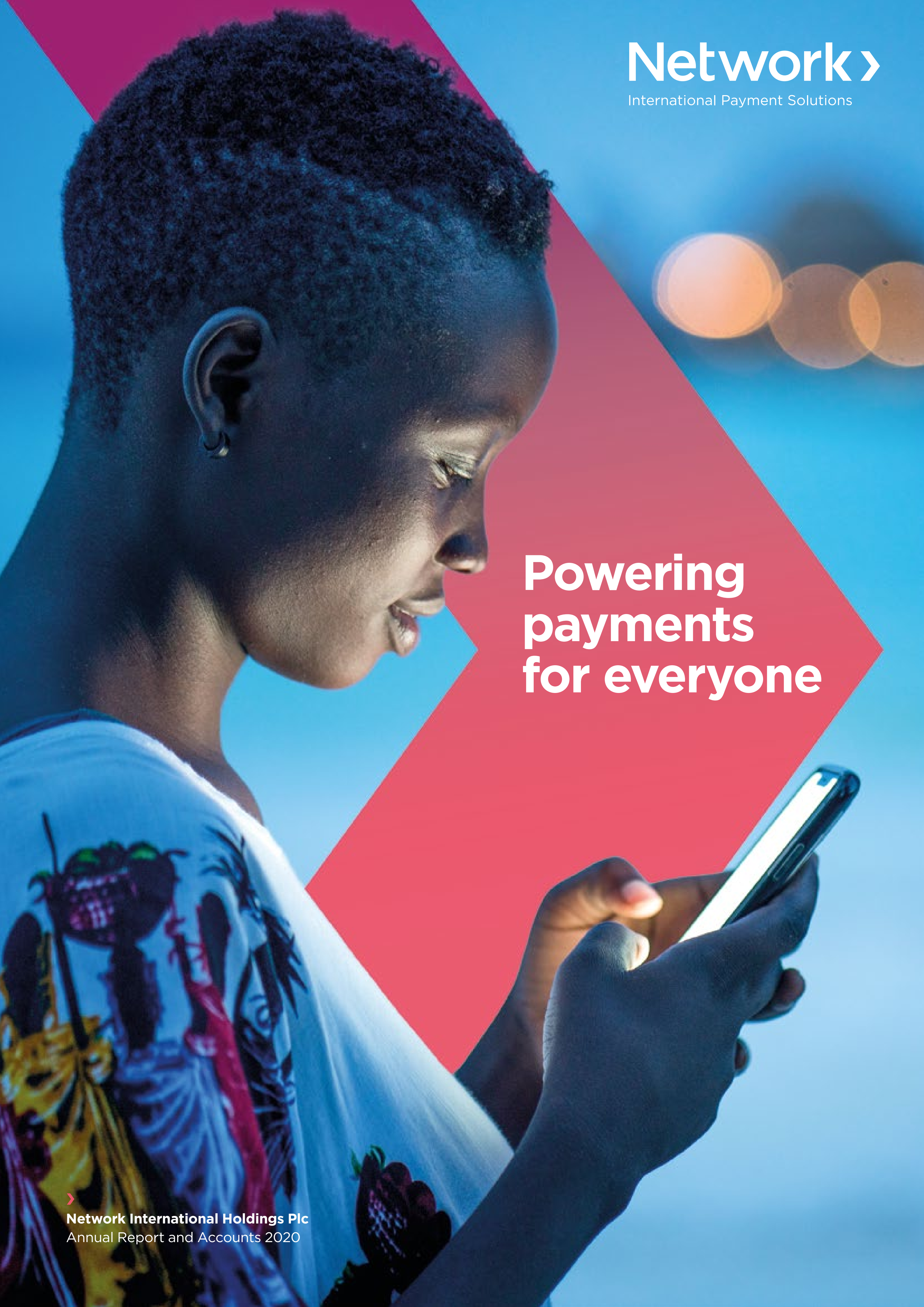

Network

International Payment Solutions

Powering payments for everyone

Network International Holdings Plc
Annual Report and Accounts 2020

Our purpose is to enable and lead the transition from cash to digital payments across the Middle East and Africa.

We are Network International, the leading payment solutions provider in the Middle East and Africa.

Strategic report

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Visit **investors.networkinternational.ae** to read our Annual Report

Who We Work For

The people we serve are at the heart of everything we do. That is why we have built a business based on long-term partnerships; serving over 80,000 merchants, and enabling over 200 financial institutions to deliver payment services to 16 million card holding consumers.

Building long-standing customer partnerships

Find out more P20

Enabling a smooth transition to e-commerce

Find out more P23

Supporting our talented workforce

Find out more P24

The digital consumer payments industry is built around services that allow businesses to provide digital payment options to consumers.

Who is involved in the payments chain?

Merchant
Person or company selling products or services, either offline or online.

Direct Merchant Acquirer
The institution that maintains the merchant's account, enabling the merchant to accept digital payments and taking on the risk of the transaction.

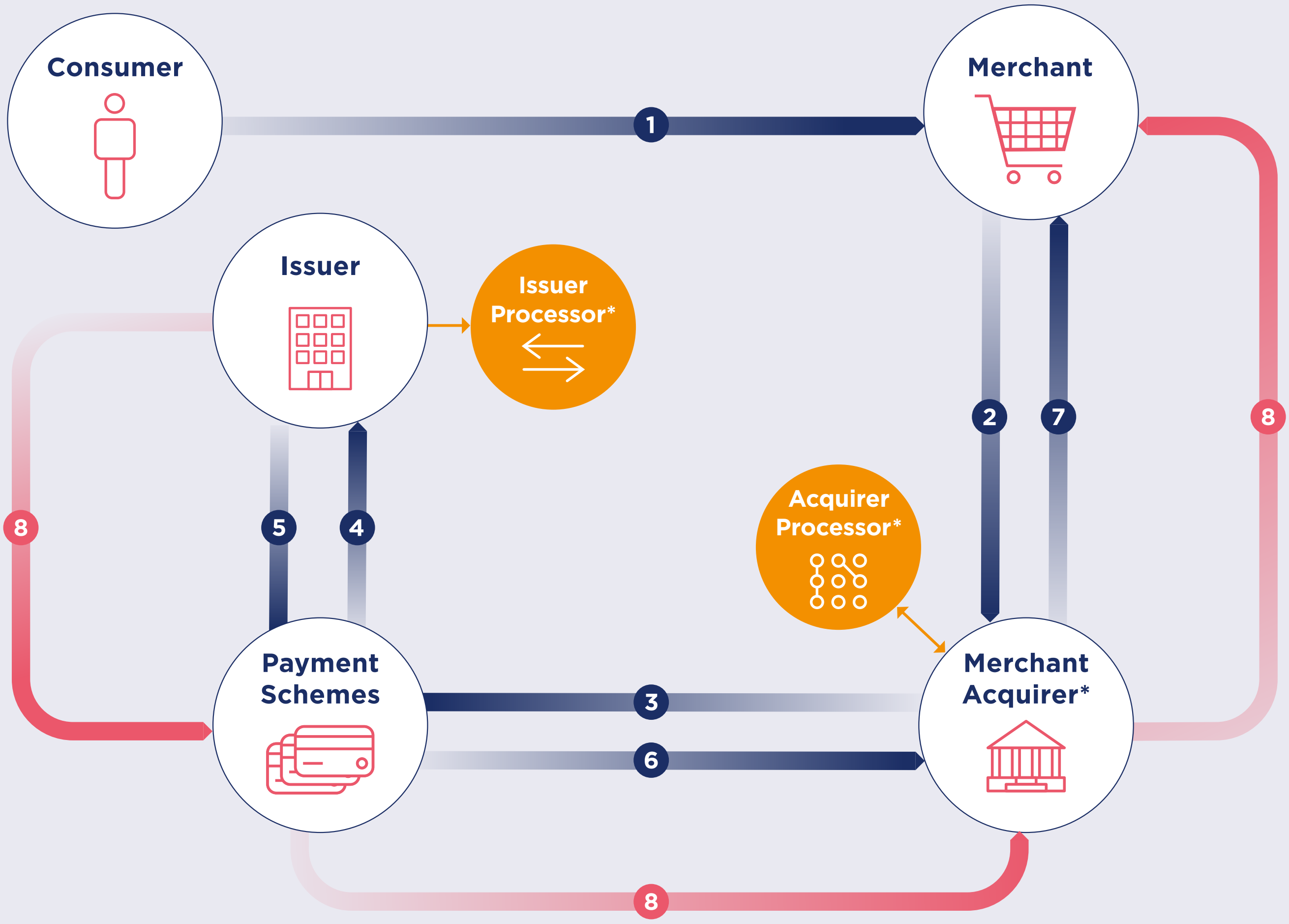
Acquirer Processor
Acts on behalf of the merchant acquirer, providing the technology and operations to authorise transactions, route them to the appropriate payment scheme and receive settlement information.

Payment Scheme
Includes card payment schemes such as Mastercard, Visa, American Express and Diners Club, alongside other digital payment schemes. The schemes connect the acquirer to the issuer, routing transaction information, authorisation and settlement.

Issuer Processor
Acts on behalf of the issuer and the payment schemes, authorising transactions and ensuring the transfer of funds from the consumer's bank account to the issuer.

Issuer
The institution that provides payment methods or services to the consumer and is responsible for debiting funds from the consumer's account.

How our industry works



Key

Flow of funds Processes

* Where Network International provides services

1 The **Consumer** initiates the transaction with the Merchant.

2 The **Merchant's** acceptance products (point-of-sale terminal or online gateway) transmit card details and transaction information to the Merchant Acquirer.

3 The **Merchant Acquirer** (or Acquirer Processor) identifies the Payment Scheme and transfers transaction details to that Payment Scheme.

4 The **Payment Scheme** receives the request for payment authorisation and routes the transaction to the Issuer.

5 The **Issuer** (or Issuer Processor) assesses fraud risk for the transaction, verifies sufficient funds or credit is available and sends authorisation to the Payment Scheme.

6 The **Payment Scheme** forwards authentication to the Merchant Acquirer (or Acquirer Processor).

7 The **Merchant Acquirer** (or Acquirer Processor) sends authorisation to the Merchant, approving the transaction.

8 The **Merchant Acquirer** sends funds to the Merchant's account, and receives funds from the Issuer via the Payment Scheme.

Learn more about merchant settlement in the Operating Review
See page 32

Understanding our business

Our purpose is to enable and lead the transition from cash to digital payments across the Middle East and Africa ('MEA'), the fastest growing payments markets in the world.

We have two business lines

Merchant Solutions

- **Direct acquiring services**
  Enabling merchants to accept digital payments.
- **Acquirer processing services**
  For our bank customers, on behalf of their merchants.
- **Payment acceptance solutions**
  Proprietary omnichannel solutions and products.
- **Loyalty solutions**
  Merchant loyalty programmes and management.
- **Value Added Services**
  Including customer data analytics, dynamic currency conversion and payment plans.

Merchant Solutions revenue
USD 109.4m

We provide services for

80k+
merchants

15 yrs+
average customer tenure[4]

USD 33.5bn
Total Processed Volume[3]

Issuer Solutions

- **Issuer processing services**
  Hosting and processing credit, debit and prepaid cards for our customers.
- **Fraud solutions**
  Inbuilt and managed fraud operations.
- **Loyalty solutions**
  Card loyalty schemes and management.
- **Value Added Services**
  Including instant card issuance, card control services and customer data analytics.

Issuer Solutions revenue
USD 165.0m

We provide services for

200+
financial institutions

15 yrs+
average customer tenure[4]

758m
Transactions processed[3]

16m
Number of cards hosted[3]

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 Share count impacted by issuance of 50m additional shares for DPO acquisition.
3 This is a KPI. For definition please refer to page 55.
4 Refers to average tenure of relationship with top 10 customers.
5 Does not include the 2% of revenues which are not allocated to a geographical operating segment.

Financial highlights 2020

Revenue
USD 284.8m
(15.1)%

Profit from continuing operations
USD 5.6m
(90.2)%

Read more
See page 42

Underlying EBITDA[1]
USD 112.6m
(33.2)%

Underlying EPS[1,2]
USD 6.7cents
(62.1)%

We operate across the MEA, providing services to customers in more than 50 countries

Key addressable markets include the United Arab Emirates (‘UAE’), Jordan and Saudi Arabia.

Key addressable markets include Egypt, Nigeria and South Africa.

The case for investment

We are the only pan-regional provider of digital payment solutions, with scale and presence across the entire acquiring and issuing payments chain.

Strong long-term growth supported by clear secular trends and a growth strategy that has potential further accelerators.

Quality infrastructure and assets, managed by a world-class team. Our diversified and resilient omnichannel payments platforms are scaled, well-invested and integrated.

Robust financial track record that creates shareholder value through sustainable earnings growth.

Our key priorities for a changing world

"When COVID-19 started to impact our business, we developed a Coronavirus Management Strategy and subsequently implemented a series of control measures and actions across the Group."

Nandan Mer
Chief Executive Officer

1 Working for our customers

Our payments and processing capabilities continued uninterrupted and have not been affected by the pandemic. Supporting customers remained a business priority. In Merchant Solutions, we provided fee reductions for a number of SME merchants and assistance in transitioning their businesses online. In Issuer Solutions, we assisted bank customers and their cardholders by enabling payment holidays, or extending expiries on cards where suppliers could not guarantee a replacement.

Chief Executive Officer's Review
See page 14

2 Balancing short-term disruption with long-term focus

From February, COVID-19 and the related lockdowns impacted consumer spending and tourism across our regions, and the Merchant Solutions business saw a significant reduction in Total Processed Volume ('TPV'). Issuer Solutions was more resilient, with some contractual fixed billings or minimums that cushioned lower transaction volumes. In the second half of the year, we saw improved KPIs throughout the business, as consumer spending patterns began to normalise.

Whilst COVID-19 has been impactful, the business is well positioned to navigate through, both from an operational and balance sheet perspective. At the same time, we continued to be focused on pursuing the growth opportunities presented by our markets. Emerging data indicates an acceleration in the transition from cash to digital payments, which underpins our confidence in the long-term industry fundamentals.

"COVID-19 has begun to reshape the way we work, shop, gather and interact together. Including our attitudes to digital payments and accelerating the move away from cash."

Ron Kalifa OBE
Chairman

Chief Executive Officer's Review
See page 14

3 Maintaining a robust financial position

As a result of the financial impact on our business, we took a number of prudent actions to reduce operational expenses and capital spending across the business. The Board and Executive Management Team have also foregone elements of their compensation.

During the year we successfully refinanced our syndicated lending facility and ended the period with a strong balance sheet position and leverage of 2.3x[1,2], comfortably within the lending covenants of 3.5x.

2.3x
Leverage (net debt: underlying EBITDA)[1,2]

Chief Financial Officer's Review
See page 42

4 Looking after our people

We made an early and phased implementation of working from home across all of our office locations, starting in early March, with a seamless transition in working practices. We ensured our colleagues were provided with virtual medical services and engaged the services of a leading well-being consultancy to provide emotional and mental health support. Whilst the majority of our colleagues continue to work from home, we have implemented a phased and fluid return to our offices, dependent upon government guidance in our markets.

89%
Employee satisfaction with our response to COVID-19

Responsible Business
See page 56

"As consumer purchasing behaviour shifts online, Network plays a critical role, being the region's largest enabler of digital commerce."

Nandan Mer
Chief Executive Officer

Read our online strategic case study
See page 22

5 Pulling together through strength of leadership

We have strong governance and are led by Executive Management and a Board of Directors with extensive experience across payments, international finance and developed market regulation. We established a COVID-19 Assessment Team to monitor and actively respond to the evolving pandemic, which oversees our response to colleagues, business operations, supply chain, cyber security infrastructure and financial stability.

We ensured our Executive Management Team stayed in touch with colleagues and the leadership team has given virtual monthly updates on our business and response to the pandemic. We also helped colleagues stay connected through our 'Talk-to-HR' virtual forum and 'NetworkFlix' social platform.

Principal Risks and Uncertainties
See page 72

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 Excludes funds raised for DPO acquisition.

Building our business to capture long-term growth

> Our business is successfully navigating through the challenges presented by the pandemic, and we have continued to prioritise strategic focus and investment into areas that will ensure we capitalise on the significant opportunities in our fast growing markets."

Ron Kalifa OBE
Chairman

Following an unprecedented year, I am pleased to report that Network International finished 2020 in a strong position. We have maintained new business momentum, seen strong demand for online payment acceptance, expanded our capabilities through the launch of a digital product platform in partnership with Mastercard, and we continue to work towards completing the acquisition of DPO. In withstanding the challenges of the year we have proved that our business model is resilient and we can look ahead with confidence. I believe Network International is uniquely positioned to benefit from the acceleration towards digital transactions and the substantial growth opportunities in our markets.

Responding to COVID-19; pulling together through strength of leadership

2020 was a uniquely challenging year, with everyone across our business – and indeed the world – impacted by the pandemic. Considering this, the Board focused its efforts on our customers, colleagues, shareholders and stakeholders. We established a COVID-19 Assessment Team early in the crisis to oversee our response across areas such as employee engagement, operations, supply chain, cyber security and financial stability.

We implemented a range of measures to keep our colleagues safe and engaged. The transition to remote working was seamless due to the existing flexible working policy in place, while our systems and technology infrastructure remained robust. Our leadership team kept colleagues informed through regular dialogues and updates.

We also sought to address concerns through virtual forums, delivered by Board members and management. This approach resonated. Based on an independent internal survey examining our response to the pandemic, overall satisfaction amongst employees was 89%.

This helped to ensure that our payments and processing activities remained uninterrupted for customers and allowed us to provide other forms of support, including fee reductions and cash support for smaller merchants, online products which allowed merchants to keep trading, and the execution of projects for larger bank customers to deliver new or adapted services to their cardholders.

COVID-19 had a significant short-term financial impact on our business; where lockdown restrictions, reduced international travel and dampened consumer spending all led to a decline in digital transactions. As a result, our revenues declined by (15.1)% during the year and underlying net income[1] declined by (60.7)%. We were pleased to see digital transaction volumes across our markets beginning to recover during the latter part of the year and we exited 2020 with good momentum.

In order to mitigate the short-term financial impact we took prudent actions to reduce operational expenses and capital spending. At the same time we sought to maintain investment in future growth opportunities. This ensured we exited the year with ample liquidity and a strong balance sheet, with significant headroom to our covenants.

Enhancing Board composition and expertise

Network's Board consists of an experienced, diverse and majority independent group of Directors, with expertise across payments, international finance and developed market regulation. There remained strong attendance at virtual meetings throughout the pandemic, as well as invaluable experience and insight provided to Network's Executive Management Team.

As our business has evolved, we have added more bespoke capabilities and independence with the appointment of a further four Independent Non-Executive Directors (two in January 2020 and two in January 2021). We also appointed Rohit Malhotra, our long-serving CFO, to the Board in June last year and of course welcome Nandan Mer, who joined as our new CEO in February this year.

The Board places considerable importance on engagement with and feedback from shareholders. The Executive Management Team has an ongoing dialogue and series of meetings – many of which were virtual this year – with institutional investors and analysts that are engaged by Network's Investor Relations function. I met with our largest shareholders to discuss matters of Corporate Governance and broader strategic topics, while the Chair of the Remuneration Committee, Victoria Hull, also consulted investors regarding the Remuneration Policy implementation.

Supporting our people and communities

Our people are at the heart of our business and are instrumental in the delivery of our strategy. During 2020, we reviewed and enhanced our engagement approach to ensure we continue to meet the employee engagement provisions of the UK Corporate Governance Code. This included a Board-level review of our activities and the alignment of our Engagement Framework. Our Group-wide employee turnover rate has fallen over the past three years; from 10% in 2018, to 4% in 2020. Furthermore, we have seen a substantial improvement in our Employee Engagement Survey, with a score of 73% (up from 65% in 2019).

Our responsible business philosophy has seen enhancement, where our aim is to integrate environmental, social and governance ('ESG') practices into our day-to-day business activities, strategic planning and performance evaluation processes. We are currently developing a new three-year ESG strategy, which will be shared in 2021.

Looking ahead and building our business for long-term growth

Our overall strategic approach and investment priorities remain consistent, with a focus on the significant growth opportunities on offer in our markets. The past year has seen an acceleration in the transition from cash to digital payments, underpinning our confidence in long-term industry fundamentals. This acceleration includes an increased demand for online payment acceptance, where we will continue to leverage our products and support merchants moving their businesses online.

Given our conviction around the potential growth opportunities for the business, the Board has decided not to declare an ordinary dividend in respect of the 2020 financial year. This decision has been taken after careful consideration and in order to ensure capital allocation is prioritised towards such opportunities that will drive growth, generate attractive returns for shareholders and also maintain financial flexibility.

We will continue working towards completing the acquisition of DPO Group. DPO will improve our capabilities in the African payments space through technology, market access and high growth segments. With such a strong outlook, we expect the acquisition to deliver a double-digit return within three to four years, and significantly higher thereafter.

Our entry to Saudi Arabia will be another important growth driver and we remain committed to expanding our presence in that market during 2021 when border restrictions ease.

Welcoming our new Chief Executive Officer

It is with great pleasure that we have recently welcomed Nandan Mer as Chief Executive Officer.

Simon Haslam is retiring from Network, after a long and successful career in financial services. Following a rigorous global leadership search, the Board approved the appointment of Nandan Mer, who has an extensive and proven track record of building businesses in a number of global markets with leading financial institutions. Nandan spent the most recent 11 years of his career with Mastercard, including as Strategy Head for International Markets and President of the Japanese business. This experience makes him an excellent appointment to lead us through the next phase of our ambitious growth plans.

As Chairman, I would like to thank Simon for his invaluable contribution as CEO and wish him well in his retirement. He leaves behind a strong business and legacy of success.

Nomination Committee Report
See page 128

To conclude I would like to extend my thanks to our employees for their delivery, to our shareholders for their ongoing support, and to our customers for their belief and trust in our ability to do what they ask of us.

Ron Kalifa OBE
Chairman
7 March 2021

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.

A pan regional diversified payments business

Operating at scale across both Merchant and Issuer Solutions

Multiple product and service capabilities
Across point-of-sale, e-commerce, physical and virtual cards, mobile wallets and value added services

Powered by partnerships
With key global payments platforms, such as our strategic partnership with Mastercard

Underpinned by strong governance
Led by Executive Management and a Board of Directors with substantial experience across payments, international finance and developed market regulation

USD 33.5bn
Total Processed Volume ('TPV')[2]

Revenue streams
Net Merchant Service Charge
Transaction fees on FX, chargeback
Sale and rental of POS terminals
Value Added Services

16m
cards hosted[2]

758m
transactions[2]

Revenue streams
Fee per card
Fee per transaction
Value Added Services

End-to-end capabilities and presence across the payments value chain anchor our competitive position.

Operating Review
See page 30

Value inputs

Unmatched regional resources and relationships

Pan regional presence across the Middle East and Africa

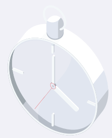
>50

countries where we provide services

Newly invested technology platforms

99.9%

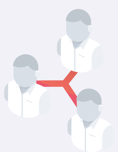
system availability



Long-standing customer relationships

15

years' average customer tenure[3]



Talented, highly skilled employees

6

years' average tenure

Experienced management team

20

years' of industry experience on average

Value outputs

Generating long-term value

Customers
Helping to grow their businesses in a secure, cost effective way.

>80k

merchants

>200

financial institutions

Employees
Striving to make Network International a great place to work.

73%

engagement score

Communities
Working to drive financial inclusion, supporting the communities in which we operate.

15%

digital payments share of transactions in MEA

Investors
Through strategic success and financial growth.

6.7 cents

Underlying EPS[1]

1.2 cents

Reported EPS

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 This is a KPI. For definition please refer to page 55.
3 Refers to average tenure of relationship with top 10 customers.

Our Markets

Well positioned in an underpenetrated market

We benefit from a clear leadership position in digital payments across the MEA, spanning the payments value chain.

