 million (2020: USD 368.9 million), revolving credit facility of USD 35.0 million (2020: USD 35.0 million), settlement related working capital overdraft facility of USD 27.4 million (2020: USD 29.7 million) and lease obligations (excluding lease obligation for right of use assets) of USD 0.6 million (2020: USD 0.9 million).

During 2020, we refinanced our syndicated debt facility. The refinancing was conducted for the purposes of providing the Group with increased liquidity to fund growth accelerator projects, as well as for general corporate purposes. The facility provided by the syndicate of lenders has sanctioned limit of USD 525 million, of which USD 375 million was drawn. The undrawn balance was available for a period of one year from the date of refinancing. The Group has decided not to extend the availability period of the undrawn balance as we have sufficient liquidity to meet our upcoming financing requirements.

The new facility consists of both AED and USD tranches of conventional financing and one USD denominated tranche of Islamic financing facility. The facility carries a quarterly / half yearly coupon rate of EIBOR plus margin on the AED conventional financing and LIBOR plus margin on the USD conventional financing and equivalent on the Islamic finance tranche. The margin is calculated by reference to the Leverage (net debt / underlying EBITDA, as per definition and methodology provided in the financing documents), based on a grid which provides for reduced pricing as Leverage of the Group reduces and vice versa. The margin was initially set at 1.95% per annum applicable on the AED conventional financing and 2.20% per annum applicable on the USD conventional and Islamic financing tranches. Financial covenants limits are set to 3.5x net debt: underlying EBITDA. The facility has a tenor of six years. Capital repayments and amortisation will only commence in Q1 2022. The table below provides a breakdown of the borrowings:

Break up and classification of borrowings are as follows:

	(Unaudited) 30 June 2021 USD'000	(Audited) 31 December 2020 USD'000
Non-Current borrowings	351,008	369,025
Current borrowings	81,465	65,447
Total	**432,473**	**434,472**
Split into:		
a) Syndicated term loan		
- Non-Current portion	351,002	368,866
- Current portion	18,501	-
Sub Total	**369,503**	**368,866**
b) Revolving credit facility		
- Current portion	35,000	35,000
Sub Total	**35,000**	**35,000**
c) Lease liability		
- Non-Current portion	6	159
- Current portion	558	766
Sub Total	**564**	**925**
Bank overdraft (for working capital)	**27,406**	**29,681**
Total	**432,473**	**434,472**

16. Share capital

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

	(Unaudited) 30 June 2021 USD'000	(Audited) 31 December 2020 USD'000
Issued and fully paid up 550,000,000 shares of USD 0.1302 (2020: 550,000,000 shares of USD 0.1302)	71,557	71,557

The share capital of the Group represents the share capital of the parent company, Network International Holdings PLC. On 31 July 2020, the Company issued additional share capital equivalent to 50 million shares. The shares were issued at a price of USD 5.3 per share (GBP: 4.1 per share; par value: GBP 0.10 each). Accordingly, the Company's share capital has increased by USD 6.5 million and the Company has recognised share premium of USD 258.3 million, out of which an amount of USD 6.0 million has been set off in relation to the costs that are directly attributable to the issuance of additional share capital.

Reserves comprise of the following:

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

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

Other reserves include statutory reserves and fair value reserves.

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

17. Share-based compensation

The Group has the following share based payment schemes for the employees as at 30 June 2021:

- Network International LLC Management Incentive Award Plan (MIP Plan)
- Network International LLC IPO Cash Bonus (IPO Cash Bonus)
- Long Term Incentive Plan (LTIP)

The detailed accounting policy related to the above schemes are included in the consolidated financial statements for the year ended 31 December 2020 and are available at the Company's' website under Annual report and accounts 2020.

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

			Liability USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2021 (Unaudited)**	**31 December 2020 (Audited)**	**30 June 2021 (Unaudited)**	**30 June 2020 (Unaudited)**
MIP Plan and IPO Cash Bonus	Cash Settled	Vesting Conditions as per the scheme	3,891	9,403	1,487	3,325

			Cumulative P&L charge USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2021 (Unaudited)**	**31 December 2020 (Audited)**	**30 June 2021 (Unaudited)**	**30 June 2020 (Unaudited)**
LTIP – Grants 1, 2, 3 and 4	Equity Settled	Service and / or performance conditions	7,418	5,475	1,943	1,472

18. Earnings / (losses) per share

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

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

The basic and earnings / (losses) earnings per share is based on profit of USD 15.3 million (30 June 2020 USD (0.6) million). The profit / (loss) attributable to the equity holders for the six months period ended 30 June 2021 is based on 550,000,000 shares (30 June 2020: 500,000,000 shares).

	Six months ended 30 June (Unaudited)	
	2021 In USD / cents	**2020 In USD / cents**
Earnings / (losses) per share (Basic and diluted)	2.785	(0.124)

19. Contingencies and commitments

	(Unaudited) 30 June 2021 USD'000	**(Audited) 31 December 2020 USD'000**
Performance and other guarantees	14,571	13,358
Commitments	5,503	6,384
	20,074	**19,742**

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

20. Subsequent events

The Group continues to make good progress towards closing the acquisition of DPO Group, having achieved regulatory approvals, where needed, across the majority of the 19 countries in which DPO operates. We are constructively engaged with regulators in one country where approvals remain outstanding. The pace and nature of progress in recent weeks has been reassuring. As a result, we now expect completion during the third quarter of 2021.