Key drivers of digital payments in MEA

Fostering consumer comfort with digital payments

- Perception of digital payments as seamless and effortless for the consumer
- Overcoming consumer concerns, particularly in relation to security and fraud

Our approach
Facilitating an improved experience; through providing solutions that allow our customers to bring digital payments to more consumers.

Developing acceptance (merchants' ability to accept digital payments)

- Proliferation of acceptance devices and technologies across channels (offline, online, mobile)
- In particular, low cost devices and acceptance using smartphones, which is particularly applicable to small/micro merchants

Our approach
Development and distribution of our N-Genius™ proprietary point-of-sale ('POS') devices and online gateway.

Investment and development of low cost acceptance technologies, including QR code and text message enabled smartphone acceptance.

Developing issuance (of digital payment media by banks and financial institutions)

- For payment cards: growth in the banked population, which is still under developed across some of our markets. e.g. 60% of African adults are not part of the banking system[1]
- For mobile devices: growth in smartphones and comfort with mobiles as a means of storing money

Our approach
Assisting issuer bank customers with more efficient customer onboarding, and support for easy to use payments solutions such as digital wallets, P2P payments and virtual cards.

Supporting infrastructure

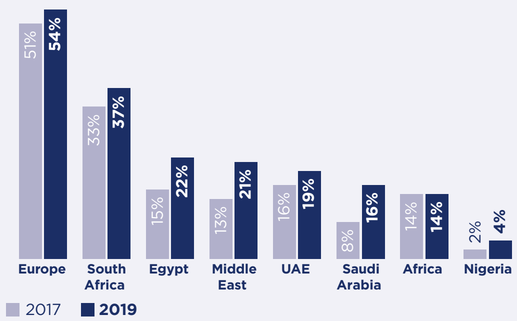
- Broadband connections
- Smartphone penetration
- Delivery / fulfilment infrastructure for e-commerce

Our approach
Evolve customer products and solutions that respond to technology trends and changing end consumer demands.

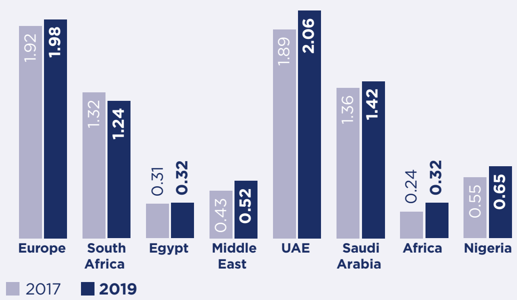
Cash to digital payments conversion

MEA is the most underpenetrated digital payments market globally

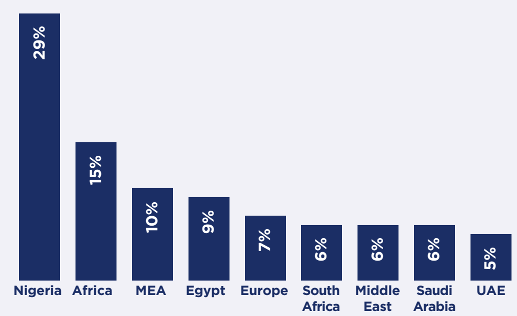
2017-2019 digital payments share of transactions by volume[1]



2017–2019 average cards per adult[1]



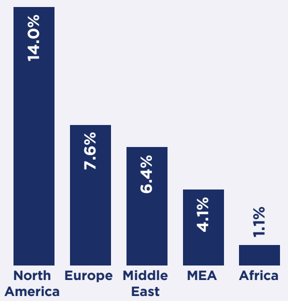
Forecast payment card transaction volume growth on point-of-sale devices; 2019-2025E[1]



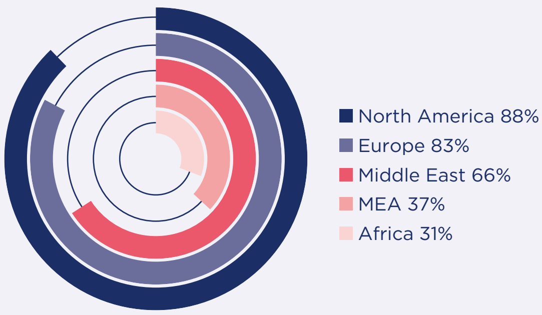
Accelerating with growth in e-commerce

Growth is expected to be particularly strong in online and alternative payments methods

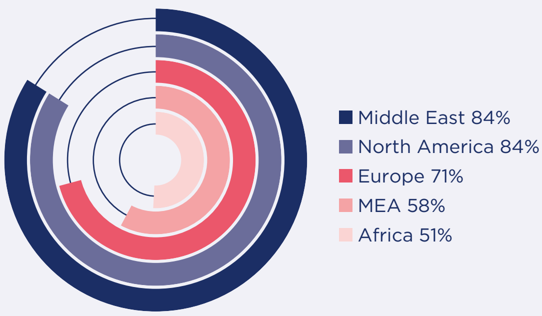
E-commerce penetration of retail[1]



Proportion of population with internet access[1]



Smartphone penetration rates[1]



COVID-19

Accelerating market dynamics

Point-of-sale terminals
- Acceleration in year-on-year (y/y) growth rates in POS terminals in key markets in 2020, e.g. 64% in Saudi Arabia (25% in 2019) and 50% in Nigeria (39% in 2019)[2]

E-commerce
- Material increase in projected growth rates for e-commerce transactions in the UAE. Forecast CAGR for period 2019-23E was 9.8% pre COVID-19, and has been revised up to 25.2%[3]
- Licences for online freelancers and businesses in Dubai increased 132% in 2020[4]
- E-commerce transactions using Saudi Arabia's domestic scheme Mada increased c.280% y/y in value and c.350% in volume during 2020[5]

Mobile money
- 48.8% y/y increase in the value of transactions during July to December 2020, for mobile money operator M-Pesa, which operates in seven African countries

Contactless payments
- Multiple countries across the MEA have raised the limit for contactless payments, increasing its adoption. e.g. limit increased by: 67% in UAE; 100% in Egypt; 100% in Saudi Arabia

1 Source: Edgar, Dunn & Co. 2019 data used due to timelag of several months post calendar year end in production of data for Network regions.
2 Source: Saudi Central Bank; Nigeria Inter-Bank Settlement System plc.
3 Source: GlobalData.
4 Source: Dubai Economy.
5 Source: Saudi Central Bank.

Exciting future growth opportunities

"I have been deeply impressed by the breadth of experience in our team, the strength of our long-standing relationships with customers and the exciting outlook for our business. Network has the scale and capabilities to capture the significant growth opportunities that are available across our markets."

Nandan Mer
Chief Executive Officer

Market transition to digital payments

COVID-19 is further accelerating market growth

We are seeing a number of trends and developments through the pandemic that indicate fast changing Government and consumer sentiment towards cash. Whilst some of these trends may temper as the pandemic recedes, we believe it is likely there has been a structural acceleration towards digital payments across our markets.

- **ATM usage declining in the UAE:** Analysing the cards hosted by Network International in the UAE in January 2020, a cohort of consumers who used their cards almost exclusively at ATMs to withdraw cash are now only using their card at the ATM for less than half (47%) of their transactions in December 2020, with the remainder taking place at a POS terminal or online.
- **Deployment of POS terminals accelerating in some markets:** The number of POS terminals in Nigeria has increased by 50%, and by c64% in Saudi Arabia during 2020.
- **Accelerating e-commerce growth through the pandemic:** A Mastercard study published in November 2020 has revealed that nearly three out of four consumers in the Middle East and Africa are shopping more online than they did before the pandemic.
- **Mobile money transactions also growing strongly:** The Central Bank of Kenya enabled measures to facilitate increased use of mobile money transactions, instead of cash, through the pandemic. The monthly value of mobile money payments grew by 44.5% from March to November 2020.

Delivery of strategic and business initiatives

Our strategy is to provide solutions that allow our customers to bring digital payments to more consumers across our regions, leveraging our scale and competitive advantages.

Progress across the core business

Whilst COVID-19 had a significant impact on transactions and volumes during the year, we saw a steady recovery in trading through the second half and exited the year with positive momentum across both business lines. In our core market of the UAE, domestic direct acquiring fully recovered to prior year levels as we reached December 2020, whilst international volumes (which largely represent overseas visitors) also benefited from a pickup in tourism over the holiday period. Data from STR Global showed hotel occupancy for Dubai returning to almost 70% through December. Naturally, the pace of new business slowed through the pandemic as banks focused more on the immediate operational challenges caused by COVID-19. But our relationships with existing customers and the pipeline of opportunities remains strong and we are already seeing a pickup in new business wins during 2021, such as the recent signings of Kuda Digital Bank and Carbon Bank in Nigeria, Bank Windhoek in Namibia and Bank Gabarone in Botswana.

Our response to COVID-19

Our business purpose and strategy, to enable the transition from cash to digital payments across our regions, has remained consistent throughout the pandemic. However, in the short term COVID-19 has had a substantial impact on our financial performance over the course of 2020. As a result we developed a Coronavirus Management Strategy to oversee our response for our colleagues, business operations, supply chain, cyber security infrastructure and financial stability. This strategy has served us well and we have seen customer and colleague support for the actions we have taken.

COVID-19 Response
See page 6

Middle East
New customer wins: In Merchant Solutions this includes a number of new POS direct acquiring merchant customers such as Alexander McQueen, Adidas and Western Union. We won the e-commerce direct acquiring business for NowNow (noon.com's on-demand delivery app, part of the digital ecosystem of products and services from the Noon Group), major supermarket Spinneys and Majid Al Futtaim Management Services. We have also signed partnership arrangements with several global brands, including HyperPay, in the online acquiring space. In Issuer Solutions we won a competitive tender to provide exclusive services across five countries for CareemPAY and a mandate to support the issuance of the first Islamic credit card for a bank customer in Jordan.

Contract renewals: We renewed a significant contract with Abu Dhabi Commercial Bank to provide fully outsourced Merchant Solutions and we also renewed our Issuer Solutions contract with United Arab Bank.

Growth in online payments: Our N-Genius™ roll-out continues apace and we finished the year with c.1,900 merchants using our proprietary online gateway, an increase of c.1,600 during the year and with record volumes processed through our platform during December. This is reflected in our TPV growth from e-commerce merchants (excluding Government and airline online TPV) which grew at 53% during the year (versus 16% y/y growth in 2019).

Cross-sell of products and value added services: We saw good demand from merchants for our Easy Payment Plan, which allows consumers to set up a monthly repayment plan for goods or services purchased through a POS terminal. (The Easy Payment Plan is a service we enable, where the lending is provided by the cardholder's issuing bank). We have also expanded our contracts with UAE based tourism authorities that will see them leverage merchant spending data in order to better understand domestic consumer and tourist spending patterns.

Africa
New customers: Payment processing outsourcing wins included: Issuer and Merchant Solutions for Access Bank Kenya, Merchant Solutions for CCA Cameroon Bank, and Issuer Solutions services for Globus Bank in Nigeria and Republic Bank in Ghana.

Expanded contracts: We have supported eight of our banking customers with the issuance and processing of expanded card portfolios, including well-known institutions such as Fidelity Bank, Access Bank and RCS Group. We have further expanded our relationship with GTBank into a ninth country by supporting their subsidiary in Côte d'Ivoire, and Woolworths Financial Services in South Africa has renewed our Issuer Solutions contract.

Chief Executive Officer's Review continued

Cross-sell of products: We continue to upsell to existing customers across the region, signing expanded contracts with Polaris Bank Nigeria and ARCA Nigeria, e-commerce Merchant Solutions using our N-Genius™ payment gateway for NBS Bank Malawi, and the rollout of our N-Genius™ POS devices continues with Standard Bank and Orabank across eight countries. We are also working towards N-Genius™ gateway implementation with customers after certification in five countries.

New market entry: In Africa we will be launching services in Sudan, a new market entry which has been supported through our partnership with Mastercard. We will be providing Issuer Solutions to Faisal Islamic Bank by enabling the bank to issue and accept Mastercard branded debit, credit and prepaid cards through ATMs, POS terminals and online. This makes Faisal Islamic Bank one of the first in the country to obtain a card issuing and acquiring licence from Mastercard.

Executing on our strategic partnership with Mastercard

Our strategic partnership with Mastercard is progressing well and we have launched a new digital product platform which will accelerate the adoption of digital payments across all our markets. With this new digital platform we will help our customers to enable mobile-based payments for their end consumers and merchants across various payment channels. Merchants will now have one simple to use technology interface through which they will be able to accept multiple payment types, ranging from USSD (text message), QR codes, to POS terminals and e-commerce, with mobile money and SoftPoS (technology which allows merchants to accept contactless card payments directly on their smartphone or tablet) coming later in 2021. Payment issuers and banks will be able to offer their consumers state-of-the-art payment solutions including digital wallets, person-to-person ('P2P') payments and virtual cards. The launch of this platform is the first in a series of steps towards delivering simplified, collaborative payment solutions across the payments value chain in the Middle East and Africa.

Accelerating growth through the proposed acquisition of DPO

We continue to progress towards completing the acquisition of DPO. Regulatory approvals are still outstanding in a small number of countries, which we expect to finalise and complete in the second quarter. DPO is the largest online commerce payments platform operating at scale across Africa, offering online and mobile money payment services to over 59,000 active merchants across 19 countries. DPO benefits from a well invested technology platform with a unique combination of intellectual property, products, licences and partnerships in multiple markets, which is particularly advantageous to global merchant brands operating across the continent. The acquisition will further consolidate our presence in Africa, strengthening our position across the entire payments value chain and accelerating our growth. Whilst the acquisition is not yet complete and the 2020 financial performance of DPO is not consolidated within our financial results, we are providing an indicative business and trading update for DPO. The business is performing well, having seen over 30% y/y TPV growth in constant currency.

Our commitment to a sustainable and responsible business

We are committed to operating sustainably and responsibly across our entire business. We aim to operate in a way that maintains strong ethics, respects human rights, supports responsible labour practices and safeguards the environment – while promoting positive social and economic impacts in the markets in which we operate. In 2020 we began working with an expert third party on the development of a new ESG Strategy. This includes a gap analysis to benchmark our existing approach against international sustainability best practice, prevailing legal requirements and evolving stakeholder expectations. The outputs from this process will inform the development and rollout of the new strategy in 2021.

Our colleagues are at the heart of our business and are instrumental in the delivery of our strategy. We are very pleased to have seen the results of our annual Employee Engagement Survey during the period. Overall we saw both an improvement in survey participation, where 83% of colleagues participated (2019: 72%), and a significant step up in overall engagement to 73% (2019: 65%). Colleagues were also highly satisfied with the business's approach to employee wellbeing, care and remote working arrangements through the COVID-19 pandemic.

As a digital payments provider, our business activities support and promote the financial inclusion of communities across the markets in which we operate. This includes our ongoing participation in the 'Smart Dubai Government' initiative which works to accelerate the adoption of digital payments across the Emirate, or our support of Egypt's Meeza national payment scheme. In addition, our support for community development projects helps us to deliver further social and economic benefits at a local level. In 2020, over 140 colleagues volunteered in local community initiatives. The Group also collaborated with or made charitable donations to community organisations that support food distribution, cultural development and individuals with additional needs across the UAE, South Africa and Egypt.

Responsible Business
See page 56

Future strategic focus

As the digital payments leader in markets with significant structural and secular trends, Network International has strong foundations. Whilst our overall strategic approach remains consistent, a CEO transition will bring elements of change and new ideas. We intend to ensure that we remain at the forefront of rapidly evolving customer needs so that we can grow our share and extend our leadership position across our markets. Our strategic aspirations will place more focus upon acceleration and innovation in order to deliver profitable high growth.

Core business and Mastercard strategic partnership: We will continue to support our merchant and financial institution customers through their ongoing recovery from COVID-19. In our acquiring business we will place emphasis on growing high value merchant sectors within the online and SME segments, and providing further value to merchants through the launch of interactive data and spending analytic dashboards. In Issuer Solutions we will have a strong focus on new business generation, including the cross-sell of value added services such as our digital payment platform into the existing customer base.

Our Mastercard partnership will focus on the rollout of the newly launched commercial card solution, the digital payment platform and executing against our market entry to Sudan. We will also continue working together to explore the development of low cost payment acceptance solutions which are targeted at the African market.

Completion and integration of DPO: Whilst ensuring post-completion that DPO continues to grow its TPV and revenues ahead of the market, we will work hard to cross-sell DPO's services to our existing bank customers in order to support the delivery of revenue synergies.

Capital allocation and Saudi Arabia market entry: Our capital allocation policy is designed to support both the core business and growth opportunities, whilst generating appropriate returns. In such attractive markets our business has substantial opportunities to deploy capital through both organic and inorganic investment, in order to deliver incremental profitable growth and returns. Given our conviction around the potential growth opportunities for the business, the Board has decided not to declare an ordinary dividend in respect of the 2020 financial year. This decision has been taken after careful consideration and in order to ensure capital allocation is prioritised towards such opportunities that will drive growth, generate attractive returns for shareholders and also to maintain financial flexibility.

Outside of core investment, we will deploy capital to continue the separation of shared services from Emirates NBD. This includes the separation of a shared data centre in the UAE and the deployment of independent human resources and finance systems in order to improve our operational flexibility. We also remain excited by the opportunity in Saudi Arabia, which is one of the largest payments markets in the MEA region. We intend to progress with our market entry as soon as border restrictions ease and when this occurs, we will update investors on the financial opportunity and expected returns from this new market entry. Our capital investment budget for Saudi Arabia remains the same as previously communicated and is incorporated in our 2021 financial guidance.

In summary: We have started to see a recovery from the impacts of the pandemic and the underlying drivers of the business and our markets remain strong. We have seen some headwinds to trading during the initial months of 2021, linked to the rise in COVID-19 cases across the UAE and some restrictive measures that have been introduced. Whilst the fluidity of the pandemic creates some uncertainty our overall outlook is unchanged at this stage. There is an intense focus on strong execution and maintaining the good momentum in the business.

Nandan Mer
Chief Executive Officer
7 March 2021

Focused on profitable growth now and for the future

Our purpose is to enable and lead the transition from cash to digital payments across the Middle East and Africa.

Create a Network Culture for our people
Read more on page 56

Strong risk management and governance framework
Read more on page 72

1 Capitalise on digital payments adoption and enable financial inclusion

Goals

- Support structural market growth in digital payments through leading capabilities
- Increase consumer access to digital payments through building low cost solutions
- Support financial inclusion initiatives by working with governments and NGOs
- Explore and develop our solution to mobile money payments

Progress in the year

- Expanded our work with the UAE governments to include northern Emirates' Smart Governments, along with Smart Dubai Government
- Supported Egyptian bank customers with Central Bank of Egypt initiatives to rollout an additional 100,000 point-of-sale acceptance points across the country
- Made preparations to extend our capabilities and digital solutions offering in Saudi Arabia

Future focus

- Support the UAE governments with digital wallet rollout and e-dirham expansion plans
- Leverage our role in Dubai EXPO2020
- Identify opportunities to work with governments and NGOs to support digital payments adoption across our markets
- Continue to explore ways to work with mobile money solutions and operators

2 Expand customer base and focus on high value segments

Goals

- Expand our range of services to existing customers
- Win new processing customers by capitalising on our scale and service advantage
- Win merchants in high value segments such as SMEs, hospitality and online payments

Progress in the year

- Renewed significant contracts with key customers such as: ADCB in the UAE, United Arab Bank across the Middle East and Woolworths Financial Services in South Africa
- Signed multiple new Issuer Solutions customers
- Expanded Issuer Solutions services and contracts for: RCS Group in South Africa, Fidelity Bank Ghana, GTBank in Côte d'Ivoire, Rokel Commercila Bank in Ghana, Access Bank in Ghana, Access Bank in Nigeria and Tyme Bank in South Africa
- Signed new merchant relationships, including: Alexander McQueen, Adidas and Luxury Fashion Gulf, online acquiring for Spinneys supermarkets and NowNow (part of Noon Group)
- SME merchant sales and relationship strategy refreshed and significant growth in business
- Developed new 'Customer Value Propositions' for key acquiring segments, such as hospitality, SME and healthcare

Future focus

- Target new bank payment processing outsourcing contracts and expand relationships with existing customers
- Focus on high value customer segments and sectors along with Fintech businesses
- Leverage existing relationships and focus on cross-sell opportunities between business lines

3 Develop commercial arrangements with strategic partners

Goals

- Develop relationships or commercial agreements to support the execution of our strategy; that underpin or enhance our market knowledge, distribution or product capabilities

Progress in the year

- Developed the first set of product initiatives with Mastercard as part of our commercial agreement, which includes the digital product platform and corporate card solutions
- Increased our online digital partner network to include global/regional payment service providers
- Executed on our strategic partnership with CR2 in Africa, to accelerate managed services of digital banking channels

Future focus

- Continue to deliver on commercial initiatives with Mastercard and strengthen our strategy to take digital and e-commerce solutions to market
- Target new partnerships with mobile network operators, online payment service processors, Fintech businesses and payment aggregators to unlock the digital and alternative payments markets
- Assess and pursue strategic partnerships with existing clients

4 Product expansion and market penetration

Goals

- Develop best in class products that enhance speed, efficiency and value for customers
- Adapt products to the local market to enable rollout across the region
- Bring value add insights to customers through our data analytics capability

Progress in the year

- N-Genius™ point-of-sale devices successfully deployed across eight countries in Africa, with key customers such as Standard Bank and Orabank
- Ongoing rollout of N-Genius™ point-of-sale devices across the regions
- Enabling MIR acceptance (the Russian credit card scheme) across our merchant point-of-sale terminals
- Expanded our N-Genius™ online gateway sales to c.1,900 merchants across the UAE

Future focus

- Continue rollout of the N-Genius™ product platform to existing and new customers across the MEA
- Develop best in class products that enhance speed, efficiency and value for customers
- Launch and rollout our digital product platform, delivering new issuing and acceptance capabilities across the entire payments value chain
- Continue to develop data analytics solutions for customers

5 Leverage technology and build capabilities

Goals

- Ensure we have the capabilities and scale to support our growth
- Optimise and invest further in our technology infrastructure
- Enhance responsiveness and efficiency through creating shared service principles
- Digitise customer facing and support functions to optimise efficiency and governance

Progress in the year

- Network 'New Ways of Working' has been launched to optimise resources, automate processes and create capacity across the business
- Plan for separation of shared services and technology resources from Emirates NBD
- Update the technology strategic plan for entry to Saudi Arabia in anticipation of market entry
- Ongoing enhancement to risk and control functions

Future focus

- Ongoing enhancement of our technology platforms
- Continue advancing the separation of shared services from Emirates NBD
- Continue the entry and deployment of our capabilities into Saudi Arabia
- Enhance data analytics capability: to serve customers and enhance internal processes

6 Pursue opportunities for acceleration

Goals

- Through both accelerated organic and acquisitive options, focus on opportunities that will: consolidate or expand our geographic position in the MEA; or provide new product or technology capabilities

Progress in the year

- Announced the acquisition of DPO, the largest online commerce payments platform operating across Africa
- Updated our preparations and plans to extend our services into Saudi Arabia, in anticipation of market entry

Future focus

- Complete the DPO acquisition, with a focus on integration and delivery of organic and synergy growth targets
- Commence entry into Saudi Arabia market when COVID-19 related border restrictions ease
- Target further growth accelerator opportunities, such as significant payment processing outsourcing contracts

We have 11 principal risks that apply to each of our strategic pillars
See page 79

Key Performance Indicators
See page 26

Strategic case study

Building long-standing customer partnerships

Underpinning the strength of our business model.

From acorns to oak trees

Our business is built on the strength and depth of relationships with over 80,000 merchants and over 200 financial institution customers. It takes years to build customer relationships of this scale, which is reflective of our market leading services and technology platforms, and trusted reputation. Such relationships typically start small and expand over time; as we become a trusted partner, see our services grow as our customers grow; and as we develop innovative solutions to meet the evolving payments landscape.

15 years
average tenure of our customer relationships[1]

Supporting ADCB with fully outsourced services across Merchant and Issuer Solutions

Abu Dhabi Commercial Bank ('ADCB') is one of our largest customers in the Middle East. Our partnership started in 2005, with Network International providing outsourced Issuer Solutions.

Over time, we have become an outsourced processor for the entirety of ADCB's credit card portfolios. In 2017, ADCB decided to capitalise on the scale of their business banking relationships and move into merchant acquiring. Having already worked hand in hand with ADCB to provide Issuer Solutions services, we were a natural partner. We are currently providing fully outsourced Merchant Solutions services, including: acquirer processing, merchant support, onboarding e-commerce merchants and procurement of point-of-sale terminals.

Our relationship is based upon strong commercial foundations and the beneficial economics of outsourced payments solutions, which delivers outstanding service to ADCB's customers and a growing revenue stream to Network International. The strength and benefits of the relationship to both parties is reflected in the recent renewal of our contract to provide Merchant Solutions services for a further five-year period.

1 Refers to average tenure of relationship with top 10 customers.

Our role is to support our customers in bringing digital payments to more consumers.

For merchants, what may start with providing point-of-sale in-store digital transaction acceptance, often evolves with increased scale, omnichannel solutions and value added services over time.

Carrefour is a long-standing merchant customer, going back 18 years. Having started our partnership as their acquirer of choice in Dubai, we have grown our volumes and services alongside them as they have expanded across the Emirates, moved to innovative self checkout and into online acquiring.

Carrefour was also the first and largest grocery merchant in the region to accept the NOL prepaid smartcard, which has increased the range of payment options for the end consumer.

Issuer Solutions services for RCS Group

Our 15-year partnership with RCS typifies the development of our relationships with Issuer Solutions customers. What may start as a small card processing outsourcing agreement, often expands across multiple portfolios, services and countries over time.

RCS, a division of BNP Paribas Personal Finance, is a consumer financial services provider operating across Southern Africa. Our partnership began in 2006, with outsourced processing services for their retail store cards. From the initial portfolio of just over 1m cards, we now provide issuer processing services for their entire card portfolio of over 4.5m cards across five countries, alongside data analytics and risk management services. We are also supporting them as they transition to become a global card scheme issuer with Mastercard and Visa.

Strategic case study

In response to COVID-19, we are seeing strong demand from merchants who want to shift their traditional in-store business to an omnichannel approach.

The pandemic has accelerated consumer and merchant demand for online payments. Through 2020, we saw 53% y/y growth in our online directly acquired TPV[1], compared with 16% y/y growth during 2019.

We have also won a number of mandates to facilitate online payments for merchants; and formed partnerships with multiple global brands in the online acquiring space.

Dubai Duty Free

Moved to our N-Genius™ online gateway during 2020. This now provides Dubai Duty Free with a user friendly and simplified payment processing experience, by partnering with Network International across the entire acquiring value chain, as a processor, acquirer and gateway provider.

"At Al Fardan Exchange, we are very happy to partner with Network International and use their proprietary payment gateway, N-Genius™ online. This has completely revamped the payments experience of our customers, with the new technology and robust infrastructure."

Al Fardan Exchange

Enabling a smooth transition to e-commerce

Supporting merchants through offering more payment options to their customers.

Accepting online payments

E-commerce and online payment acceptance is still relatively nascent in our regions. In the UAE for example, less than 20%[2] of TPV across the Emirates come from online transactions.

But consumer demand is changing, and in our fast evolving market place, merchants increasingly need to be positioned to accept online payments, as well as in their stores, outlets and offices.

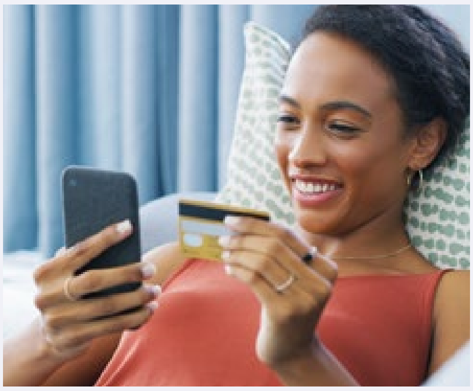
A payment gateway is a collection of online services and software that enables merchants to accept customer payments through their website, mobile applications, and email payment links.

N-Genius™ online payment gateway

N-Genius™ is our proprietary online payment acceptance gateway. We provide the gateway either directly to merchants in the UAE and Jordan, or on a third-party basis to our bank customers.

N-Genius™ online allows merchants to accept payments in real-time from their consumers, either online, or from a mobile phone (PayByLink or QR code enabled). The gateway has market leading transaction acceptance rates and a wide range of payment options.

Having launched the gateway in 2019 we have seen good uptake by customers, such as Dubai Duty Free and Mahzooz, and particularly strong demand through the pandemic.



c.1,900
customers signed to N-Genius™ online

53%
y/y growth in our online payment TPV[1]

1 Excluding Government and airline online TPV.
2 Source: EDC market sizing report 2019 forecast. Based on regional market data.

Strategic case study

Supporting our talented workforce

Our people are at the heart of our business. Indeed, our current and future success relies on our ability to attract, develop and retain the top global talent in our industry.

Ensuring the well-being of our people
We are committed to ensuring that our people are engaged, motivated, happy and safe at work. Never has this been more important than during 2020, as we have worked together to successfully navigate the COVID-19 pandemic. Furthermore, we recognise the immeasurable value that a diverse workforce brings in terms of driving innovation, creativity and the sharing of new ideas across our business.

Creating an environment where our people can thrive

We work tirelessly to build and maintain a supportive and nurturing workplace. Our efforts include:

- **Employee engagement:** We maintain a range of digital communication channels to support and encourage open communication between employees and managers. We also undertake Group-wide engagement surveys to ensure we remain responsive to employee views.
- **Talent management:** Our holistic approach is underpinned by our Talent Management Framework. This supports the development of our employees across the different stages of their careers, whilst helping to ensure they are engaged and consistently perform to the best of their abilities.
- **Group-wide employee benefits:** In addition to competitive base salaries and performance-linked bonuses, we offer Group-wide benefits ranging from extended maternity and paternity leave, to healthcare cover and competitive pension plans.
- **Learning and development:** Our approach to learning and development ('L&D') is underpinned by a robust L&D architecture, which supports the implementation of a consistent, responsive and centrally managed learning model. This has been strengthened by our new L&D Charter, which we rolled out during the year to further define our development vision, objectives, and related roles and responsibilities.
- **An equal, diverse and inclusive working environment:** We promote the fair treatment of all employees, irrespective of personal characteristics. As reflected in our revised Equality, Diversity and Inclusion Policy, we place particular emphasis on promoting gender inclusion and equality across our workforce.

1,309
Total workforce
(2019: 1,309)

3.8%
Employee turnover rate
(2019: 7.1%)

To find out more about these and other efforts see 'Helping our People Thrive'
See page 60

Empowering diversity and progress in the workplace by treating everyone with respect, dignity and fairness.

"It feels good to be part of an organisation that upholds diversity and acknowledges that excellence does not recognise gender. Network International empowers women to thrive in a safe, secure and inclusive workplace where people with diverse backgrounds can work and grow together."

Desiree Daniels: Responsible Business Champion, South Africa

73%
Group-wide employee engagement score (2019: 65%)

54
Nationalities represented across our global workforce (2019: 53)

Empowerment initiatives

Are supported throughout the organisation, from the Executive level and throughout the workforce. Just one example is our 'This Girl Can' initiative. This is focused on creating a safe space and networking group to discuss challenges faced by women who work across our Africa team. Helping them to learn additional skills and tools to develop in the workplace.

We have also expanded our networking and skills development sessions for female employees from the UAE to all of our regions. These sessions, which are open to all female employees, focus on areas such as pitching / presentation skills, negotiation skills and conflict resolution.

Measuring our progress

We use financial and operational metrics to measure the progress of our strategic goals.

Financial

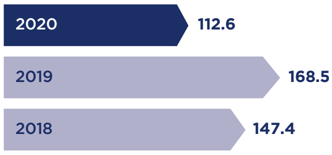
Revenue

USD 284.8m
(15.1)%

Definition
Total revenue generated by the Group.

Underlying EBITDA[1]

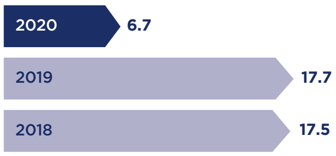
USD 112.6m
(33.2)%



Definition
Earnings before interest, taxes, depreciation & amortisation (‘D&A’), impairment losses on assets, gain on sale of investment securities, share of depreciation of an associate and Specially Disclosed Items (‘SDIs’) affecting underlying EBITDA.

Underlying EPS[1,3]

USD 6.7 cents
(62.1)%



Definition
Profit from continuing operations adjusted for impairment losses on assets, gains on disposal of investment securities and SDIs; which is divided by the weighted average number of shares outstanding.

Operational

Total Processed Volume[2] (‘TPV’)

USD 33.5bn
(23.4)%

Definition
The aggregate monetary value of purchases processed by the Group within its Merchant Solutions business line.

Number of cards hosted[2]

16.2m
+14.1%

Definition
The aggregate number of cards hosted and billed by the Group within its Issuer Solutions business line.

Number of transactions[2]

758.1m
+0.8%

Definition
The aggregate number of transactions processed and billed by the Group within its Issuer Solutions business line.

2019 and 2018 financial KPIs have been reclassified according to the presentation of our financial statements in 2020. For further detail on the reclassifications please refer to the CFO Review.

1 This is an alternative performance measure (‘APM’). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 This is a KPI. For definition please refer to page 55.
3 Share count impacted by issuance of 50m additional shares for DPO acquisition.

Importance
Growing revenue across the Group indicates underlying market growth and share gains.

Importance
By choosing to invest in and grow the business, we enable ongoing profit growth.

Importance
Ensures a focus on the entire income statement, profitable growth and shareholder value creation.

Importance
Processed volumes indicates the underlying growth and health of the Merchant Solutions business.

Importance
An indicator of the underlying growth and health of the Issuer Solutions business.

Importance
An indicator of the underlying growth and health of the Issuer Solutions business.

Our KPIs are all closely aligned with our six strategic priorities

1. Capitalise on digital payments adoption and enable financial inclusion
2. Expand customer base and focus on high value segments
3. Develop commercial arrangements with strategic partners
4. Product expansion and market penetration
5. Leverage technology and build capabilities
6. Pursue opportunities for acceleration

Read more
See page 18

Our engagement with major stakeholders

Section 172 Directors' Duties
The Board is aware and highly supportive of its duties to promote the success of the Company in accordance with section 172 of the Companies Act. A summary of how we deliver for our stakeholders is outlined below.

Further details on the Board's activities in relation to stakeholder engagement are included on page 88 ›

Our customers

>80k
merchant customers

>200
financial institution customers

CEO's Review
See page 14

The trust of our customers has been fundamental to our success and the length of our relationships with our merchant and issuing customers are testament to the strength of those partnerships. Overall responsibility for customer relationships and engagement lies with our local regional relationship managers. Our key merchant and issuing customers will have a dedicated account or relationship manager, who at a minimum will host monthly and quarterly meetings, which have mainly taken place in a virtual environment this year.

We were able to successfully host a three-day conference for African customers, in Egypt, prior to the COVID-19 pandemic, which gave our customers the opportunity to network with peers, the Network International team, and understand future service and product development.

Through the pandemic, supporting customers remained a business priority; we provided fee reductions for a number of SME merchants and assistance in transitioning their businesses online; whilst in Issuer Solutions, we assisted bank customers and their cardholders by enabling payment holidays, or extending expiries on cards where suppliers could not guarantee a replacement.

The development of our existing customer relationships, as well as the signing of new customers, is discussed in more detail in the CEO's Review see page 14, as well as in the Operating Review, see page 30.

Our people

73%
employee engagement score

Corporate social responsibility
See page 59

We place enormous focus on the support, talent development and engagement of our people. A detailed review of our employee support and engagement policies can be found on page 62 of the Responsible Business section.

During the year, we enhanced our engagement with colleagues to ensure they kept safe and were fully supported whilst working from home. To ensure there was a regular flow of information and opportunities for giving feedback we launched a range of virtual engagement mechanisms, which are more fully described on pages 62 and 63. As part of their oversight responsibilities, a Board level review was undertaken in line with the requirements of the UK Corporate Governance Code.

Our communities

We are committed to having a positive impact upon our host societies and as a digital payments provider throughout our regions, our business activities support and promote the financial inclusion of communities. Our support for community development and charity projects helps us to deliver further social and economic benefits at the local level. Our generation of economic value is distributed to investors, employees and other stakeholders.

A detailed review of our community engagement policies can be found on page 68 of the Responsible Business section.

AED 5m
in donations and discounted fees to support UAE small businesses through the pandemic

Our suppliers

We are supported by a number of third-party suppliers, to enable us to deliver high-quality service to our customers. We are committed to maintaining a reliable and ethical supply chain and to achieve this we work with our suppliers in a number of ways – through detailed due diligence at the start of the relationship; getting our suppliers' commitment to abide by our Vendor Code of Conduct; regular interactions to ensure we are working together collaboratively; and supplier evaluation throughout the relationship to assess the quality of service and minimise any risks.

Supplier due diligence is conducted before on boarding new third-party suppliers. Depending on the scope and scale of services, this process may also include an operational risk and compliance assessment, financial stability checks, data protection and cyber security assessments.

Our Vendor Code of Conduct encompasses principles and expectations as to how our suppliers conduct business, and engage, with us. These expectations encompass business integrity; the treatment of employees and compliance with modern slavery requirements; anti-bribery and anti-corruption standards; safeguarding of data and confidential information; and a commitment to promoting environmental sustainability.

In order to support our suppliers and work collaboratively, we have placed an emphasis on relationship management. We encourage our suppliers to provide our colleagues with training, so that we can better understand their technical services and approach. This is supplemented by regular discussions to address resolution management and improved ways of working on both sides. We have also implemented a 'purchasing plan' with some suppliers to provide them with advance notice of our requirements to allow them to prepare accordingly.

We have also implemented a performance development plan which was established for the first time in 2019. This is aimed at strengthening suppliers' performance and capabilities, based on five main categories: quality of service, delivery timelines, responsiveness, and price and technology capabilities. During 2020, we carried out over 40 supplier evaluations to assess their capabilities, and to ensure that both customers and suppliers work in harmonisation for improved service levels. We saw a significant improvement in scoring when compared with the 2019 outcomes.

To maintain continuous support and manage any potential supplier risks, periodic on-site reviews were conducted for certain suppliers during the first quarter of 2020. In response to COVID-19, an additional assessment was conducted for 80 vendors in order to assess their resiliency and ability to continue to provide uninterrupted services.

Corporate social responsibility
See page 59

Our shareholders

USD 6.7cents
underlying EPS[1]

USD 1.2cents
reported EPS

CEO's Review
See page 14

CFO's Review
See page 42

The Executive Management Team, Investor Relations team, and members of the Board have engaged frequently with institutional shareholders, and potential shareholders. Whilst COVID-19 prevented in-person meetings, these were substituted with virtual meetings. The Board was cognisant of the shareholder experience during the year, and open to understanding feedback and issues raised by the market. This informed our decision to increase engagement and enhance financial disclosures.

The Executive Management Team and Investor Relations team have participated in over 800 meetings with over 270 institutions, including sector conferences and a wide range of virtual fireside meetings hosted by the sellside analyst community. Lines of communication with shareholders are supplemented by announcements and trading statements, alongside information and presentations posted to the corporate website. During the year we increased the number of scheduled announcements to the market, in light of the pandemic, and also significantly increased our data and financial disclosure.

The Chairman also met with a number of shareholders during the year, to discuss matters of Corporate Governance and broader strategic topics; whilst the Chair of the Remuneration Committee, Victoria Hull, consulted with major shareholders regarding the proposed Remuneration Policy during the period.

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.

Merchant Solutions

Merchant Solutions revenue

USD 109.4 million

We provide services and solutions that allow over 80,000 merchants to accept card or digital payments from consumers, through a broad range of omnichannel products that can accept multiple payments types. In Merchant Solutions, we provide direct acquiring services to merchants, as well as white-label and acquirer processing services to bank customers.

Direct acquiring and acquirer processing services

Direct acquiring:
In the UAE and Jordan, we contract directly with merchants for their acquiring services, all under our own brand and for which we assume the credit risk. We provide solutions that allow merchants to accept digital consumer payments and facilitate those transactions by obtaining authorisation with the payment schemes before settling the transaction into the merchant's bank account.

White-labelling and acquirer processing:
We provide acquirer processing services to bank customers, which allows them to maintain merchant relationships and retain the credit risk, whilst we provide the processing function and operations support. This provides banks with a market-leading solution without the need for significant investment or additional capabilities.

Value Added Services:
We also provide merchant customers with a wide array of additional services that complement our core direct acquiring offering, including:

- **Loyalty programmes** to help customers drive repeat sales and increase loyalty.
- **Dynamic Currency Conversion ('DCC') and Multi-Currency Pricing ('MCP')** allows merchants to allow consumers to pay in their home currency, while facilitating the foreign exchange conversion and merchant payment.
- **Easy Payment Plans** that allow consumers to convert high value purchases into monthly instalments, although we do not bear the credit risk as a part of this service.
- **SmartView Interactive Dashboard and Performance Reports** provide in-depth analysis of a customer's business based on key payments-related metrics.
- **3DSecure** is an industry standard card security solution which reduces online fraud and increases protection for both merchant customers and their consumers.
- **Digital Onboarding** offers a secure, flexible, and fully automated solution that allows SME customers to be onboarded digitally in a swifter timeframe.
- **Data analytics and insights** to help merchants and customers better understand consumer spending patterns and other dynamics.

How we generate our revenue in Merchant Solutions:

- **Transaction based revenue:** The aggregate value of digital transactions processed by our merchant customers is known as the Total Processed Volume. Our revenue is the Net Merchant Service Fee, which is based on a percentage of the TPV. The Net MSF is the resultant charge after interchange (paid to card issuing banks) and scheme fees (paid to card schemes such as Mastercard or Visa) are deducted from the Gross MSF charged to a merchant.
- **Non-transaction based revenue:** Fees from Value Added Services, rental streams from POS terminals and project related revenues.

Omnichannel payment acceptance solutions

Our products that allow merchants to accept digital payments

Offline:
Through our N-Genius™ POS terminals

Newly launched smartphone payment acceptance app

Online:
Through our proprietary e-commerce payment gateway, N-Genius™ online

Merchant settlement processes

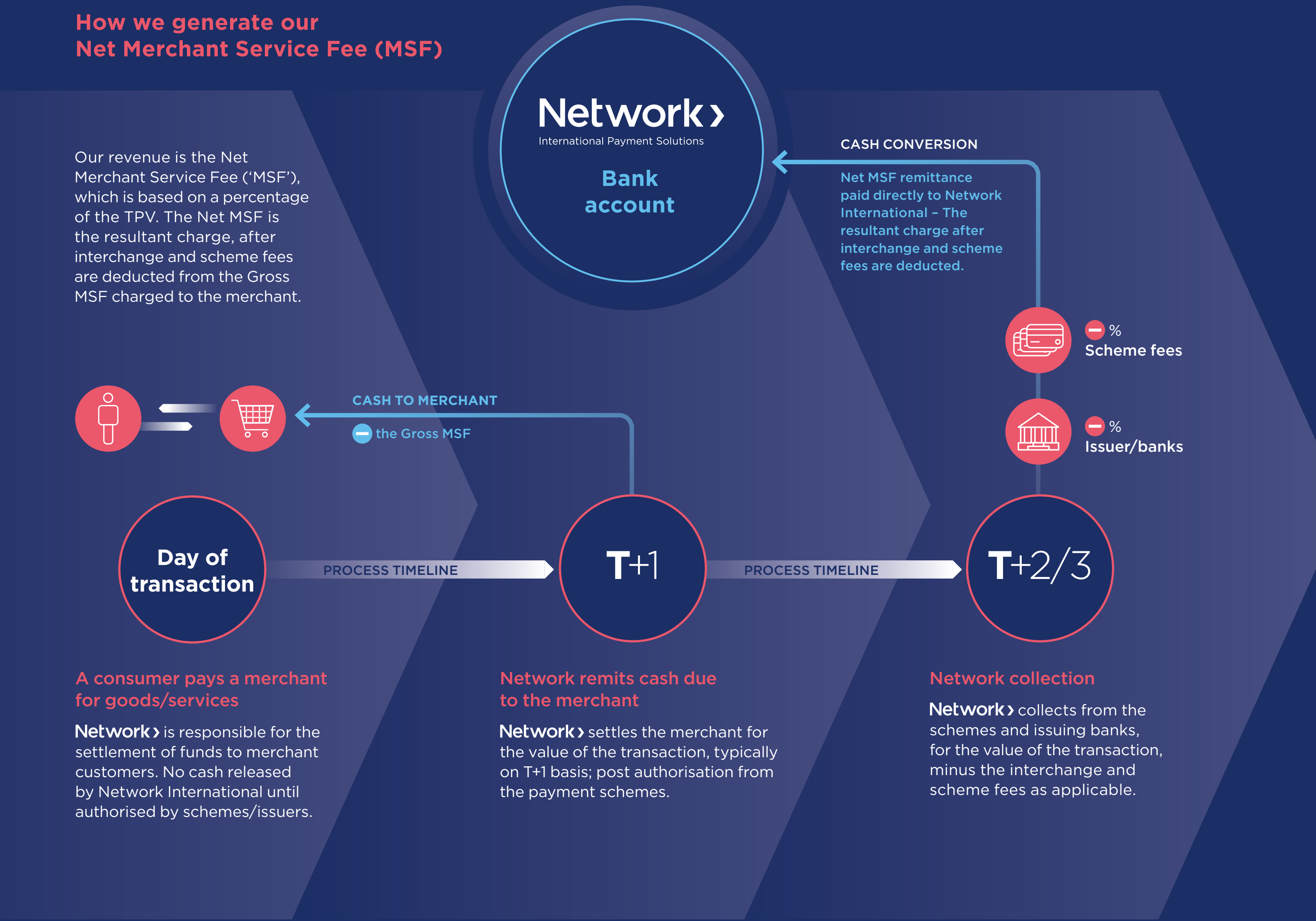
In the direct acquiring business, Network International is responsible for the settlement of funds to merchant customers, and assumes the credit risk associated with this. This settlement process is a funding cycle that iterates daily, and is reflective of the TPV, processed on behalf of merchant customers, in the immediate preceding days.

In line with general market practice in the Middle East, when a consumer conducts a digital transaction with a merchant, Network International generally remits cash due to the merchant on the day following the transaction ('T+1'). These balances payable to merchants are included in the 'merchant creditors' balance on the Group's consolidated balance sheet. We subsequently receive funds into our bank accounts through the scheme settlement processes on T+2 and from any issuing banks on T+1. These balances are included in the 'scheme debtors' balance. At any given point in time there will be around two days of 'scheme debtor' receivables pending to Network International, whereas 'merchant creditor' payables are outstanding for only a day. As a result of this, a working capital requirement arises equal to these settlement balances. This working capital requirement is funded by our banking partners via an overdraft facility which is continuously settled as the schemes remit money to us.

The relative movements of scheme debtors and merchant creditors often follow a similar trajectory, although there are a number of circumstances in which they can vary. For example: i) if the period end falls on a weekend, when banks are closed in the US but open in the UAE, this creates a snapshot of elevated settlement balances because it causes an extra day delay ('T+2/3') in receipt of funds through the scheme settlement processes; ii) currency mix of TPV, which can impact scheme settlement timelines; iii) there are small number of merchants who are not settled daily; iv) TPV in the last few days prior to period end.

Restricted cash balances should be considered separately, and are discussed in the next section, related to chargebacks and collateral.

How we generate our Net Merchant Service Fee (MSF)



Chargebacks and collateral

If a consumer contests a transaction with a merchant, and the merchant is unable or unwilling to provide a refund, Network International holds the potential liability for that transaction. Where the consumer is unable to receive redress from the merchant, the consumer may raise a refund request with their card issuer. For example, if the consumer is dissatisfied with goods or services purchased, if there is non delivery of goods or services, if the transaction is fraudulent, or if the cardholder was charged but the transaction did not complete due to technical issues. In the ordinary course of business, refunds will be the responsibility of the merchant. However, if the merchant is unable to cover the cost of the refund, the acquirer will be liable for the transaction.

In order to manage our risk appropriately, Network International holds collateral against selected merchants where we see a higher risk of potential chargebacks. Such collateral can be held in the form of restricted cash (where we defer payment of a proportion of the settlement funds otherwise due), or we receive a cash deposit from the merchant.

As a result of these risk management disciplines, Network International has historically low chargeback losses, which in 2020 were only 0.003% of TPV.

Risk management of merchant customers

We process all the transactions associated with the merchant acquiring business line, through our own platforms, and do not rely on third parties to conduct such activities.

We follow a thorough risk assessment process before onboarding any merchant. This involves KYC (Know Your Customer) and AML (Anti-Money Laundering) checks, as well as risk based underwriting to assess the credit worthiness of the merchant.

The vast majority of our direct acquiring business is through direct relationships with the merchant. However, we also process transactions for merchants who contract with an aggregator partner. An aggregator will work with a number of merchant customers, which are typically SME businesses. Whilst Network International contracts with the aggregator, it is the aggregator who contracts with the end merchant and ultimately bears the credit risk. When we work with aggregators, we agree the associated risk appetite and parameters and ensure that the aggregator follows our credit risk management guidelines. Whilst the aggregator holds the merchant relationship, Network International will also undertake KYC checks on each of the merchants contracted through the aggregator.

Network International does not provide any merchant lending, or merchant cash-advance services, and therefore we have no financial risk associated with such services.

0.003%
chargeback loss as a % of TPV

Issuer Solutions

Issuer Solutions revenue

USD
165.0
million

Our Issuer Solutions business supports financial institutions in the region, where we act as an outsourced service provider to manage their card operations – across debit, credit, prepaid, virtual, ATM, or retail cards.

Issuer processing solutions

We provide outsourced processing services for card issuing financial institution customers. We connect these card issuing customers with card schemes (such as Mastercard and Visa) to facilitate, authorise and settle transactions for their card holding consumers. Network International is not an issuer of cards, and we do not provide lending to consumers or cardholders.

Card solutions

We provide financial institution customers with the ability to open card accounts for consumers, and issue and create a range of card products, including credit, debit and prepaid cards. We allow them to manage the entire life cycle of cards issued through our advanced Card Management System, which has the ability to manage over 200 card types. Through this service, customers do not have to develop their own in-house technology or operations capability, reducing their long-term costs as a card issuer.

Value Added Services

As with our Merchant Solutions business, we also offer a set of products and Value Added Services to complement our core processing capabilities, such as fraud solutions and data analytics.

- **Advanced Fraud Solutions, 3D Secure and Falcon** is a comprehensive, end-to end fraud management solution for financial institution customers to defend against card fraud.
- **ATM solutions** include our operating of JONET, the principal ATM switch in Jordan, which connects member banks and payment schemes to support cash withdrawals and other ATM services.
- **Data analytics** provides financial institutions with insights, SmartView dashboards and insights related to spending and transaction patterns of cardholders.
- **Card Control** is a tool that allows cardholders to control the types of transactions they approve on their cards, providing them with more control while reducing instances of fraud for card issuers.
- **Instant Issuance** enables instant issuance of debit, credit and prepaid cards as well as activation and PIN set up, either at our customers' branches or other specified locations.
- **Loyalty Programmes** enable financial institutions to manage loyalty programmes including cash back rewards, points and miles.
- **Electronic Billing** is a payment service that allows financial institutions to offer a comprehensive utility bill payment service to their customers through their website or ATMs.

How we generate our revenue in Issuer Solutions:

There are three revenue streams in Issuer Solutions:

- **Revenue per card hosted:** A fee based on the number of cards hosted for a customer (not linked to the number of transactions conducted on the card).
- **Revenue per transaction:** A fee per transaction processed on a card (not linked to the value of the transaction).
- **Value added services:** A blend of fixed fees, or fees linked with cards hosted, or transactions processed.

Technology

Network has recently invested in the development, and completion, of two core payment processing platforms, Network One and Network Lite. The core systems used to power our platforms are commercial solutions from leading international technology providers. These have been supplemented with adjacent systems and services to provide a flexible, predictable and robust operating model that delivers high-quality payment processing solutions for all our customer needs.

Network One

Network One is a one-stop solution for payment processing that is highly scalable and available, and services the most advanced requirements of our customers. It serves both Issuer Solutions and Merchant Solutions needs, and is designed and engineered using the Way4 card and merchant management system from the OpenWay Group. We have integrated this with the Base-24 switching platform supplied by ACI-worldwide, to provide switching capability to manage the payments transaction traffic to and from card schemes. Network One also offers a sophisticated range of Value Added Services through an integration layer, enabled by our proprietary application programming interface ('API') technologies, that connect directly to our customers.

Network Lite

The Network Lite platform is a compact yet powerful system, designed to meet the core processing needs of the African customer market. It uses an integrated software solution from Compass Plus known as Tranzware; and supports debit, credit, ATM and acquirer processing.

Our strategic approach to technology

From a technology perspective, the services provided by Network International can be categorised under four main areas: Issuing services, Acquiring services, Switching services and Value Added Services.

- **Issuing services:** On behalf of card issuing financial institutions, we operate a Card Management System ('CMS') which plays the role of hosting card information. This system is used to authorise transactions that are initiated by the cardholders.
- **Acquiring services:** On behalf of merchants and acquirers, we operate a merchant management and point-of-sale solution that enables merchants to accept card and other forms of digital payment, as well as support them with settlement of funds.
- **Switching services:** In order to complement all the previously mentioned services, we operate a payment switch that serves as a gateway to domestic and international card schemes, as well as banks and financial institutions.
- **Value Added Services:** We operate various different technology platforms, including: an artificial intelligence driven fraud management solution; an industry leading loyalty platform to support financial institutions in providing loyalty services to their customers; as well as a risk management solution that helps card holders control card usage and increase security.

The need to stand out in an ever changing market requires continuous innovation in our services. In our strategic approach to technology, we are exploring solutions such as the ability to support financial institutions with the issuance of virtual cards to replace physical plastic, and the use of those cards in mobile wallets.

In addition, unlike traditional switching, the need for real-time payments has become increasingly encouraged by central banks and card schemes, which is another area of development. In acquiring, the market is evolving towards the use of mobile phones and devices as a means to store and transfer money, which generates additional needs for our customers around security and compliance. We will also continue to enhance our existing platforms to enable an increasingly automated, self-service and digital first approach to customer onboarding. Finally, we are also exploring various partnership opportunities with technology providers and Fintechs, to support the enablement of next generation payment solutions to our customers.

Middle East

Middle East revenue

USD 198.2 million

65.5%
Contribution margin[1]

Strategic focus

- End-to-end payments solutions, with direct acquiring in the UAE and Jordan
- Scale and leadership, given our 25+ year presence in the region and long-term blue chip customer base
- Strategy focused on consolidation, high value customer segments and cross-selling
- Customer demand for value added services such as fraud protection, loyalty solutions and data analytics
- Significant future growth opportunity in Saudi Arabia

A selection of our partners

Emirates NBD	ADCB	Majid Al Futtaim	Ajman Bank
Carrefour	Dubai Duty Free	Spinneys	Careem

1 This is an alternative performance measure ('APM'). See note 5 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.

Our market position

Our operations in the Middle East are broadly balanced across Merchant Solutions and Issuer Solutions. Overseen from our head office in Dubai, we have been present in the Middle East since 1994, where our primary markets are the UAE and Jordan, which are the only regions in which we provide direct acquiring services to merchants.

The Middle East continues to show a fast-moving transition from cash to digital payments. Whilst there has been some short-term negative impact on the business, due to COVID-19, we are seeing evidence that the transition to digital payments will speed up as a result of the pandemic shifting consumer spending behaviours.

The majority of our competitors across the Middle East market are financial institutions, conducting their own acquiring and issuing payments activities. Our competitive advantage is based upon our breadth of service offering across the entire payments value chain, pan regional approach, long-term local presence and history of strong relationships. We have the number one market share position in Merchant Solutions across the UAE, and in Issuer Solutions, we look to capture outsourcing opportunities as banks and financial instructions streamline their business models.

Our strategy across the Middle East is to consolidate our market leading position across the region and the payments value chain. For the UAE and Jordan, our focus is on delivering end-to-end payment solutions, with direct acquiring a specific focus, targeting high value customer segments. Cross-selling is also a strategic priority, specifically across our value added services, such as fraud protection, loyalty solutions and data analytics, where we continue to see strong demand. The Kingdom of Saudi Arabia remains a large new market opportunity for us in the future.

Our performance during the year

Our performance during the year was significantly impacted by COVID-19, due to the stringent lockdowns and merchant closures for much of the second quarter. The TPV in Merchant Solutions were particularly impacted by the decline of international tourism into the UAE. However, since the easing of lockdown measures across the region, we have seen a gradual and steady improvement across both business lines, and exited 2020 with transactions and TPV from domestic transactions showing a recovery to 2019 levels. Whilst international related TPV remained low, tourism into the UAE began to increase towards the end of the year.

Supporting our customers through the lockdowns was a priority and we implemented a number of initiatives, including fee reductions and cash support for a number of SME merchants.

Our COVID-19 Response
See page 6

We successfully delivered on a number of strategic initiatives and new customer signings. In Merchant Solutions we signed a number of new direct acquiring merchant customers, including: Alexander McQueen, Bvlgari, Adidas and Luxury Fashion Gulf, the online acquiring for NowNow (part of Noon Group) and Jimmy Choo. We also signed a partnership agreement with online payments services provider, HyperPay.

Demand for our N-Genius™ online gateway also accelerated, with over 1,600 merchant signings during the year.

Online strategic case study
See page 22

In Issuer Solutions, we secured the competitive tender to provide exclusive services across five countries for CareemPAY. This is a five-year agreement and is a part of Careem's digital payments initiative enabling its captains to access their daily trip earnings in real-time via a Visa card. We also renewed our Issuer Solutions contract with United Arab Bank for a further three years.

As a part of our Coronavirus Management Strategy, we paused our market entry to Saudi Arabia, linked to the border closures and supply chain restrictions associated with the pandemic. We remain committed to expanding our presence there, given the significant growth opportunity this will provide to our business, and we intend to progress with our market entry as soon as border restrictions and supply chains ease.

CEO's Review
See page 14

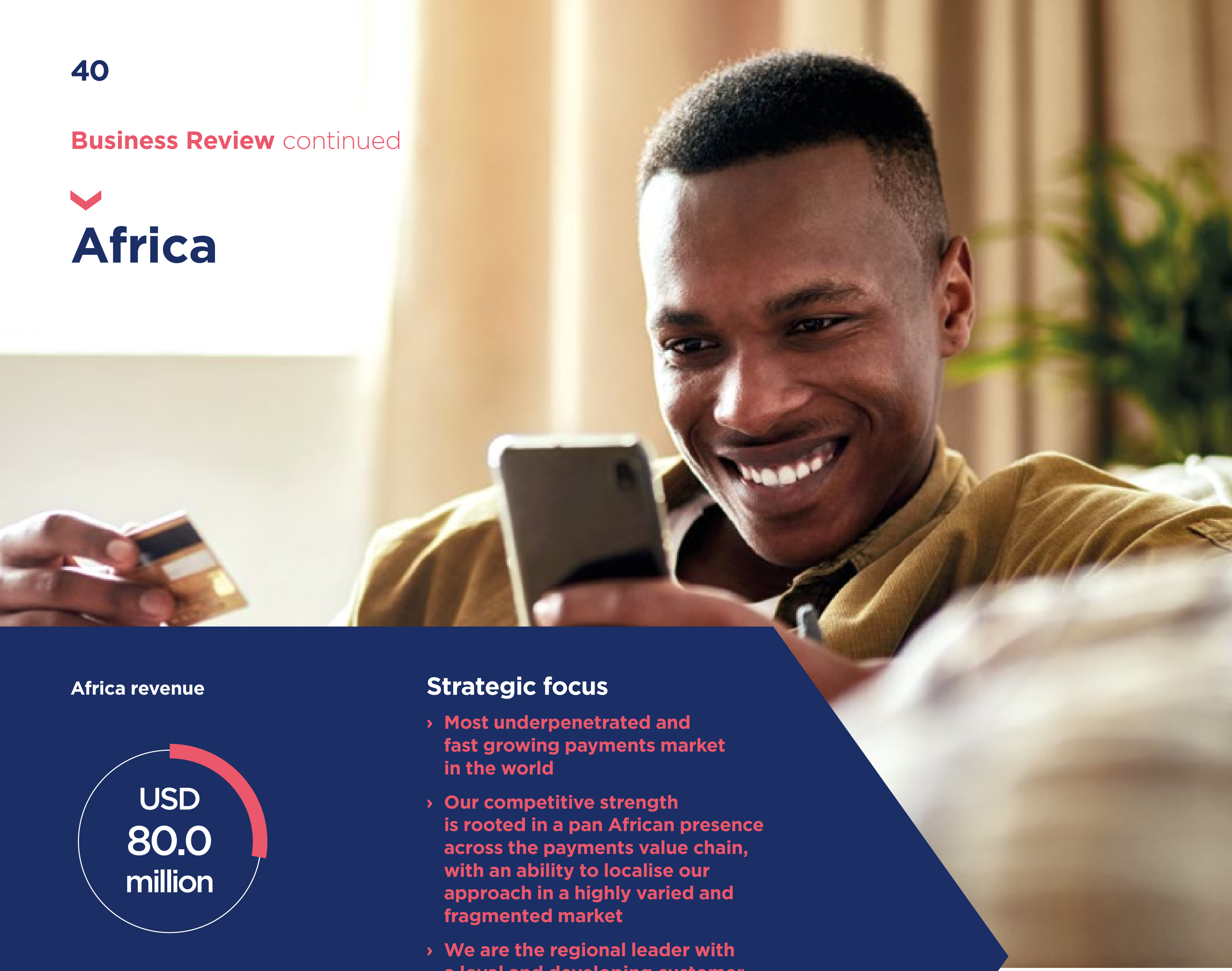
Middle East, an accelerating payments market

21%
digital payments share of transactions

252m
population, growing at 1.7%

0.52
payment cards per adult

Africa



Africa revenue

USD 80.0 million

67.9%
Contribution margin[1]

Strategic focus

- Most underpenetrated and fast growing payments market in the world
- Our competitive strength is rooted in a pan African presence across the payments value chain, with an ability to localise our approach in a highly varied and fragmented market
- We are the regional leader with a loyal and developing customer base. Retaining significant headroom to grow with existing customers and win new business
- With opportunities to further accelerate our growth through the proposed acquisition of DPO, or winning significant outsourcing contracts

A selection of our partners

Standard Bank | البنك العربي الأفريقي الدولي arab african international bank | GTBank Guaranty Trust Bank | access | FIDELITY BANK

Orabank | RCS | ALEXBANK بنك الإسكندرية | WAHDA BANK | sparkle

1 This is an alternative performance measure ('APM'). See note 5 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.

Our market position

We provide a full range of Merchant and Issuer Solutions services across Africa, with a strong base on the issuing side of the business. We are active across more than 40 countries and operate a hub and spoke model to manage customer relationships across the continent, often retaining local relationship managers, with dedicated operational centres in Egypt, Nigeria, South Africa and the UAE.

The African market is diverse and complex, comprising multiple regulators, currencies and languages, with numerous local payment schemes. However, Africa continues to represent a high growth market at an early stage of the digital payments transition, where our business opportunity and growth are primarily driven by the move from banks to outsource their payments activities.

Network International is the only independent payment solutions provider operating across the continent, at scale, with a wider range and quality of services compared with local independent competitors. Whilst some of the larger international competitors occasionally participate, they do not operate at scale across the continent.

Our growth strategy is centred around four themes: winning new customers across our markets, growing and expanding relationships with existing customers, widening our product solutions and value added services, and developing and enabling alternative payments solutions to support growth across the payments market.

Our performance during the year

Our performance during the period was impacted by COVID-19, where our major markets: Egypt, South Africa and Nigeria, all experienced stringent lockdown measures during the second quarter. The wider economic impacts of COVID-19 across the continent have also led to a slowing in the outsourcing of payments processing activities by banks, albeit this is expected to be short term, with no structural change in this dynamic. The weighting of our Africa operations to Issuer Solutions did support the resilience of the business, as not all revenue streams are directly linked to underlying transaction volumes, but are also generated from the hosting of card portfolios and value added services.

Despite the challenges associated with COVID-19, we successfully expanded card processing contracts with Fidelity Bank Ghana, and added two million accounts hosted on our platform for RCS Bank in South Africa. Further successes for our Issuer Solutions business included new customers such as Globus Bank in Nigeria and Republic Bank in Ghana, and contract renewals from Woolworths Financial Services in South Africa. In Merchant Solutions, the launch and rollout of our N-Genius™ POS devices throughout the continent continued with Standard Bank and Orabank across eight countries, and with Arab African International Bank in Egypt.

We are also working towards N-Genius™ gateway implementation with bank customers after certification in three countries.

During the year, we also announced our intention to acquire DPO, which will provide a significant growth opportunity. DPO is the largest online commerce platform operating at scale across Africa, which offers online and mobile money payments services to over 59,000 merchants.

Whilst COVID-19 has resulted in some short-term challenges, we are seeing indicators that the shift from cash to digital payments is accelerating, supporting growth of the digital payments market and long-term growth potential for our business.

Africa, the most underpenetrated payments market

14%
digital payments share of transactions

1.3bn
population, growing at 2.4%

0.32
cards per adult

Positive free cash flow generation in a challenging environment

"We embraced the challenges of 2020, taking proactive steps to manage our cost base, which minimised the impact to the bottom line. Our balance sheet remains strong with good liquidity in the business, and we generated positive free cash flows in a tough environment."

Rohit Malhotra
Chief Financial Officer

Financial review

	2020 USD'000	2019[7] USD'000	Change
Select financials			
Revenue	**284,844**	335,379	(15.1)%
Underlying EBITDA[1]	**112,561**	168,522	(33.2)%
Underlying EBITDA margin (excl. share of associate)[1]	**36.1%**	47.4%	(11.3)pp
Profit from continuing operations	**5,598**	57,317	(90.2)%
Underlying net income[1]	**34,664**	88,309	(60.7)%
Underlying earnings per share (USD cents)[1,2]	**6.7**	17.7	(62.1)%
Reported earnings per share (USD cents)[2,3]	**1.2**	11.5	(89.6)%
Underlying free cash flow (underlying FCF)[1]	**51,790**	69,232	(25.2)%
Cash flow from operating activities	**107,500**	132,426	(18.8)%
Leverage[4]	**2.3x**	1.6x	0.7x
Leverage (including funds raised for DPO acquisition)[4]	**0.0x**	1.6x	–
Segmental results			
Middle East revenue	**198,224**	244,833	(19.0)%
Africa revenue	**80,020**	90,546	(11.6)%
Other revenue[5]	**6,600**	–	–
Middle East contribution margin[1]	**65.5%**	72.9%	(740)bps
Africa contribution margin[1]	**67.9%**	70.6%	(270)bps
Business line results			
Merchant Solutions revenue	**109,415**	152,955	(28.5)%
Issuer Solutions revenue	**165,011**	177,572	(7.1)%
Other revenue[5]	**10,418**	4,852	114.7%
Key Performance Indicators[6]			
Total Processed Volume ('TPV') (USD m)	**33,540**	43,779	(23.4)%
Total number of cards hosted (m)	**16.2**	14.2	14.1%
Total number of transactions (m)	**758.1**	752.0	0.8%

Updates to the presentation of the financial information

In 2020, management has undertaken a review of its disclosures including APMs. In undertaking this review, management has sought to simplify the disclosures and has taken into account evolving best practice from the FRC and ESMA guidance on the use of APMs, and feedback from investors and other key stakeholders following the issuance of Network's first set of accounts as a UK listed group. Key updates include:

a) reclassifications, where prior year comparatives have also been reclassified on the same basis, and;

b) reconciliations and analysis (on the next page).

Financial highlights

Revenue

USD 284.8m
(15.1)%

Profit from continuing operations

USD 5.6m
(90.2)%

Underlying EBITDA[1]

USD 112.6m
(33.2)%

Underlying EPS[1,2]

USD 6.7cents
(62.1)%

a) Reclassifications (prior year comparatives have been reclassified on the same basis)

Mercury Payments Services LLC: is a domestic scheme where the Group retains 70% ownership, and was an asset held for sale at 31 December 2019. The disposal process has been delayed due to the niche nature of the asset and disruption as a result of the pandemic. As per IFRS requirements, the criteria for recognising Mercury as a discontinued operation is no longer satisfied. The financial performance of Mercury is now included as part of continuing operations. Further details on page 48.

Specially Disclosed Items: Underlying EBITDA[1] and underlying net income[1] now include items that were previously classified as Specially Disclosed Items (SDIs).

- Reorganisation, restructuring and settlements: these expenses are not material in the period, nor are they anticipated to be material in future periods. The Group no longer believes it is necessary to report such items separately, and they are therefore classified within underlying expenses. Further detail on page 49.
- Unrealised foreign exchange (gains/losses): arise mainly in relation to FX volatility. As these are not material in the current or prior periods, and are expected to remain immaterial in future periods, the Group no longer believes it is necessary to report separately as an SDI. Further detail on page 49.
- Amortisation related to IT transformation: The IT transformation was a historical one-off capital investment project that included the development of a new technology and card management platform, the Group's proprietary payment gateway, and a significant upgrade to the switching system. Following completion of the project, and in response to shareholder feedback regarding the classification of this item, amortisation related to the IT transformation has now been classified within underlying depreciation and amortisation. Further detail on page 49.

Underlying free cash flow (Underlying FCF)[1]: In order to enhance the clarity of underlying cash flow performance; and to aid the comparability of our financial KPIs with peers, we have included additional deductions in the definition of underlying FCF[1] which are: SDIs affecting EBITDA; and the share of EBITDA, less dividends received from associate Transguard Cash. Further detail on page 52.

In order to aid understanding of the financial information, the table below shows the key financial highlights for the year, without the impact of the above mentioned reclassifications:

	2020 USD'000	2019 USD'000
Revenue	**284,219**	334,906
Underlying EBITDA	**113,820**	172,314
Underlying net income	**50,105**	104,764
Underlying FCF	**80,873**	103,237
Underlying EPS (USD cents)	**9.6**	21.0

b) Reconciliations and analysis

- A reconciliation of reported operating cash flow to underlying FCF[1]. Further detail on page 53.
- A detailed breakdown and analysis of net interest expenses. Further detail on page 47.
- A reconciliation of the movement in net debt from the prior to current year. Further detail on page 55.
- A reconciliation of capital expenditure to capital spend in the consolidated statement of cash flows. Further detail on page 52.

1 This is an alternative performance measure ('APM'). See notes 4 and 5 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 Average share count has increased as a result of the issuance of 50 million new shares to fund the DPO acquisition.
3 Reported earnings per share is calculated after deducting the non-controlling interest from the profit for the year, in line with the IFRS requirement.
4 Refer to page 54 for the leverage ratio computation and reconciliation of net debt figures to the consolidated financial statements.
5 Other revenue primarily includes revenues recognised relating to the Mastercard strategic partnership. See details on page 44.
6 For KPI definitions, please refer to page 55.
7 There have been reclassifications in financial measures due to the change in presentation of some Specially Disclosed Items (SDIs) and the treatment of Mercury as a continuing operation. Details on pages 48 and 49.

Chief Financial Officer's Review continued

Total revenue
Total revenue declined by (15.1)% (similar on a constant currency basis[2]) to USD 284.8 million (2019: USD 335.4 million). This now includes USD 0.6 million of revenue from Mercury (2019: USD 0.5 million) which was previously classified as a discontinued operation (further detail can be found on page 48).

Performance through the period was significantly impacted by COVID-19 related lockdowns, and the resultant reductions in transactions throughout our regions, which is described in the relevant business line sections below.

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 and represents 70% of total revenue (2019: 73%). During the period, Middle East revenue declined by (19.0)% to USD 198.2 million (2019: USD 244.8 million). This represented a broadly flat performance through the first quarter, where we experienced normal trends until mid-February, following which there was an initial reduction in Merchant Solutions TPV as a result of reduced inbound tourism to the UAE. From March onwards, more significant COVID-19 related impacts were seen across both business lines as a result of the stringent lockdown measures implemented across the region. The impact was less severe in Issuer Solutions due to the resilient nature of the revenue streams and contractual minimums or fixed billings, which are discussed further in the business line section below. This resulted in H1 2020 Middle East revenues declining by (15.3)% y/y. The second half remained impacted by COVID-19 with reduced transactions, domestic spending and lower international tourism, with revenues declining by (22.2)%, but saw a progressive recovery across both business lines towards the end of the year. Contribution[1] for the Middle East segment declined by (27.2)%, to USD 129.9 million (2019: USD 178.4 million), with contribution margin[1] reducing by (740) bps to 65.5% (2019: 72.9%). This is reflective of revenue reductions on a largely fixed cost base.

Africa
The Group's Africa segment operates across 43 countries and contributed 28% of total revenue in the period (2019: 27%). Africa revenue declined by (11.6)% to USD 80.0 million (2019: USD 90.5 million), which is also largely attributed to COVID-19. Performance in Africa was less impacted than the Middle East, linked to the weighting of the business towards Issuer Solutions, which demonstrates greater resilience due to the nature of the revenue streams. Some of our major markets in Africa, such as Egypt and Nigeria, experienced particularly stringent lockdown measures in the first half.

This created a number of challenging dynamics, including: significantly reduced transaction volumes; limited new card issuance and an increased rate of card inactivation and cancellation as a result of our financial institution clients being cost conscious; and lower TPV in Merchant Solutions acquirer processing. As a result H1 2020 Africa revenues declined by (10.5)%. During the second half, lockdown measures began to ease across a number of countries and as we exited the year, transaction volumes and business momentum were improving. Africa H2 2020 revenues declined by (12.6)% y/y, but this was more reflective of a strong comparable period in the prior year where the final quarter of 2019 saw a revenue benefit from a number of financial institution customers renewing card portfolios and requesting additional project based services.

Contribution[1] for the Africa segment declined by (15.1)%, to USD 54.3 million (2019: USD 64.0 million), with contribution margin[1] reducing by (270) bps to 67.9%. This was reflective of the revenue reductions on a direct cost base which is largely fixed and remained broadly flat compared with the prior year.

Other revenue, not allocated to an operating segment
The Group's other revenue, which contributes 2.3% of total revenue, is derived from solutions developed as part of the Mastercard strategic partnership during the period (2019: Nil). The solutions developed in 2020 included the launch of the corporate card and digital platform (discussed in the CEO's Review). These solutions are developed for use with customers across both the Middle East and Africa, and therefore are not allocated to either of the two operating segments.

Revenue results by business line
We serve customers via two core business lines: Merchant Solutions and Issuer Solutions.

Merchant Solutions revenue
Revenue for the Merchant Solutions business, which comprised 38% of total revenue, decreased by (28.5)% to USD 109.4 million (2019: USD 153.0 million). Total TPV[3] declined by (23.4)% to USD 33.5 billion (2019: USD 43.8 billion). In Merchant Solutions our revenues are generated through fees dependent upon the value of transactions ('TPV'[3]) as well as through value added services and are tightly correlated to the underlying value of transactions taking place. Merchant Solutions services are largely focused on our direct acquiring markets in the UAE and Jordan, with performance over the first half period therefore closely linked to the lockdown measures in place and the related reduction in consumer spending. Through the

Year-on-year (y/y) growth	Q1	Q2	H1	Q3	Q4	H2	FY
Total revenue	0%	(23)%	(12)%	(17)%	(19)%	(18)%	(15)%
of which Merchant Solutions	(8)%	(43)%	(26)%	(30)%	(31)%	(30)%	(28)%
of which Issuer Solutions	2%	(10)%	(4)%	(6)%	(13)%	(10)%	(7)%

second half of the year, as the lockdown measures started to ease in the region, we saw a gradual and ongoing improvement in domestic TPV[3] which recovered to prior year levels as we exited the period. International volumes (which are largely spends from international travellers) remained significantly depressed at (60)% y/y, reflective of reduced tourism and business travel into the region, but showed promising improvement as we exited the year where the UAE was one of only a few countries open to tourism. We also continued to see an acceleration and growing participation of online TPV[3], with growth of 53% y/y from e-commerce merchants (excluding Government and airline online TPV[3]).

Take rates[4] were slightly lower than the prior year, driven by: the change in merchant segment mix as a result of the pandemic, where we saw an increased participation of TPV[3] from lower margin sectors; regulatory changes introduced in Jordan during August, where caps have been placed on the fees we charge to merchants; and higher non-TPV related revenue streams in the prior year.

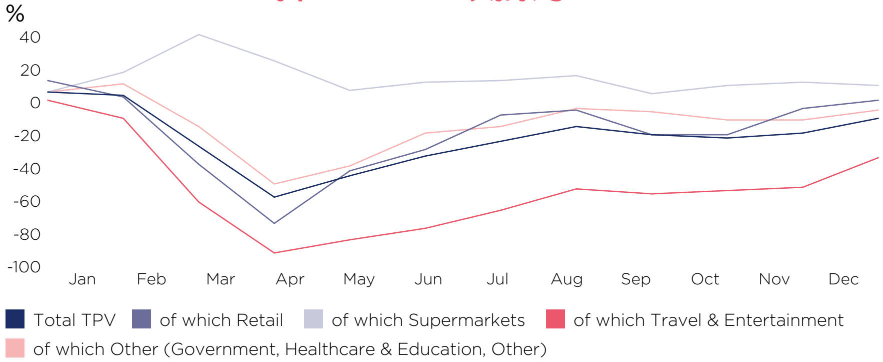
Refunds and chargebacks remained low and within expected tolerances through the pandemic, with no significant increases in unrecoverable chargebacks or single client losses. This is representative of our diverse merchant sector base and the ongoing steps we have taken to manage our risks, including holding cash reserves where appropriate.

Issuer Solutions revenue

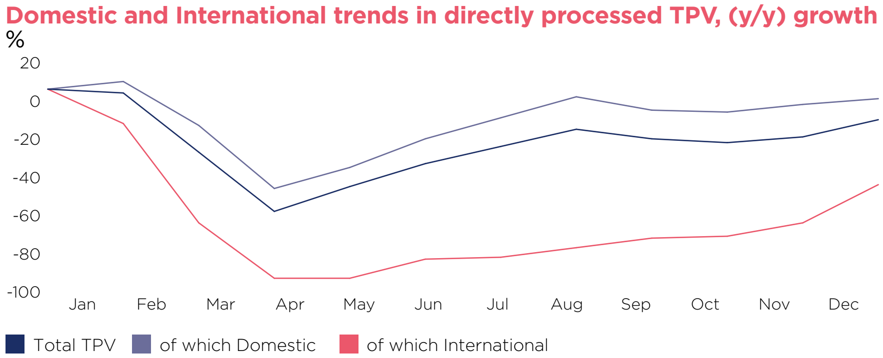
Revenue for Issuer Solutions, which comprises 58% of total revenue, decreased by (7.1)% to USD 165.0 million (2019: USD 177.6 million). In Issuer Solutions we generate revenue from three streams: fees linked with the number of cards hosted on our platform; fees linked to transaction volumes; and fees from value added services. Our customers are typically financial institutions, where we have multi-year contracts in place and a number have contractual minimums. Therefore our revenues for this business line are somewhat correlated to underlying transaction volumes but have a greater resilience due to the card hosting and contractually fixed elements and were therefore fairly defensive in the face of COVID-19 challenges. Issuer Solutions experienced normal trading through January and February but following the implementation of lockdown measures across nearly all of our markets towards the end of March, we saw a reduction in revenues of just over (10)% year-on-year through Q2. As lockdowns started to ease and consumer confidence began to recover across a number of countries, we saw a gradual improvement in transactions and absolute revenues in the business line improved sequentially through Q3 and Q4. The two KPIs associated with Issuer Solutions include the number of cards hosted on our platform[3], which grew by 14.1% to 16.2 million, and transaction volumes[3], which were largely flat at 758.1 million. During the year, we adjusted the billing mechanism for one of our larger bank customers. Previously, the customer was billed according to the number of cards and accounts hosted but has now moved to billing based on the number of cards hosted and transactions processed, which is our preferred approach. Without this change, the number of transactions billed would have declined by (8)%, which is reflective of COVID-19 impacts, and growth in cards hosted and billed would have been 19%. Whilst overall we saw growth in the number of cards hosted, this number was significantly boosted by the addition of 2.1 million prepaid retail cards from RCS Group in South Africa. Aside from this addition, COVID-19 significantly limited new card issuance due to the closure of bank branches, and financial pressures on banks also led to a greater number of inactive card cancellations than would otherwise occur in a normal year.

2020 trends in directly acquired Total Processed Volume ('TPV')[3]

Sector trends in directly processed TPV, (y/y) growth



Domestic and International trends in directly processed TPV, (y/y) growth



1 This is an alternative performance measure ('APM'). See note 5 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 For constant currency definition, please refer to page 55.
3 For KPI definitions, please refer to page 55.
4 Take rates are an output measure in the Merchant Solutions business, and reflect revenue as a proportion of TPV.

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Other revenue not allocated to a business line

The Group's other revenue of USD 10.4 million, which contributes 4% of total revenue, is mainly derived from the Mastercard strategic partnership, cash advance fees on withdrawals from ATMs, and foreign exchange gains / (losses) arising from the Merchant and Issuer Solutions business lines.

Expenses

Personnel expenses: Total personnel expenses were USD 97.0 million (2019: USD 96.7 million). This includes SDIs of USD 10.4 million (2019: USD 14.5 million). Underlying personnel expenses[1] now includes expenses relating to reorganisation, restructuring and settlements (USD Nil; 2019: USD 2.1 million) that were previously classified as an SDI. The prior year has also been reclassified on the same basis. Adjusting for SDIs, on a like for like basis, underlying personnel expenses[1] were USD 86.5 million (2019: USD 82.3 million), 5.1% higher when compared with the prior year, reflecting our growth in employee headcount, added in the second half of 2019, offset by COVID-19 related cost saving measures such as a hiring freeze and reduced payout for annual performance bonuses and sales incentives.

Selling, operating and other expenses: Total selling, operating and other expenses were USD 103.2 million (2019: USD 106.4 million). This includes SDIs of USD 7.7 million (2019: USD 12.3 million).

Underlying selling, operating and other expenses[1] grew by 1.5% to USD 95.5 million (2019: USD 94.1 million). This reflects: our ongoing investments in cyber security, IT systems and compliance; costs associated with the roll out of our product range; and the stronger uptake of online payment solutions during the year. Third-party costs were lower y/y reflecting the reduction in volumes and transactions processed through the period. (Whilst we conduct all core payments processing activities in-house, we utilise third-party vendors to provide certain components of our value added services such card embossing and personalisation services, SMS services and 3D secure). We also saw a reduction in spends across discretionary expenses, travel and entertainment, advertising and marketing as a result of our COVID-19 cost saving measures.

Expected credit losses ('ECL') increased to USD 2.2 million (2019: USD 0.5 million). The increase is reflective of: i) the provision on chargeback and other receivables (related to POS rental and other charges) at USD 1.8 million (2019: USD 0.3 million). While this has increased y/y, our overall provision on chargeback losses and other receivables remains very low despite the pandemic and tough economic environment; ii) the provision for issuer and acquirer processing receivables at USD 0.4 million (2019: USD 0.2 million). Although some payments from customers were delayed during the pandemic, the overall provision remained low as a result of our proactive steps taken to ensure payments.

Share of EBITDA[1] of associate

The Group's share of EBITDA of associate, Transguard Cash, was USD 9.7 million (2019: USD 9.5 million). Transguard Cash provides end to end ATM management services in the UAE and business performance was impacted by the lockdown measures in place, resulting in reduced volumes of ATM replenishments and cash collections from merchant outlets, which was offset by cost savings and operational efficiencies, resulting in the share of EBITDA being marginally higher than 2019.

Expenses

	2020 USD'000			2019 USD'000			
	Reported	Specially Disclosed items	Underlying results[1] (A)	Reported[2]	Specially Disclosed Items[2]	Underlying results[1,2] (B)	Change (A&B)
Salaries and allowances	**71,965**	**-**	**71,965**	63,647	(2,572)	61,075	17.8%
Bonus and sales incentives	**3,787**	**-**	**3,787**	11,498	–	11,498	(67.1)%
Share-based compensation	**10,870**	**(10,445)**	**425**	11,398	(10,679)	719	(40.9)%
Terminal and other benefits	**10,311**	**-**	**10,311**	10,201	(1,203)	8,998	14.6%
Total personnel expenses	**96,933**	**(10,445)**	**86,488**	**96,744**	**(14,454)**	**82,290**	**5.1%**
Technology and communication costs	**44,288**	**-**	**44,288**	42,358	–	42,358	4.6%
Third-party costs	**23,518**	**-**	**23,518**	26,786	–	26,786	(12.2)%
Legal and professional fees	**22,102**	**(7,696)**	**14,406**	24,762	(13,987)	10,775	33.7%
Provision for expected credit loss	**2,183**	**-**	**2,183**	510	–	510	328.0%
Other general and administrative expenses	**11,083**	**-**	**11,083**	12,008	1,651	13,659	18.9%
Selling, operating and other expenses	**103,174**	**(7,696)**	**95,478**	**106,424**	**(12,336)**	**94,088**	**1.5%**
Depreciation and amortisation	**51,537**	**(4,204)**	**47,333**	46,817	(4,202)	42,615	11.1%
Share of depreciation from associate	**3,863**	**-**	**3,863**	4,222	–	4,222	(8.5)%
Total depreciation and amortisation	**55,400**	**(4,204)**	**51,196**	**51,039**	**(4,202)**	**46,837**	**9.3%**
Net Interest expense	**21,669**	**-**	**21,669**	**24,844**	**-**	**24,844**	**(12.8)%**
Write-off of unamortised debt issuance cost	**6,721**	**-**	**6,721**	**-**	**-**	**-**	**-**
Unrealised foreign exchange losses	**328**	**-**	**328**	**1,894**	**-**	**1,894**	**(82.7)%**
Taxes	**4,704**	**-**	**4,704**	**6,638**	**-**	**6,638**	**(29.1)%**

Underlying EBITDA[1]

Underlying EBITDA[1] decreased by (33.2)% to USD 112.6 million (2019: USD 168.5 million). This now includes losses from Mercury, which were USD (1.3) million (2019: USD (1.7) million), an asset which was previously classified as a discontinued operation (further detail can be found on page 48).

Underlying EBITDA margin[1] (which excludes the Group's share of its associate, Transguard Cash) was 36.1% (2019: 47.4%). The decrease in underlying EBITDA margin is reflective of COVID-19 related impacts, including: the reduction in revenues for the period; our largely fixed cost base; alongside the full weighting of expenses associated with being a publicly listed business that were only partially reflected in the 2019 comparative period.

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

	2020 USD'000	2019[2] USD'000
Profit from continuing operations	**5,598**	**57,317**
Depreciation and amortisation	**51,537**	46,817
Write-off of unamortised debt issuance cost	**6,721**	–
Net interest expense	**21,669**	24,844
Unrealised foreign exchange losses	**328**	1,894
Taxes	**4,704**	6,638
Share of depreciation from associate	**3,863**	4,222
Specially Disclosed Items affecting EBITDA	**18,141**	26,790
Underlying EBITDA[1]	**112,561**	**168,522**

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 4.4 million to USD 55.4 million (2019: USD 51.0 million). This includes an SDI of USD 4.2 million (2019: USD 4.2 million) for the amortisation of acquired intangibles. The Group's underlying D&A[1] charge grew by 9.3% to USD 51.2 million (2019: USD 46.8 million). The underlying D&A charge now includes USD 14.1 million of amortisation related to the Group's IT transformation project (2019: USD 10.7 million) which was previously classified as an SDI.

Net interest expense

The Group's reported net interest expense decreased by USD 3.2 million to USD 21.7 million (2019: USD 24.8 million). Net interest expense is composed of: i) interest charged on the drawdown or utilisation of our syndicated term loan facility and revolver facility; ii) interest charged on utilisation of the working capital overdraft facilities (mainly used for funding settlement related balances); iii) amortisation of the costs associated with issuance of the syndicated term loan facility; and iv) IFRS 16 lease financing and other charges. The overall decline in the net interest charge y/y largely reflects lower underlying interest rates, despite higher facility utilisation and lower amortisation of debt issuance costs.

	2020 USD'000	2019 USD'000	Comments
Interest expense on:			
Term loan facility[a]	**12,935**	16,800	Average drawdown in 2020: USD 354 million. Average interest rate of 3.4%[b]. Average drawdown in 2019: USD 325 million, Average interest rate of 5.0%[c]. 2020 cost also includes c. USD 1 million of commitment fees.
Revolving credit facility	**1,837**	200	Average drawdown in 2020: USD 55 million. Average interest rate of 3.1%. Average drawdown in 2019: USD 5 million. Average interest rate of 3.7%
Bank overdrafts for working capital	**3,780**	2,800	UAE working capital facility contributes c.80% of the associated costs. Average utilisation in 2020 c.USD 75 million, average interest rate 4.1%. Average utilisation in 2019 c.USD 55 million, average interest rate 4.4%. Remaining ~20% of the cost is associated with working capital facilities in Jordan and Egypt.
Debt issuance amortisation	**1,642**	4,504	Amortisation of debt issuance cost costs associated with term loan and revolving credit facility.
Other interest expense	**1,916**	1,833	Relates to interest charges on lease liabilities.
Interest income	**(441)**	(1,293)	Relates to interest income on fixed deposits.
Net interest expense	**21,669**	**24,844**	

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 There have been certain reclassifications that have also been adjusted in the prior year period, and are discussed in the respective sections of the CFO's Review.
a Syndicated debt facility was refinanced during H1 2020. The current interest rates associated with the new facility are 3/6 month EIBOR +2.45% on the AED tranche and 3/6 month LIBOR +2.70% on the USD tranche. Covenants set at 3.5x net debt: underlying EBITDA.
b Opening balance USD 290 million, closing balance USD 375 million (gross of debt issuance costs).
c Opening balance USD 334 million, closing balance USD 290 million (gross of debt issuance costs).

Unrealised foreign exchange losses
Unrealised foreign exchange losses relate to the translation of the Group’s foreign currency denominated assets and liabilities. These were previously classified as an SDI within selling, operating & other expenses but are now reported as a separate line item below ‘profit before interest and tax’. The charge during the year was USD 0.3 million (2019: USD 1.9 million). The prior year has also been reclassified on the same basis.

Write-off of unamortised debt issuance cost
This cost relates to the write-off of capitalised debt issuance fees associated with the previous syndicated debt facility, following the re-financing of the facility.

Taxes
The Group’s total tax charge during the period was USD 4.7 million (2019: USD 6.6 million) with an underlying effective tax rate of 11.9% (2019: 7.0%). Whilst the applicable tax rates in our operating jurisdictions remain unchanged, the underlying effective tax rate is higher than prior years and is reflective of two factors: i) COVID-19 impact on the business and the associated lower proportion of profits from the UAE where corporate tax is not payable; and ii) the reclassification of amortisation associated with the technology transformation programme into underlying financial performance.

Profit from continuing operations, underlying net income, reported and underlying EPS[1]
Profit from continuing operations was USD 5.6 million (2019: USD 57.3 million). Underlying net income[1] declined by (60.7)% to USD 34.7 million (2019: USD 88.3 million).

The table below presents a reconciliation of the profit from continuing operations to underlying net income[1].

	2020 USD’000	2019[2] USD’000
Profit from continuing operations	**5,598**	**57,317**
Write-off of unamortised debt issuance cost	**6,721**	–
Specially Disclosed Items affecting EBITDA	**18,141**	26,790
Specially Disclosed Items affecting net income	**4,204**	4,202
Underlying net income[1]	**34,664**	**88,309**

Earnings per share
During the period, 50,000,000 additional shares were issued as part of the capital raising to fund the proposed acquisition of the DPO Group. This is described in more detail below.

Reported earnings per share from continuing operations is 1.2 USD cents (2019: 11.5 USD cents) and underlying earnings per share (‘EPS’)[1] declined by (62.1)% to 6.7 USD cents.

	2020	2019[2]
Underlying net income[1] (USD’000)	**34,664**	**88,309**
No. of shares (’000)*	520,833	500,000
Underlying earnings per share[1] (USD cents)	**6.7**	**17.7**

* Weighted average number of ordinary shares in issue during the financial period.

Assets previously classified as discontinued operations
During the period, losses from discontinued operations were Nil (2019: USD 0.4 million). Prior year losses reflect those from Merchant Solutions services in Bahrain, which have now been closed.

Mercury is a domestic scheme where the Group retains 70% ownership. In 2018, it was classified as a discontinued operation, as part of a strategic decision made to divest the scheme. Management remains committed to the sale of Mercury and is exploring various opportunities. However, the sale process has been delayed due to the niche nature of the asset and disruption to the process as a result of the pandemic. As per IFRS requirements, the criteria for recognising Mercury as a discontinued operation are no longer satisfied and the financial performance of Mercury for 2020 is now included as part of continuing operations. The prior year has also been reclassified on the same basis.

The table below demonstrates the consolidation impact of Mercury on key income statement items:

	2020 USD'000			2019 USD'000		
	Currently presented	**Mercury results**	**Without consolidation**	Currently presented	Mercury results	Without consolidation
Revenue	**284,844**	**(625)**	**284,219**	335,379	(473)	334,906
Underlying EBITDA	**112,561**	**1,259**	**113,820**	168,522	1,660	170,182
Underlying net income	**34,664**	**1,346**	**36,010**	88,309	1,694	90,003
Discontinued operations	**-**	**(1,346)**	**(1,346)**	–	(1,694)	(1,694)
Net profit	**5,598**	**-**	**5,598**	56,958	–	56,958

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 the period-to-period underlying financial performance.

SDIs affecting EBITDA during the period were USD 18.1 million (2019: USD 26.8 million) and SDIs affecting net income were USD 4.2 million (2019: USD 4.2 million).

The key SDIs affecting EBITDA in the period were:

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 will decline in 2021, after which they will no longer recur.

M&A and IPO related costs: This includes costs incurred during the period, including those paid for diligence, advisory, and execution in relation to the proposed acquisition of DPO. The prior year period includes one-off expenses related to the IPO. In 2021 such costs are expected to be lower and reflect the remainder of costs expected to be incurred through to completion of the acquisition.

The key SDIs affecting net income in the period were:

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.

	2020 USD'000 (A)	2019 USD'000 (B)	2019 Reclassification USD'000	2019 Previously reported USD'000	Change (A&B)
Items affecting EBITDA					
Reorganisation, restructuring and settlements	**-**	–	2,132	2,132	–
Share-based compensation	**10,445**	10,679	–	10,679	(2.2)%
M&A and IPO related costs	**7,696**	16,111	–	16,111	(52.2)%
Other one-off items	**-**	–	1,894	1,894	–
Total SDIs affecting EBITDA	**18,141**	**26,790**	**4,026**	**30,816**	(32.3)%
Items affecting net income					
Amortisation related to IT transformation	**-**	–	10,735	10,735	–
Amortisation of acquired intangibles	**4,204**	4,202	–	4,202	–
Total SDIs affecting net income	**4,204**	**4,202**	**10,735**	**14,937**	–
Total specially disclosed items	**22,345**	**30,992**	**14,761**	**45,753**	**(27.9)%**

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 There have been certain reclassifications that have also been adjusted in the prior year period, and are discussed in the respective sections of the CFO's Review.

Cash flow

The Group's net cash flow from operating activities was USD 107.5 million (2019: USD 132.4 million), a decrease of USD (24.9) million and reflective of the movement in our settlement related balances as well as the decrease in our profit from operations. The Group's net cash flow from operating activities, before settlement related balances, was USD 88.2 million (2019: USD 92.0 million).

The Group's net cash outflow from investing activities was USD (49.0) million (2019: USD (75.5) million), reflecting the lower capital expenditure, mainly on account of completion of the IT transformation programme.

The Group's net cash movement from financing activities was USD 325.2 million (2019: USD (30.0) million) which reflects: i) the issuance of share capital of USD 258.7 million (gross proceeds of USD 264.7 million, net of issuance expenses of USD 6.0 million); ii) net proceeds from the refinancing of syndicated debt facility (USD 79.6 million, net of repayment of the outstanding principal from the prior facility and debt issuance costs of USD 6.7 million for the new facility; iii) purchase of shares under the Long Term Incentive Plan ('LTIP') for eligible Group employees (USD (10.4) million); iv) payment on account of lease liabilities (USD (4.6) million); and v) issuance of subsidiary's capital (Mercury) to non-controlling interest of USD 2.0 million.

	2020 USD'000	2019[2] USD'000	Change
Net cash flows from operating activities before settlement related balances	**88,214**	92,035	(4.2)%
Changes in settlement related balances	19,286	40,391	(52.3)%
Net cash movement from operating activities	**107,500**	132,426	(18.8)%
Net cash movement from investing activities	**(49,038)**	(75,494)	(35.0)%
Net cash movement from financing activities	**325,229**	(30,036)	–

Working capital

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

Settlement related working capital

Background to settlement related working capital: mainly pertains to the funding cycle associated with the direct merchant acquiring business in the UAE. In line with market practice in the Middle East, which can differ to other global markets, Network International generally remits cash due to its merchant customers on the day following a transaction ('T+1') and we receive funds into our bank accounts through the scheme settlement processes on T+2 and from any issuing banks on T+1. Therefore, at any given point in time, there will be around two days of 'scheme debtor' receivables pending whereas 'merchant creditor' payables are outstanding for only a day, although there are certain circumstances that can cause this timing to vary, which are detailed below. As a result, a working capital requirement arises in order to fund these settlement balances. This funding is provided by our banking partners via an overdraft facility which is continuously settled as schemes remit money to us.

Scheme debtor and merchant creditor balances on our balance sheet are reflective of a snapshot in time at a period end. The balances and their relative movements can be determined by: i) the day of the week on which period end falls. For example, if the period end falls on a weekend, 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) the 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 should be considered separately, and mainly represents settlement amounts withheld for a period of time from merchants, predominantly airlines, where there is a higher risk of potential chargebacks. These withheld balances form part of the merchant creditor balance.

The definition of net debt which is specified in our syndicated lending syndicate documentation excludes the overdraft facilities which are mainly used to facilitate settlement related working capital balances, and restricted cash balances. Settlement related working capital should be considered as very short term in nature, against which the counterparty risk lies with global payment schemes, for consumer transactions which have already been approved by both schemes and issuing banks.

Movement in 2020 settlement related balances: During the period, there was an inflow of USD 19.3 million (2019: USD 40.4 million) in settlement related balances. Scheme debtors declined by USD 19.8 million, (10.7)% y/y, which is reflective of y/y decline in TPV during the last few days of December 2020.

Restricted cash declined marginally. Whilst the restricted cash balance increased through the first half of the year as we prudently withheld merchant funds as collateral to manage chargeback risk through the initial stages of the pandemic, we released funds during the second half as those risks reduced.

Merchant creditors declined by USD 2.0 million. Excluding settlement related balances on hold, merchant creditors were marginally lower compared to 2019. This also reflects TPV processed during the last few days of December, which was lower y/y, but was offset by two factors: i) some merchants are not settled on a daily basis and amounts payable to them increased at the end of the year; and ii) the regulatory changes to acquiring fees in Jordan have also contributed, where there has been a timing delay between the implementation of the regulation and the reduction in our fees, leading to reimbursement delays to some merchants.

	2020 USD'000	2019[2] USD'000	Cash inflow/ (outflow) USD' 000
Scheme debtors	**165,436**	**185,268**	**19,832**
Restricted cash	**52,550**	**54,029**	**1,479**
Total merchant creditors	**(165,142)**	**(167,167)**	**2,025**
Settlement balances on-hold*	**(51,688)**	(53,245)	(1,557)
Other merchant creditors	**(113,454)**	(113,922)	(468)
Settlement related working capital balances	**52,844**	**72,130**	**19,286**

* 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, other than the settlement related balances as explained above. The overall cash movement in working capital before settlement related balances was USD 19.6 million, largely driven by trade receivables which were lower y/y as a result of the proactive steps taken to ensure timely payment from issuer and acquirer processing customers.

	2020 USD'000	2019[2] USD'000	2020 vs. 2019 USD'000
Trade receivables & chargeback receivables (net of provisions for expected credit losses)	45,874	71,228	25,354
Prepayments and other receivables	22,000	17,268	(4,732)
Trade and other payables	(127,732)	(127,453)	279
	(59,858)	**(38,957)**	**20,901**
Items excluded*:			
Capex accrual			3,595
Provisions for expected credit losses (refer to page 46)			(2,183)
Other movements**			(2,732)
Subtotal			**(1,320)**
Working capital before settlement related balances			**19,581**

* These items are excluded as they are either shown separately in the consolidated statement of cash flows or are non-cash in nature.
** Other movement mainly includes movement in advance taxes paid, share-based compensation liability and interest payables.

Capital expenditure

The business has taken a cautious approach to managing capital spending during the period as a result of the COVID-19 pandemic and associated reduction in revenue. This included a pause in our market entry to Saudi Arabia, which was impeded by border closures.

	2020 USD'000	2019[2] USD'000	Cash inflow/ (outflow) USD'000
Total capital expenditure	**46,470**	**84,265**	(44.9)%
Core capital expenditure:	**46,470**	**45,662**	1.8%
of which is maintenance capital expenditure[1]	**21,038**	25,725	(18.2)%
of which is growth capital expenditure[1]	**25,432**	19,937	27.6%
IT transformation capital expenditure[1]	**–**	**38,603**	(100)%

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 There have been certain reclassifications that have also been adjusted in the prior year period, and are discussed in the respective sections of the CFO's Review.

Core capital expenditure consists of both maintenance and growth capex. Maintenance capital expenditure relates to that incurred for additions or improvements that sustain the existing operations of the Group. Growth capital expenditure relates to that associated with delivering business growth, including: onboarding of new customers, expansion of services with existing customers or the development of new product offerings.

Maintenance capital expenditure was USD 21.0 million (2019: USD 25.7 million) and was mainly composed of investment in regard to maintaining and enhancing our technology infrastructure, and capex incurred for the separation of shared services from Emirates NBD.

Growth capital expenditure was USD 25.4 million (2019: USD 19.9 million) and was mainly composed of investment in regard to the procurement of POS terminals for new merchant relationships, product development including those built in partnership with Mastercard and onboarding of new issuer and acquirer processing customers.

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

	2020 USD'000	2019[2] USD'000	Change
Total capital expenditure	**46,470**	**84,265**	**(44.9)%**
Goods/services received in the current period, but yet to be paid			
Transformation capital expenditure	–	(7,296)	–
Growth and maintenance capex	(12,639)	(12,959)	(2.5)%
Goods/services received in prior period, and paid in the current period			
Transformation capex	7,296	8,711	(16.2)%
Growth and maintenance capex	8,937	6,589	35.6%
Total consolidated capital expenditure spend (as per consolidated statement of cash flows)	**50,064**	**79,310**	**(36.9)%**

Underlying free cash flow[1]

Underlying free cash flow[1] (underlying FCF) was USD 51.8 million (2019: USD 69.2 million), reflective of the reduction in revenue and operating profit due to the COVID-19 pandemic. Underlying FCF now includes deductions that were not previously included in our definition, including: SDIs affecting EBITDA; and the share of EBITDA for associate Transguard Cash less dividends.

	2020 USD'000	2019[2] USD'000	Change
Profit from continuing operations	**5,598**	57,317	(90.2)%
Depreciation and amortisation	**51,537**	46,817	10.1%
Write-off of unamortised debt issuance cost	**6,721**	–	–
Net interest expense	**21,669**	24,844	(12.8)%
Unrealised foreign exchange losses	**328**	1,894	(82.7)%
Taxes	**4,704**	6,638	(29.1)%
Share of depreciation of associate	**3,863**	4,222	(8.5)%
Specially Disclosed Items affecting EBITDA	**18,141**	26,790	(32.3)%
Underlying EBITDA[1]	**112,561**	**168,522**	**(33.2)%**
Changes in working capital before settlement related balances	**19,581**	(9,625)	–
Taxes paid	**(6,058)**	(10,415)	(41.8)%
Core capital expenditure	**(46,470)**	(45,662)	1.8%
Specially Disclosed Items affecting EBITDA	**(18,141)**	(26,790)	(32.3)%
Adjustment for share of EBITDA of associate, less dividend	**(9,683)**	(6,798)	42.4%
Underlying free cash flow[1]	**51,790**	**69,232**	**(25.2)%**

As per the historical 2019 Annual Reports and Accounts, underlying FCF was stated as USD 103.2 million. For ease of understanding, the table below shows the reconciliation between underlying FCF as stated then, and the new definition as described above.

	2020 USD'000	2019 USD'000	Change
Underlying free cash flow – as reported above	**51,790**	69,232	(25.2)%
Impact of items not previously included in definition of underlying cash flow:			
Underlying EBITDA (Mercury and SDI reclassification – as explained earlier)	**1,259**	3,792	(66.8)%
Specially Disclosed Items affecting EBITDA	**18,141**	26,790	(32.3)%
Adjustment for share of EBITDA of associate, less dividends	**9,683**	6,798	42.4%
Changes in working capital before settlement related balances and capital expenditure – related to Mercury (as previously classified as discontinued operation)	**–**	(3,375)	–
Underlying free cash flow – old presentation	**80,873**	103,237	(21.7)%

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

	2020 USD'000	2019[2] USD'000	Change
Net cash inflows from operating activities	**107,500**	**132,426**	**(18.8)%**
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	(19,942)	(35,405)	(43.7)%
Charge for share-based payment	(4,070)	(1,404)	189.9%
Add: Cash outflows included in the statutory cash flow but not in the underlying free cash flow			
Dividends received from associate	–	2,723	–
Interest paid	16,985	21,300	(20.3)%
Others*	(2,213)	(4,746)	(53.4)%
Underlying free cash flow before capital expenditure	**98,260**	**114,894**	**(14.5)%**
Core capital expenditure	(46,470)	(45,662)	1.8%
Underlying free cash flow[1]	**51,790**	**69,232**	**(25.2)%**

* Others include provision for expected credit losses, foreign exchange gains and losses, and loss from discontinued operations.

Capital raise for the acquisition of DPO

The Group is working towards the completion of the DPO acquisition. The acquisition was announced on 28 July 2020, and subsequently an equity capital raise was completed to support funding.

The total consideration for DPO is USD 288 million, to be paid as a mixture of cash and equity vendor consideration shares. The vendor consideration portion totals USD 63 million and constitutes a rollover of USD 50 million by Apis Partners (the former private equity owner) and USD 13 million by the co-founders of DPO, into Network International shares. The issuance of these Network shares will be executed at completion. The remainder of the consideration will be funded from the equity capital raise of 50 million shares at a price of 410p, that took place on 28 July 2020 raising gross proceeds of USD 265 million. Of the gross proceeds, USD 6.0 million was used for costs associated with the equity raise which are accounted for in the statement of changes in equity.

Debt

The Group's total debt, including current borrowings, amounted to USD 434.5 million (2019: USD 377.4 million).

	2020 USD'000	2019 USD'000	Change
Syndicated term loan			
Principal outstanding	375,000	288,744	29.9%
Unamortised debt issuance cost	(6,134)	(7,814)	(21.5)%
Sub total	**368,866**	**280,930**	**31.3%**
Revolving credit facility	35,000	35,000	0.0%
Lease liability	925	1,619	(42.9)%
Bank overdraft (for working capital)	29,681	59,895	(50.4)%
Total	**434,472**	**377,444**	**15.1%**
Non-current borrowing	369,025	211,783	74.2%
Current borrowing	65,447	165,661	(60.5)%
Total	**434,472**	**377,444**	**15.1%**

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 There have been certain reclassifications that have also been adjusted in the prior year period, and are discussed in the respective sections of the CFO's Review.

Chief Financial Officer's Review continued

During the year, we refinanced our syndicated debt facility with a group of 16 banks who have a global and regional presence. 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 new facility carries similar interest rates and the same financial covenants as the prior.

The facility is for USD 525 million and replaced the Group's USD 350 million term financing facility, which had a drawn down balance of USD 289 million (gross of debt issuance cost of USD 7.8 million) on 31 December 2019. At inception of the new facility, USD 375 million was drawn, of which USD 289 million was used to repay the previous facility, USD 6.7 million used to pay for issuance costs and the remainder held as part of our cash balances for future investment requirements. USD 79 million remains unutilised and is included as cash in the financial statements. The undrawn balance remains available for a period of one year from the date of refinancing which can be further extended subject to approval from the lenders.

The new facility consists of both conventional AED and USD tranches with a coupon of EIBOR plus margin and LIBOR plus margin respectively, together with one USD denominated Islamic finance tranche with a coupon of LIBOR plus margin. The margin is calculated by reference to the leverage (net debt / underlying EBITDA), as per the definition and methodology provided in the financing documents. Financial covenants limits are set to 3.5x net debt: underlying EBITDA. Capital repayments will commence in 2022.

Our leverage ratio[3], which represents net debt[3] 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: the overdraft facilities which are mainly used to facilitate settlement related working capital balances; and 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 12-month period.

Leverage ratio

	2020 USD'000	2019[2] USD'000
Net debt	**252**	273,754
Underlying EBITDA[1]	**112,561**	168,522
Leverage ratio	**0.0**	**1.6**

Leverage ratio – excluding the cash raised to fund the acquisition of DPO

	2020 USD'000	2019[2] USD'000
Net debt	**259,655**	273,754
Underlying EBITDA[1]	**112,561**	168,522
Leverage ratio	**2.3**	**1.6**

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

Particulars	**2020 USD'000**	2019[2] USD'000
Non-current borrowings	**369,025**	211,783
Current borrowings	**65,447**	165,661
Cash balance	**(398,781)**	(45,473)
Net debt as per consolidated financial statements	**35,691**	331,971
Less: Working capital facility overdraft (refer to note 15 of the consolidated financial statements)	**(29,681)**	(59,895)
Less: Cash balance (share of held for sales assets and associate)	**(11,422)**	(3,598)
Add: Unamortised debt issuance cost	**6,134**	7,814
Other adjustments *	**(470)**	(2,538)
Net debt as per the financing facility agreement – including cash raised for DPO acquisition	**252**	273,754
Cash generated from equity raise (net of issuance cost)	**259,403**	–
Net debt as per the financing facility agreement – excluding cash raised for DPO acquisition	**259,655**	273,754

* Other adjustments include restricted cash of the 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:

	2020 USD'000	2019 USD'000
Opening balance	**273,754**	278,473
Proceeds from new borrowing		
Term loan	375,000	–
Revolving credit facility	40,000	35,000
Repayment of borrowing		
Term loan	(288,751)	(44,918)
Revolving credit facility	(40,000)	–
ATM lease liabilities	(694)	(652)
Cash balances	(353,308)	14,802
Cash balance of associate (50%)	(7,908)	1,089
Others*	2,159	(10,040)
Closing balance – including cash raised for DPO acquisition	**252**	273,754
Cash generated from equity raise (net of issuance cost)	259,403	–
Closing balance – excluding cash raised for DPO acquisition	**259,655**	273,754

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

Definitions

Constant currency revenue

Constant currency revenue is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound ('EGP'). The other non-US 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 2020 and 2019.

	2020 Average rate	2019 Average rate
Egyptian Pound ('EGP')	**15.8**	16.8
Nigerian Naira ('NGN')	**359.4**	306.4
South African Rand ('ZAR')	**15.6**	14.4

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') (USD million)

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

Number of cards hosted (million)

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 (million)

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

Rohit Malhotra
Chief Financial Officer
7 March 2021

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 There have been certain reclassifications that have also been adjusted in the prior year period, and are discussed in the respective sections of the CFO's Review.
3 These are alternative performance measures, the definitions and calculations of which are included in this section.

Our commitment to a sustainable and responsible business

2020 key performance highlights

Helping our people thrive...

More on page 60 ❯

73%
Group-wide employee engagement score
(2019: 65%, 2017: 52%)

3.8%
Employee turnover rate
(2019: 7.1%, 2018: 10.2%)

54
Nationalities represented across our global workforce
(2019: 53, 2018: 49)

Safeguarding our environment...

More on page 66 ❯

c.40,000
single use plastic-paper cups removed from our offices at the start of 2020

14 tonnes
(approximate) volume of mixed waste recycled at our office in Egypt

Joined the Mastercard Priceless Planet Coalition to help address climate change

Our contribution to society...

More on page 68 ❯

AED 5m
pledged in donations and discounted fees to support UAE-based small businesses during the COVID-19 pandemic

140+
employee volunteers contributed to community development initiatives

100%
of employees trained on our Code of Conduct

Our approach

At Network International, we are committed to operating sustainably and responsibly in all that we do.

We aim to do business in a way that maintains strong business ethics, respects human rights, supports responsible labour practices and safeguards the environment – while promoting positive social and economic impacts in the markets in which we operate.

Beyond this, we recognise that sustainable and responsible business practice is also about:

- Driving the profitable growth of our Company to deliver ongoing benefits to our stakeholders – including employees, shareholders, customers and local communities
- Minimising our risks and maximising our opportunities, in the context of a changing external environment

Indeed, this way of doing business supports sustainable growth and is very much integrated into our business model, as our digital payments services help support the financial inclusion of communities across the Middle East and Africa.

Our contribution to the UN Sustainable Development Goals ('SDGs')...

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

We implement a range of measures focused on employee well-being, including the provision of private healthcare cover in excess of legal requirements in the countries in which we employ our staff. In 2020, we launched new counselling and engagement initiatives to support the well-being of our employees amid COVID-19.
See page 59.

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

We place particular emphasis on promoting gender inclusion and equality across our workforce. In 2020, we continued the implementation of our gender empowerment programme and rolled out our enhanced Equality Diversity and Inclusion Policy.
See pages 60 to 61.

8 DECENT WORK AND ECONOMIC GROWTH

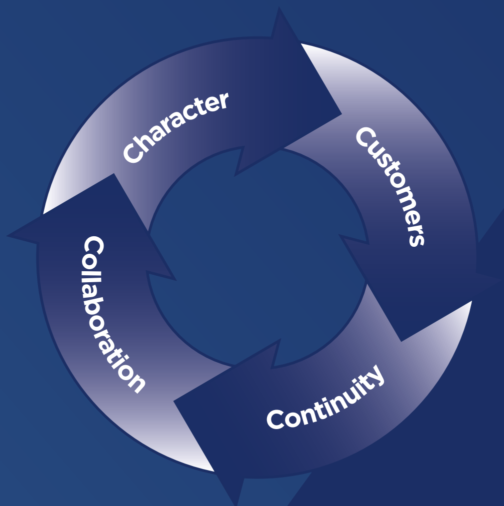
Promote inclusive and sustainable economic growth, full and productive employment and decent work for all

Our digital payment products and services help to increase financial inclusion in communities across the Middle East and Africa. We also work with a number of host governments to contribute to national financial inclusion initiatives and support the development and enhancement of national payments infrastructure.
See pages 68 to 69.

As our approach to responsible business continues to evolve, we plan to undertake a further analysis and mapping of our positive and negative impacts on the SDGs. This will help us to identify – and focus our efforts on – those Goals where we can make the most meaningful contribution.

Group values

Our values underpin our activities and support our approach to sustainable and responsible business.



How corporate social responsibility is managed

Our approach is guided by our overarching Corporate Social Responsibility ('CSR') Policy. The Policy commits us to, amongst other things, acting with respect for our employees, communities, customers, suppliers and the environment.

In addition, we are guided by a range of supporting policies and standards (which are described in further detail throughout this section). Most notably, this includes our:

- Code of Conduct
- Employee Charter
- Equality, Diversity and Inclusion Policy
- Health, Safety and Environment ('HSE') Policy

Our approach is led by our Group Chief Human Resources Officer, who is a member of the Executive Management Team. This senior-level oversight helps ensure that responsible practices are integrated into the strategic planning of the organisation, as well as into day-to-day business activities.

As our approach evolves, we aim to transition towards the more holistic management of our environmental, social and governance ('ESG') risks, opportunities and impacts. In 2020, we began working with an expert third party on the development of a new, three-year ESG Strategy. This includes a gap analysis to benchmark our existing approach against prevailing legal requirements, international sustainability best practice and evolving stakeholder expectations. The outputs from this process will inform the development and rollout of the new strategy in 2021.

Case study

Our response to COVID-19

As the COVID-19 pandemic emerged in early 2020, we implemented a range of immediate measures to keep our people safe, minimise operational disruption and help support vulnerable businesses in our supply chain.

Our response was coordinated through our specially established COVID-19 Assessment Committee – led by our CEO and Chief Risk Officer – and implemented with support from our Group Human Resources team. Key measures included:

- A Group-wide transition to remote working for all employees, often in advance of relevant guidance from our host governments. This process was supported by our already well embedded Flexible Working Policy, which we implemented in 2018.
- The review and enhancement (where necessary) of our private health cover to help ensure all employees can access testing and/or treatment services, as well as online medical consultations for non-COVID-19 related health conditions.
- The launch of several remote engagement initiatives to help keep our employees informed during the pandemic. This included the hosting of virtual weekly, Group-wide update sessions led by our CEO.
- The rollout of new employee well-being initiatives, including online awareness sessions focused on mental health, as well as the commissioning of expert third parties to provide remote counselling to employees across the Group, see page 62.
- The provision of AED 5 million in donations and discounted fees to help small- and medium-sized enterprises ('SMEs') in our UAE supply chain to withstand the financial impacts of the pandemic, see page 68.

In August 2020, we commissioned an independent Employee Engagement Survey to help gauge the impact of these measures. This found high levels of satisfaction amongst our workforce and will help inform future crisis response planning, see page 65.

Helping our people thrive

Our people are at the heart of our business and are instrumental in the delivery of our strategy. In 2020, their dedication and commitment helped the business to seamlessly realign priorities in light of the COVID-19 pandemic and successfully navigate the related operational and financial challenges.

Workforce profile in 2020

1,309
Total workforce
(2019: 1,309)

UAE:
678
(2019: 687)

Egypt:
430
(2019: 422)

Jordan:
149
(2019: 151)

South Africa:
39
(2019: 37)

Nigeria:
13
(2019: 12)

The nature of our business – which involves the provision of market leading digital payment solutions, as well as the maintenance of long-standing customer relationships – means we are highly reliant on our ability to attract, develop, motivate and retain high-quality employees. In this context, we continue to focus on making Network International an 'Employer of Choice' across our regions. As set out in our Employee Charter, we are committed to providing a working environment for our people that offers equal opportunities, competitive terms of employment, safe working conditions, and effective communication and engagement. In support of this, we also provide our employees with high-quality learning and development opportunities.

Our ongoing success in this area is reflected in our Group-wide employee turnover rate, which has been steadily falling over the past three years, from 10.2% in 2018 to 3.8% in 2020.

Diversity and inclusion
Network International recognises the value that a diverse workforce brings in terms of driving innovation, creativity and the sharing of new ideas. The global nature of our business means we benefit from a highly diverse international workforce – with the total number of nationalities represented within our business growing from 49 in 2018 to 54 in 2020.

We aim to ensure that all those participating in our workplace are treated with respect, dignity and fairness. We promote the fair treatment of all employees, irrespective of age, gender, race, national or ethnic origin, religion, language or physical ability. This is reflected in our updated Equality Diversity and Inclusion Policy, that supports our ongoing alignment to best practice standards, and ensures we continue to seek to exceed legislative requirements.

The policy also includes additional country-specific wording to ensure our ongoing compliance with Emiratisation legislation in the UAE as well as Broad-Based Black Economic Empowerment (‘B-BBEE’) legislation in South Africa.

As reflected in our revised policy, we place particular emphasis on promoting gender inclusion and equality across our workforce. In particular, female empowerment is not just measured by sheer numbers but by the level of engagement with women in the workforce and the opportunities they have. This includes encouraging female participation from recruitment onwards and across every level of the organisation.

Our empowerment initiatives are supported throughout the organisation, from the Executive level and throughout the workforce. Just one example is our ‘This Girl Can’ initiative, that is focused on workplace gender empowerment and equality, as well as career development and progression for female employees. This included hosting a series of engagement sessions led by inspirational female leaders from the financial technologies sectors. We have also expanded our networking and skills development sessions for female employees from the UAE to all of our regions. These sessions, which are open to all female employees, focus on areas such as pitching / presentation skills, negotiation skills and conflict resolution. Several of our female employees participated in the virtual ‘Women of the Future Summit’, an external initiative which included a range of interactive sessions focused on personal and professional development. Our women also celebrated International Women’s Day across the Group. This included the hosting of our second annual Beacon Award, which recognises female employees across our regions who embody our Group values.

We believe that given the right environment and opportunities, a combination of fair and just working conditions and policies designed to minimise work-family conflict, the promotion and leadership of women employees will continue to build. Our colleagues are strengthened and supported by this compassionate, flexible and family-first approach. We also provide access to regional leading maternity benefits and a work culture that accommodates typical events in a parent’s life – from parent-teacher meetings to a child falling ill. We believe our HR policies help us create a balanced, equitable work culture and retain our talented women employees.

This approach is reflected in the female engagement scores from the annual Employee Engagement Survey, which were at 77% overall and higher than the survey average. As part of this, we strive to give women the same career and pay progression as men, understanding our gender pay gap is a further step in promoting positive change. In the context of our UAE-based employees, which form the majority of our workforce, the mean gender pay gap (total remuneration) is 17%, whilst the median gender pay gap is 24%. Rather than a case of unequal pay for equal work, our pay gap is primarily due to the uneven distribution between men and women across the business, which is mainly related to the markets in which we operate. This continues to be an area that management and the Remuneration Committee are keeping under review for 2021 and we are taking various measures to grow our overall female population, particularly for senior roles.

Workforce gender balance

	Male	Female	**% female (2020)**	% female (2019)
Total workforce	1,012	297	**23%**	23%
Board of Directors[1]	8	3	**27%**	9%
Executive Management Team	7	3	**30%**	30%
Senior managers (reporting into the Executive Management Team)	49	15	**23%**	25%

1 Gender balance snapshot captured as of January 2021. All other figures refer to end 2020.

Network International Employee Charter

Fair Treatment
Promoting inclusion and equal opportunity throughout our organisation

Fair Compensation
Ensuring fair remuneration and work time standards

Safety and Security
Providing a safe and high-quality work environment

Communication
Maintaining an ‘open door policy’ and providing relevant updates concerning our organisation

In addition, we continue to support opportunities for employees with additional needs or disabilities through the ongoing application of our Equality, Diversity and Inclusion Policy. This underpins our efforts to foster an inclusive work culture and to ensure equal access and fair opportunities for employees with additional needs or disabilities.

Finally, in South Africa we are proud to have renewed our B-BBEE annual certificate with a Level Eight compliance rating.

Our comprehensive approach to employee engagement

We encourage open communication between employees and managers on an ongoing basis – and maintain a range of communication channels in support of this. These include:

- A dedicated email address, which enables employees to submit questions and/or provide feedback directly to our CEO
- A regular series of Group-wide town hall meetings, led by our CEO, which provides an opportunity for groups of employees across all grades to share their views and ideas with executive management
- A monthly remote strategy session ('NI Connect'), led by our CEO and Executive Management Team, in which key progress against our strategy is communicated to senior managers
- An online forum ('HR Exchange'), which provides a regular platform for employees to share their views and ideas with senior members of the Human Resources team. One example this year saw our first Q&A session on executive pay in the context of the wider workforce reward framework (see page 135) Where appropriate, the team follows up with relevant functions to address some of the issues raised
- Annual Employee Engagement Surveys to further support two-way communication, feedback and idea sharing between our employees and management. These also inform the development of new management actions to help address employee concerns and respond to their ideas, see page 63

Employee engagement

In 2020, we implemented several new initiatives to help enhance communication with our workforce in the context of increased uncertainty relating to COVID-19. This included the launch of:

- Monthly virtual engagement sessions led by our Executive Management Team to provide updates on the performance of the business and our ongoing response to the virus
- Video messaging from our CEO and Chairman to help address employee concerns over global developments relating to the virus
- A virtual 'Talk to HR' forum to help answer employee questions on related human resources issues
- 'NetworkFlix', a social platform to enable managers and employees to share their experiences and achievements through home videos
- 'Virtual Travel Diary', an online networking initiative for employees to share their previous travel experiences and keep in touch whilst working remotely
- We commissioned a leading external engagement company to conduct an independent survey in order to gauge employee satisfaction regarding our response to COVID-19 – and to inform future management actions, see page 65

We also reviewed and enhanced our engagement approach to ensure we continue to meet the employee engagement provisions of the UK Corporate Governance Code. This included a Board-level review of our engagement activities and overall Engagement Framework to confirm alignment. In addition, we launched several actions to further support Board-level engagement. This included a Group-wide virtual training session on our Remuneration Framework led by the Chair of the Remuneration Committee.

Talent management

We apply a holistic approach to talent management, which underpins our efforts to attract, develop, motivate and retain a creative, capable and committed workforce. Our approach is set out in our Talent Management Framework ('TMF'), which is supported by a robust performance management system. The TMF seeks to develop our employees across all career stages, whilst helping to ensure they are engaged and consistently perform to the best of their abilities. This is based on four key elements:

- **Assessing performance and potential:** All employees are subject to regular performance management and appraisal. Employee performance is measured using an 'Objectives, Goals, Strategies & Measures' ('OGSM') framework, and their potential is understood by their attributes and likely behaviours
- **Creating talent pools:** Based on their potential and performance, all employees are assessed using a '9-Box Talent Grid'. This helps us to identify talent pools based on employees' current and potential contribution to the organisation and supports the rapid development of our high-potential individuals, including through the implementation of tailored coaching and mentoring interventions
- **Succession planning:** We apply a structured succession planning process, focused on the high-potential employees identified through the 9-Box Talent Grid, to help ensure we develop and retain the necessary skills to deliver on our Group strategic objectives
- **Employee development planning:** We implement structured learning and development plans that are aligned to – and support – our Group strategic objectives (see 'Learning and development' on page 64)

Group-wide employee benefits

We provide a range of workplace benefits to our employees. These include:

- Competitive base salaries and bonuses for the achievement of performance targets
- Extended maternity and paternity leave (in excess of what is required by law across the numerous countries where we employ our staff)
- Healthcare cover (in excess of what is required by law across the numerous countries where we employ our staff)
- Life insurance cover
- Competitive pension plans

In 2020, we expanded our Long Term Incentive Plan ('LTIP') – which was launched for the Executive Management Team in 2019 – to around 80 high potential senior managers. It includes the awarding of stock options for the achievement of financial and non-financial targets.

We also run regular awards programmes to recognise high performing employees. This includes our 'Group Star of the Month' programme, which recognises one employee and one team from across the Company that have gone above and beyond their regular responsibilities to demonstrate outstanding behaviour, performance or commitment. Monthly winners receive a prize and are publicly recognised in a Group-wide email communication.

Case study

Responding to our Employee Engagement Survey

In our 2020 Employee Engagement Survey, Network International achieved an overall engagement score of 73% (2019: 65%), based on a participation rate of 83% (2019: 72%). This reflected improved scoring across most of the key areas surveyed – and placed Network International ahead of many of the international technology companies and regional financial services companies who are benchmarked as part of the process. Key areas of strength included brand loyalty, diversity and inclusion, and performance management. Notably high engagement levels amongst female employees was an additional area of strength. The survey also highlighted areas for potential improvement and these findings have informed the development of appropriate management actions – each of which will be overseen by an employee-led focus group. Key planned actions for 2021 will focus on learning and development, employee recognition, and enhanced collaboration between different functions of the organisation. We will undertake a further Employee Engagement Survey in 2021 to continue building our understanding of employee views, and to monitor the progress of these related management actions.

73%
overall engagement score

Learning and development

We are committed to supporting the development of our employees' 'hard' and 'soft' professional skills, to the benefit of both the individual and the Company.

Our L&D approach is based on the '70-20-10 Learning Model'. This focuses on:

- 70% 'on-the-job': L&D through day-to-day tasks, enhanced responsibilities, challenges and mini collaborative role-based projects
- 20% mentorship: L&D through guidance and advice from more experienced mentors. In 2020, 21 employees from our talent pools benefited as mentees under this programme
- 10% formal training programmes: L&D through structured external and/or in-house formal training. This includes online programmes across a range of technical, functional and operational modules – as well as mandatory compliance training

Our approach is underpinned by a robust L&D architecture that helps support the ongoing implementation of a consistent, responsive and centrally managed learning model. This is based on, amongst other inputs:

- Feedback from our annual OGSM employee reviews
- An annual, Group-wide 'Training-Needs-Analysis' process
- Feedback from employee surveys

In 2020, we rolled out a new L&D Charter in response to employee feedback from our 2019 Engagement Survey. The new Charter helps to further define our development vision, objectives, and related roles and responsibilities.

In the context of COVID-19, all mandatory training sessions, including induction and policy refresher sessions, were transformed into e-learning sessions.

Case study

Participating in the Visa Global Challenge

In 2020, 20 teams from Network International participated in the Visa Global Challenge – an interactive, global competition that challenges participants through a range of simulation-based learning scenarios. As part of the challenge, teams of four from a range of global organisations competed over a period of 10 weeks to develop a simulated card and payments business. The challenge provides participants with practical experience in business strategy and teamwork, whilst offering valuable strategic insight into the payments industry. Three of our teams finished in the top 10 of the competition, out of 178 teams who competed globally.

20
teams from Network International participated in the Challenge

Additional learning and development initiatives launched during the year included:

- Our 'Network Café' initiative, a series of online training sessions in which employees from across the Group provide one-hour lunchtime training to colleagues with a focus on professional and personal development. Training topics were informed by a Group-wide survey of employee interests and skills requirements
- Our 'Network Learning Forum', a Group-wide email-based learning programme providing training in self-management skills, public speaking, communication and the setting of 'SMART' goals, amongst other topics

Employee training	2020	2019	2018
Number of staff trained	**1,309**	1,309	573
Number of training hours	**11,879**	21,040	4,697
Training coverage for the Group	**100%**	100%	75%

Health, safety and well-being

We are fully committed to delivering a healthy, safe, productive and stable working environment for all our employees – as well as supporting the broader health and well-being of our employees.

Our Health, Safety and Environment ('HSE') Policy guides our HSE management activities, and sets out our overarching commitments to:

- Comply with legal and regulatory HSE requirements
- Provide a safe environment for our staff, customers and third parties
- Develop and embed a safety culture that supports health, safety and well-being
- Reduce HSE risks and hazards on an ongoing basis

Our policy commitments are implemented through our HSE Management System. This is supported by a comprehensive governance structure that includes the following roles and responsibilities:

- The Group Risk Committee is responsible for ensuring that the adequate framework, governance and resources are in place to implement and maintain an effective management system
- The Group Safety Committee is responsible for overseeing HSE activities on an ongoing basis. This includes the provision of guidance to help enhance the management system
- The Health and Safety team implements the management system and monitors and measures its performance on a regular basis
- Group Internal Audit evaluates through periodic reviews whether the management system is effectively implemented and maintained

Our HSE Policy and HSE Management System also cover our environmental impacts. For more information on environmental stewardship at Network International, see 'Safeguarding our environment', page 66.

In early 2020, we continued to implement our Employee Wellness Programme. This included the rollout of:

- Group-wide, remote nutrition and diabetes awareness raising sessions
- Dental checkups for employees in the UAE
- Consultations with General Practitioners for employees in the UAE and Egypt
- Influenza vaccinations, vision tests and general heath checkups for employees in Egypt

Following the onset of COVID-19, we shifted the emphasis of the programme to help support employee well-being in the context of the virus and the shift to remote working, see page 59. This included:

- The commissioning of International SOS to provide telephone-based mental well-being counselling to employees working remotely across the Group
- The establishment of a 'COVID-19 hotline' staffed by our HR team to address employee questions relating to preventive measures, travel restrictions, health insurance and how to access medical assistance
- The rollout of regular, Group-wide communications to raise awareness around preventative measures / common symptoms, and to provide key travel updates
- Group-wide, remote mental health awareness and stress management sessions to support employee well-being during the COVID-19 pandemic
- The hosting of a series of online wellness sessions focused on yoga, mental well-being and stress management

Case study

Measuring our response to COVID-19

In August 2020, Network International commissioned a leading external engagement company, Kincentric, to conduct an independent employee survey focused on our response to COVID-19. The survey aimed to gauge levels of workforce satisfaction with our response – and to inform future management actions. In total, over 1,000 employees (representing 83% of our workforce) participated across the Group.

89%
overall satisfaction score

The survey recorded an overall satisfaction score of 89%, with key areas of strength including:

- Senior leadership communication and response: 94%
- Level of Company support for employee wellness, health and safety: 92%
- Virtual work effectiveness: 89%
- Manager concern and connection: 87%
- Company approach to helping employees manage stress relating to COVID-19: 80%

The findings will also help inform future crisis response planning at Network International.

Safeguarding our environment

We are committed to the implementation of environmentally responsible practices across our business.

Energy and carbon emissions

Carbon emissions (2020)

Scope 1: nil

Scope 2: 919 tons of CO_2

Carbon intensity (CO_2 emissions per employee): 0.8 tons CO_2 per employee p.a.

This is the first year that we have measured and reported on our annual direct (Scope 1) and indirect (Scope 2) greenhouse gas GHG emissions, as part of our obligations as a listed company on the London Stock Exchange. We will continue to monitor our emissions in future years to inform trend analysis, as well as future emissions reduction measures.*

***Carbon emissions methodology and assumptions**

Network International has reviewed its sources of carbon emission and has concluded the following:

- Scope 1: Network International's office buildings & cooling systems are not dependent on gas / oil consumption resulting in 'nil' Scope 1 emissions. Network International does own 11 vehicles which have no material impact in 2020 due to the work from home arrangements put in place for a significant part of the year.
- Scope 2: Network International conducted a preliminary assessment of power consumption in offices across the Group & standardised the consumption units for reporting purposes (in KwHr).
  - The computation methodology applied for carbon emissions is the product of 'electricity consumption in KwHr) for the region' & 'the Emission Factor for the region'. The resultants are aggregated to arrive at the Group level emission.
  - Emission factors for the regions have been referred to from the IEA.org – Emission factors aggregator report.
  - Based on the methodology adopted, Network International's Scope 2 emissions are 919 tons of CO_2.
  - NOTE 1: Nigeria and South Africa employees were in the process of relocating premises in 2020. Due to the limited number of employees (<50 in total) operating out of these locations and the lockdown due to COVID-19, the impact in 2020 for these regions would be negligible and hence have not been considered.
  - NOTE 2: Premises with electricity costs bundled with the lease / rental contracts have also not been considered due to inability to decouple the electricity consumption from rental.
- Network International's Intensity Ratio computation is an extension of the GHG methodology wherein the Scope 2 emissions are divided by the number of employees in the respective offices to arrive at the Group level intensity ratio in CO_2 emissions per head.
- None (0%) of our carbon emissions or energy consumption come from the UK or the offshore area of the UK.

Our HSE Policy sets out our overarching commitments to minimise our impact on the environment through pollution prevention; reduce our consumption of natural resources as well as our emissions; and to recycle our waste. For more information on our HSE Management System, see 'Health, safety and well-being' on page 64.

In addition, we seek to minimise environmental impacts beyond our immediate operations. This includes leveraging our payment platforms to help our merchants reduce their volume of printed receipts (page 67), as well as working with partners in our wider value chain to help address climate change (page 67).

Waste and recycling

The majority of the waste we create comes from end-of-life IT equipment and other office-related waste. The closure of our global offices amidst the COVID-19 pandemic has resulted in the temporary reduction in the volume of our office-based waste.

In early 2020, we completed an initiative to replace all single use plastic-paper cups with reusable cups across our global offices and canteens. This has resulted in approximately 40,000 single use cups being removed from our business on an annual basis.

We also continued to implement a range of initiatives under our Group-wide recycling programme. This included:

- A partnership with a third-party waste management company at our Egypt office, which resulted in the recycling of approximately 14 tonnes of mixed waste

- The installation of new recycling units to increase the recycling of our office waste in the UAE and Egypt

Beyond our immediate operations, we also work to reduce waste within our supply chain. For example, our payment acceptance terminals allow merchant customers to reduce the size and volume of paper receipts. This has resulted in up to a 40% reduction in receipt rolls for some of our merchants in the UAE.

The office-based, technology-enabled nature of our business means the majority of our CO_2 emissions relate to energy consumption at our offices (e.g. from lighting, air conditioning and computer systems).

Group-wide electricity consumption

1,954,132 Kwh

Energy consumption at our offices has been temporarily reduced by the global transition of our workforce to remote working. Nonetheless, we are still taking small steps to reduce our energy consumption and minimise the carbon footprint of our offices. For example, in early 2020 we installed motion sensor activated lighting systems at our office in the UAE. In addition, we installed sensor activated taps at offices across the Group to help reduce water wastage and to support COVID-19 prevention measures. We hope to benefit from the full impact of these measures once we return to office-based working.

The COVID-19 pandemic has also significantly reduced the amount of business travel undertaken by our employees. Prior to the pandemic, we already used video conferencing as an alternative to business travel, where possible, in line with the requirements of our Travel Policy.

Case study

Helping address climate change through the Priceless Planet Coalition

In October 2020, Network International joined the Mastercard Priceless Planet Coalition. The initiative brings together companies, merchants, banks, cities and consumers from across the globe to take action on climate change. The goal is to plant 100 million trees by 2025 and to re-grow forests in regions of high global need, as a way of capturing CO_2.

Forestation efforts will be supported by corporate and consumer donations, and led by Conservation International and the World Resources Institute.

Focus will be on areas with the highest potential for positive climate, community development and biodiversity impacts. Three locations have been identified in Kenya, Brazil and Australia, with tree planting planned to start in 2021. Beyond this, the project will be expanded to other locations.

Network International will act as the ‘preferred acquirer’ for Priceless Planet Coalition and will provide payment processing services free of charge for any digital donations made in the UAE.

100m

trees to be planted by 2025

Our contribution to society

Network International is committed to having a positive impact upon our host societies. Our most important social impacts are enabled through our business model.

As a digital payments provider throughout our regions, our business activities support and promote the financial inclusion of communities. In addition, our support for community development projects helps us to deliver further social and economic benefits at the local level; whilst the economic value we generate is distributed to our investors and employees, amongst other key stakeholders.

In this context, we are also fully committed to fulfilling our obligations towards – and maintaining the trust of – all our stakeholders. This includes respecting internationally recognised human rights and acting with integrity and honesty in all that we do.

Supporting financial inclusion

The nature of our products and services, which are focused on digitising and enhancing payment services, help to lower transaction costs and increase financial inclusion in communities across the Middle East and Africa. Furthermore, we work with a number of our host governments to contribute to national financial inclusion initiatives and support the development and enhancement of national payments infrastructure. This includes:

- Ongoing participation in the 'Smart Dubai' initiative to help support the acceleration of digital payments in the Emirates
- Ongoing participation in the Government of Egypt's 'Meeza' national payment programme which helps Egyptian citizens receive and make payments electronically, pay bills via ATMs and at government departments, and access state benefits and government subsidies

Case study

Supporting SMEs through COVID-19

While small- and medium-sized enterprises ('SMEs') are key contributors to the UAE's economy, they are highly vulnerable to the financial impacts of COVID-19.

In March 2020, Network International pledged the equivalent of AED 5 million in cash donations and discounted fees to help ease the financial burden on SMEs during the pandemic.

Our pledge included the following measures:

- Cash donations to help provide liquidity for our most severely impacted SME clients. We prioritised long-standing clients, with an emphasis on the smallest merchants who are in particular need of additional financial support
- The waiving of merchant service fees for three months for new SME users of our N-Genius™ online payment platform – to help small businesses to transition from physical to online sales
- The waiving of minimum transaction fees for some merchant clients for three months to help further reduce cost pressures

Through these ongoing efforts, we hope to play an important role in supporting our SME clients through the crisis.

Case study

Network International Society Satisfaction Survey

During the year, we conducted our sixth Society Satisfaction Survey. We conduct the survey on an annual basis to measure awareness and perceptions of our Group among UAE residents. This includes a focus on perceptions around the ethical integrity of our business as well as our approach to CSR.

The 2020 survey involved 212 participants (2019: 198) and recorded a Society Satisfaction Index ('SSI') score of 75% (2019: 65%), exceeding our target score of 70%. The SSI is a measure of how an organisation is perceived by its stakeholders.

Based on the outputs of the survey, we identified several opportunities to help further enhance our contribution to society. This included the development of a new recycling programme with an external partner in Egypt, see page 67, as well the distribution of food, clothes and amenities to communities across our regions of operation which have been disproportionately impacted by COVID-19. We began implementation of these initiatives in 2020.

212
participants took part in the 2020 Social Satisfaction Survey

Community development
We are committed to maximising our positive impacts on local communities. We support the philanthropic efforts of our employees to help drive a 'bottom-up', employee-led approach to community development across the Group. Most volunteering takes place during working hours, and employees are given the opportunity to suggest volunteering-led initiatives for inclusion in the Company's annual CSR programme.

During lockdown, over 140 employees volunteered to support community development initiatives across the Group.

Key examples focused on addressing the social and economic impact of COVID-19 include:

- Employees donating blood to help the medical community respond to COVID-19
- Employees in Jordan volunteering to deliver food parcels to 100 families through the NAUA Foundation
- Employees in the UAE volunteering with the Beit Al Khair Society to distribute meals, benefitting 1,060 local community members who have been severely impacted by the pandemic

Further examples focused on addressing broader societal challenges include:

- Employees in the UAE volunteering through the Special Needs Future Development Center to support 40 children with special needs
- Employees in Egypt volunteering through the Land of Love Association to support adults with special needs
- Employees in South Africa taking part in the 'Women for Change – Virtual Race' to raise awareness of violence against women
- Employees in South Africa taking part in food distribution to vulnerable groups, in collaboration with the Central Hockey Club

In addition, Network International continued to make donations to the Rashid Center for People of Determination and the Sheikh Mohammed Centre for Cultural and Social Understanding in the UAE.

Business ethics

Network International is committed to applying the highest ethical standards. This commitment is established in our Code of Conduct,[3] which requires all our employees and any third parties acting on behalf of the Group to act ethically and in full compliance with all applicable laws and regulations. All employees receive annual refresher training on the Code of Conduct.

Our approach to business ethics is further set out in a range of supporting policies (which are available to employees, not published externally). This includes our:

- Anti-Bribery and Anti-Corruption Policy
- Sanctions Policy
- Anti-Money Laundering / Counter Terrorism Funding ('AML/CTF') Policy
- Conflicts of Interest Policy
- Market Abuse Regulation ('MAR') Manual
- Whistleblower's Policy

In 2020, we strengthened our compliance procedures through the launch of a confidential and anonymous 24-hour whistleblowing hotline and related online reporting channel, operated by an independent third party. Employees can also continue to raise concerns via a direct telephone line to our Chief Risk Officer and Group Company Secretary. These channels enable employees to safely raise concerns about actual or potential fraud, malpractice, or wrongdoing without fear of reprisal. In addition to business ethics, these channels accept concerns related to any other matter that employees feel is unacceptable in the workplace.

Our approach to business ethics is described in more detail in the Corporate Governance Report on page 100.

Human rights

Network International is committed to respecting fundamental human rights and labour standards. Whilst we do not have a standalone human rights policy, we have implemented a range of policies that support these commitments. These include our Code of Conduct and Whistleblower's Policy.

In addition, our human rights requirements are embedded within our Group Procurement Policy, as well as our Vendor Code of Conduct. These require suppliers to demonstrate that they provide safe working conditions, treat workers with dignity and respect and apply ethical and legal employment practices. Violations of the Vendor Code of Conduct will lead to the termination of our relationship with a supplier.

Network International operates a zero-tolerance approach to modern slavery and human trafficking. We do not employ bonded, forced or compulsory labour and would never knowingly support or do business with any organisation involved in these issues. Based on the nature of our business and the goods and services we procure from third-party suppliers – the majority of whom are in the technology and/or payments sectors – we assess there to be a low risk of modern slavery and human trafficking in our supply chains.

We assess this risk on an ongoing basis through due diligence undertaken on all suppliers prior to engagement – and, periodically, throughout the contract term – as set out in our Group Procurement Policy and Vendor Code of Conduct. We also undertake periodic onsite audits on a number of suppliers. Finally, we include standard terms in all our contracts to reinforce our opposition to modern slavery and human trafficking.

In future, we plan to further enhance our standard terms and conditions with suppliers to support our ongoing alignment with the UK Modern Slavery Act. We also plan to conduct related awareness training for employees involved in supply chain management.

For further details, see the link to our Modern Slavery Statement at: network.ae/en/contents/view/modern-slavery-act.

3 Network International, Code of Conduct: https://investors.networkinternational.ae/media/1231/network-international-code-of-conduct-mar2020.pdf.

Non-Financial Information Statement

The table and cross-references below aim to help stakeholders better understand our approach to key non-financial matters.

Reporting requirement	Example internal policies and standards	Page reference
Environmental matters	Corporate Social Responsibility ('CSR') Policy	59
	Health, Safety and Environment ('HSE') Policy	64
Climate change	CSR Policy	59
	HSE Policy	64
Employees	Code of Conduct	100
	Employee Charter	61
	HSE Policy	64
	Equality, Diversity and Inclusion Policy	60
	Learning & Development ('L&D') Charter	64
	Employee Engagement Survey	63
Human rights	Code of Conduct	100
	Whistleblower Policy	101
	Group Procurement Policy	70
	Vendor Code of Conduct	70
	Modern Slavery Statement	70
Social matters	CSR Policy	59
Anti-corruption and anti-bribery	Code of Conduct	100
	Anti-Bribery and Anti-Corruption Policy	70
	Sanctions Policy	70
	Anti-Money Laundering / Counter Terrorism Funding ('AML/CTF') Policy	70
	Conflicts of Interest Policy	70
	Market Abuse Regulation ('MAR') Manual	70
	Whistleblower's Policy	101
Business model	N/A	10
Principal risks and uncertainties	Enterprise Risk Management Framework	73
Non-financial key performance indicators	N/A	56, throughout

Introduction from the Chief Risk Officer and Group Company Secretary

Jay Razzaq
Chief Risk Officer and
Group Company Secretary

Overview

We have continued to make further progress in maturing our approach to risk management, building on the firm foundations we laid in 2019. For example, we have embedded a strong culture of risk management which supports good governance and sound risk management practices across the Group. We operate in dynamic markets across the Middle East and Africa which can be impacted by a multitude of geopolitical events and regulatory changes. Therefore, our continued growth in the region, together with our expansion plans for the Saudi Arabia and Africa markets alongside rapid technological developments in the payments industry present shifting demands on our operational and technology capabilities. All of these factors continue to expose our business to multiple challenges, risks and uncertainties. Consequently, the effective and efficient identification and management of these risks is key to the successful achievement of our strategic objectives.

"We continue to evolve our risk profile as the business grows and we expand our geographical footprint in the Middle East and Africa region. We have also made considerable progress in embedding our Enterprise Risk Management Framework ('ERMF') across all three lines of defence. Our ERMF and governance model are aligned with our operating model which helps us in managing risks in the changing economic, political and market environments."

Jay Razzaq
Chief Risk Officer and
Group Company Secretary

COVID-19

The speed and impact of the COVID-19 pandemic on people and commerce around the world was unprecedented. On page 6 of this report, we explain our strategic response to mitigate the impacts of the pandemic on our business:

- Working for our customers;
- Balancing short-term disruption with a long-term focus;
- Maintaining a robust financial position;
- Looking after our people; and
- Pulling together through strength of leadership.
- With the onset of the pandemic, we established a COVID-19 Assessment Team, chaired by the Group CEO, to rapidly assess the emerging situation and its impacts on our business and our colleagues.
- Our robust Business Continuity programme ensured that the Group was able to swiftly transition to remote working across all our markets while maintaining services and resiliency at high levels.
- We also re-evaluated our control framework, assessing the extent to which it could be adversely impacted in the short term in order to maintain operational resiliency.
- A temporary principal risk relating to COVID-19 was also created to monitor the Group's response to the pandemic against additional key risk indicators which were used by management to assess risks, in addition to being reported to the Audit and Risk Committee.

Credit risk

With the onset of the COVID-19 pandemic at the end of Q1 ’20, we experienced a significant impact to trading, linked to the social distancing and lockdown measures implemented across nearly all of the markets in which we operate. This impacted a number of our merchants’ ability to trade. We rapidly took steps to assess the impact of our potential loss rates, particularly from those merchants that were offering delayed delivery of products and services.

- We formulated three stress scenarios focusing on certain delayed delivery merchants and their expected chargeback volumes up to June 2020, December 2020 and June 2021.
- We considered how each of these scenarios was impacted in different segments within our portfolio against actual unrecoverable chargeback losses.
- Increased refund requests arising from cancellations of bookings from our airlines, travel agencies, tour operators and hotels merchants were closely monitored and recovered from those merchants.
- As a result of our proactive risk mitigating actions and prudent risk management approach our chargeback losses were only 0.003% of Total Processing Volume at the end of 2020.

More about credit risk
See page 86

ERMF

The Group continues to make good progress in further embedding the ERMF, having established a clear risk governance model utilising the three lines of defence model to ensure effective risk management, oversight and assurance. In addition, the ERM Committee, which was constituted in 2020 with representatives from the management team and Group Internal Audit, has established regular meetings to monitor and review various enterprise level risks within the Group, to provide effective oversight of the ERMF and to report its findings to support the work of the Audit and Risk Committee. Examples of the steps we have taken to embed our ERMF and evidence of a strong risk culture are given within this section on Principal Risks and Uncertainties (from pages 76 to 78).

Regulatory compliance – Keeping pace with regulatory changes

We have a robust framework in place to ensure compliance with changes in the law and we are committed to adhering to the highest regulatory standards in our markets of operation.

The Group is subject to an increasing array of regulations that affect the payments industry in jurisdictions in which our products and services are used by our merchant and financial institutions customers. In response to this the Group performs timely reviews of new and emerging laws and regulations to assess the impact on the Group’s overall risk profile. The assessments are reviewed by our Regulatory & Privacy Change Management Committee who provide direction to Group on the impact, implementation requirements and the ongoing monitoring of compliance with laws and regulations.

- In the Middle East and Africa we have seen several examples of new legislative and regulatory requirements that have been or are expected to be introduced in the near future. These include:

UAE:

- The UAE Federal law on relaxation of restrictions on foreign ownership of business in UAE, which may open the possibility of reviewing the sponsorship structure for the Group’s UAE business.
- The Central Bank also invited comments on their proposed Retail Payments Services Regulation with an intention to finalise which is proposed for implementation for 2021; the Group’s UAE business would be governed by these regulations.

Saudi Arabia:

- The Saudi Arabia Monetary Authority issued a new payments regulation under which a payment service provider licence is required to be obtained by the Group’s Saudi Arabian entity to provide payments services in Saudi Arabia.

Egypt:

- The Egypt Central Bank enacted a new Banking law in 2020, under which the Egyptian subsidiary will be required to obtain a payment system operator licence.

Ghana:

- The new Payment Systems and Services Law requires the Group to set up a local Ghanaian company with a 30% local shareholding partner, to be able to continue servicing Ghanaian customers.

South Africa:

- A new Protection of Personal Information Act of South Africa came into effect in 2020 to regulate the processing of personal data by data controllers and data processors.

Regulatory change will remain a key area of focus in the year ahead to ensure we continue to identify and assess changes in a timely manner and effectively embed new requirements into our business operations. The Group will ensure we are organisationally aligned to assess and where applicable meet all new regulatory obligations as they emerge.

More about our regulatory compliance
See page 83

COVID-19

On pages 6 and 7 of this Annual Report, we explain the key priorities of our Coronavirus Management Strategy in rapid response to mitigate the impact of COVID-19 on our business, protecting our customers, our people and our financial position. For example, we implemented a number of practical support measures for customers across the business and our programme of cash support to micro-SMEs which was very well received. We approached this rapidly emerging risk by establishing a COVID-19 Assessment Team to monitor the situation, develop our Coronavirus Management Strategy and actively respond to the needs of our customers and colleagues.

A temporary principal risk was created to support the Committee to understand and monitor the impact of the pandemic on the Group's risk profile. The risk was monitored and reported during the first half of 2020 by identification of early warning indicators as the business responded to COVID-19. The reporting of COVID-19 as a standalone risk has now ceased and we continue to monitor the COVID-19 impact as part of the existing principal risk framework. In the principal risk section below we will explain how COVID-19 has impacted some of our principal risks and the actions taken by the Group to manage those risks.

Cyber security – Combatting evolving cyber risks and continuing to invest in security enhancements

The security of our systems and the data we are trusted to manage is of utmost importance to us.

- Cyber attacks are undeniably a global threat for businesses and individuals with the frequency and sophistication of attacks increasing every year. Governments and regulators across our markets are increasingly recognising cybersecurity as a systemic risk resulting in the emergence of regulations and standards to combat the emerging cyber threats. The Group has invested in and continuously enhanced the security capabilities to combat and to be resilient against such risk. Further, the COVID-19 pandemic has changed the way our colleagues are accessing corporate networks creating a new set of challenges from a cyber-risk perspective. We have proactively addressed these challenges and mobilised additional security monitoring and controls.
- The Group adheres to a number of industry leading information security standards and practices. These risk governance measures, security practices and certifications give our investors and customers confidence in our security approach.
- We continue to invest in and enhance our cyber security frameworks and capabilities to improve our security posture and resilience.

- The Group continuously uses an intelligence driven defence in depth approach for early detection and response to cyber threats.
- We continually evaluate threat levels for the most prevalent attack types and their potential outcomes.
- We ensure our colleagues remain aware of cyber security issues and know how to report incidents as part of our defence strategy.
- Our governance structure around cyber security was calibrated further to respond to the new and emerging cyber risks.
- The Group manages personal and cardholder data for its customers and employees. During the year, the Group made further progress to strengthen its data privacy practices by adopting a Group-wide Data Protection Policy and enhancing internal data privacy controls including the appointment of a Group Data Protection Officer and expanding the scope of its existing Regulatory Change Management Committee to include Data Privacy.

More about cyber security
See page 80

Principal and emerging risk trends

We continue to see the risk trends remaining stable for our principal risks with further investments in our cyber security and technology infrastructure being particularly noteworthy. However, we recognise that we operate in a dynamic business environment and that our risk profile will continue to evolve over time. We continue to remain focused on new and emerging risks which could adversely affect our accepted risk profile and strategic planning in the longer term.

We have revisited these risks which are primarily driven by external factors including cyber, regulation, market stability and climate change. The increasing risk on execution is driven by increased levels of activity and we continue to assess, prioritise and increase our capacity to deliver against our strategic objectives.

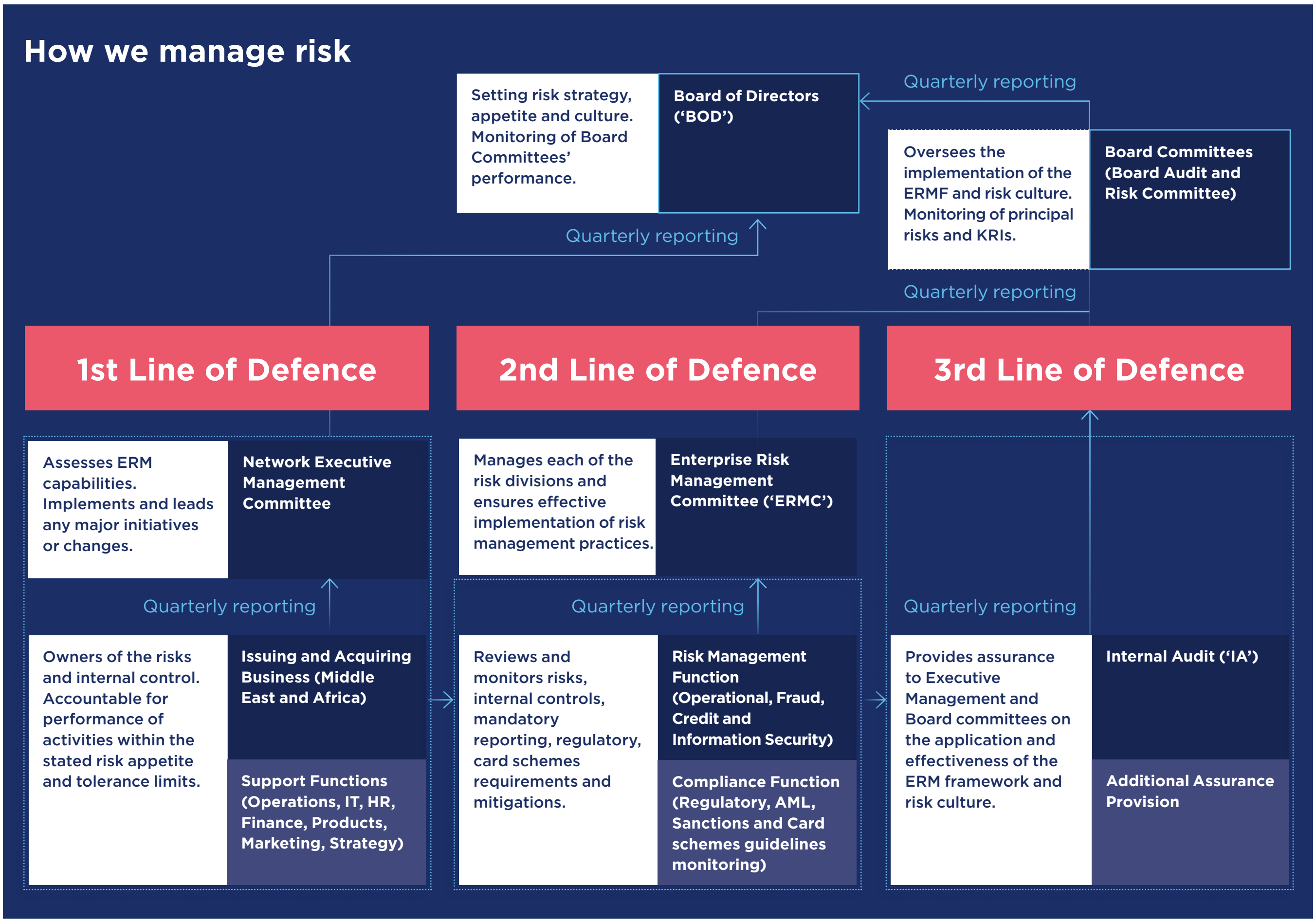
Further detail on the new and emerging risks can be found on page 87. The Board has also reaffirmed the Group's risk appetite for the year 2021.

How we manage risk

We have a dynamic, practical and action-oriented ERMF, which helps us in proactively responding to changes in our business environment, whilst continuing to deliver on our expectations of increased transparency, value protection and creation. This is supported by our use of the three lines of defence model and the functional responsibilities and oversight committees that support it.

We have implemented most of the core components as part of the ERMF design and the remaining components are on track to be implemented within the committed timelines during 2021. Risk profiles have now been documented for all business units across the Group in the form of risk assessments which help business and support functions in identifying, mitigating and reporting their risks and controls. Corporate risks, which act as the 'link' between the principal risks and unit level risks, have also been defined. This helps in creating a common risk taxonomy across the Group and ensures consistency of understanding and reporting of actual and emerging risk events.

The Group continues to use its ERMF to enable management to make sound risk-based decisions in relation to strategic initiatives. The proposed DPO acquisition was a recent example where the Group developed a separate risk profile of the DPO business to determine how the Group's overall risk profile would be



Principal Risks and Uncertainties continued

impacted by the acquisition. This allowed where relevant for short and longer-term mitigating actions to be agreed and in due course mobilised.

Our approach to risk management

At Network International, we maintain a robust and sustainable ERMF, which ensures risks are properly identified, assessed against tolerance levels and appropriately managed across the Group. Our ERMF is designed to minimise the potential threats to achieve our objectives. In 2020, we completed a thorough risk assessment process that commenced in 2019 initially prioritising higher risk areas followed by lower risk business units. The overall approach was underpinned by a bottom-up approach and examined from a top-down perspective.

During the year, management has sought to build a richer understanding of the risks facing the Group's operations. A number of our successes as part of the management of our operational risks are set out below:

- We completed all functional risk assessments across all Group locations;
- We implemented risk and control self-assessments ('RCSA') for our operations function;
- We completed questionnaire-based risk reviews for our critical vendors to provide comfort over those partners critical to our delivery and supply chain cycle during the COVID-19 pandemic;
- We revised all our existing risk management policies to be aligned with the ERMF which were approved by the Board and rolled out to our colleagues.

While 2020 has been a challenging year due to the COVID-19 pandemic, the Group has emerged stronger as a result of a successful implementation of a robust Business Continuity programme which enabled the Group to continue to provide services to our customers seamlessly.

Risk appetite

Risk appetite is the amount of risk we are willing to take in pursuit of our objectives. It defines the level of risk at which appropriate actions are needed to reduce risk to a level that we are willing to accept. As defined in our principal risks disclosure we consider risks from a low, balanced and high perspective. Our risk appetite is not static and may change over time in line with changing capabilities for managing risk and our business environment.

The risk appetite statement is reviewed and approved by the Board annually.

Our approach to risk management

Risk Identification
- Consideration of initial risk information, causes, sources, events and circumstances which could have material impact.
- Assignment of risk ownership and development of documentation.

Inherent Risk Assessment
- Application of inherent risk scoring based on inherent impact and probability.
- Inherent scoring does not consider mitigation controls.
- Prioritisation of risk and control activities.

Existing Controls
- Identification and assessment of controls that mitigate risk event occurring.
- Assessment of design and operating effectiveness.

Residual Risk Assessment
- Application of residual risk scoring based on residual impact and probability.
- Residual scoring considers the existing control environment.

Business Environment
- Utilisation of our business understanding and internal/ external sources.
- Understanding of our business strategy and defined risk appetite.

Oversight
- The ERMC and Executive Management Committee provide ongoing review and challenge to facilitate the approach.
- The Board, Audit and Risk Committee and Group Internal Audit provide further review and challenge and set the overall risk appetite.

Risk Monitoring & Reporting
- The Group monitors the risks for any changes in risk trend.
- Reports and escalates as per cycle and criteria.

Action Planning
- Risk treatment approach is considered for each risk (treat, tolerate, terminate or transfer).
- Development of risk mitigation plans including target dates and responsible persons.

Group Risk Appetite Statement

"At Network International, our growth strategy is focused on maintaining our position as the best payments partner in the Middle East and Africa. We accept that these markets are subject to higher levels of geo-political uncertainty and business risk than those in more developed markets, and are also accepting of any concentration risk based upon our entry into these markets and territories, though we act to mitigate this through revenue diversification.

We will aim to balance this against a low appetite for any risks that compromise the confidentiality, integrity or availability of our data, our customers' data or our cyber security position. Additionally, we look to minimise our exposure to any risk which will adversely impact our stakeholders, operational performance or compliance with relevant regulation and legislation. Network International has a low appetite to incur losses from financial risk.

We will support this appetite with a level of investment that ensures we have suitable levels of policy and controls to effectively manage these risks, facilitate decision making and continue to support our growth strategy.

This means as a business that we have an informed appetite to taking risks which will enable us to drive growth in a sustainable manner providing an adequate and stable return on investment and which limits our exposure to those areas where we have a low risk appetite and effectively control those to which we have a greater appetite for risk. We believe that managing these risks in the right way will support our aim of enabling commerce in the world's most under penetrated payments markets."

Risk culture

The Group is committed to embedding a strong risk culture to support good governance and sound risk management practice. The Board and the Executive Management Team play a key role in directing and influencing this by ensuring that:

- a risk based approach is used during key decision making. A recent example has been the response by the Group to COVID-19 pandemic, where the Group applied its ERMF to support management in making sound risk based decisions by developing a new temporary principal risk to understand the impact of COVID-19 on our existing principal and emerging risks. Additionally, a separate risk profile of the DPO business was also developed to understand how the DPO risk profile might impact the Group's overall risk profile;
- a consistent tone from the top and clear responsibilities for risk identification and challenge; refer to responsible business section on page 56;
- employees have risk management accountability and escalate issues on a timely basis;
- our incentive structures described within our Remuneration Report on page 132 promote a risk aware culture to effectively manage risk and remunerate employees accordingly;
- we adopt a culture of "learning from our mistakes" to foster continuous improvement of processes and controls;
- whistleblowing, an independent confidential whistleblowing service to enable employees to raise their concerns through an independent route;
- risk awareness is embedded within the Group and is grounded in our strong ethical values and culture. Our risk management philosophy is cascaded top down and bottom up and runs through all our management, employees and connected stakeholders.

To improve risk awareness across the Group a comprehensive online training programme has been developed covering important risk and compliance topics. We have had very high levels of participation from our colleagues across the Group in 2020.

The importance of risk culture is reinforced in the Group's policies and standards and the Code of Conduct, to which all our colleagues attest annually as part of the annual training programme.

Principal Risks and Uncertainties continued

Focus areas for 2021

In 2021 we will focus on further embedding our approach to risk management throughout our business, markets and support functions to build an even richer picture of risk information.

The priorities for Group Risk throughout 2021 will be:

Priorities for 2021	Rationale
Completion of the Governance Risk and Compliance platform implementation.	This will provide us with a centralised tool for managing risks, controls, risk assessments and loss management. The platform enables cross-functional collaboration and alignment.
Complete the implementation of RCSA for all functional units.	RCSA helps the first line function in developing its control testing standards for the identified controls documented in the risk assessments and tests its effectiveness on defined frequencies. RCSA also helps in promoting and embedding a risk awareness and management culture across the Group through effective process governance.
Completion of the Annual Assurance plan for 2021.	To provide assurance on the effectiveness of Group's current control environment by the second line of defence and to ensure these are aligned and meeting the overall Group's business objectives.
Completion of separation of Network International Group 'Cyber Security services' from Emirates NBD Group.	To achieve self-sufficiency in the area of Cyber Security and implement enhanced security solutions in line with the Group requirements.
Integration of Group ERM framework into DPO Group business (post acquisition).	Implementing an integration strategy with prioritised focus on control functions as per ERM framework.
To further enhance our acquiring fraud monitoring capabilities with the implementation of new e-commerce risk control tools.	To support growth in e-commerce business with the required risk controls.

The completed priorities for Group Risk in 2020:

Priorities for 2020	Benefits
Enhanced whistleblowing process.	Appointed an independent and confidential whistleblowing service for the Group and rolled out awareness and communication on the revised whistleblowing process.
Completed the compliance assurance reviews.	Assessment of compliance risks of the changing regulations, emerging business risks and ongoing money laundering and sanctions risk.
Embedding of ERM framework.	Further strengthen Group's risk culture by rolling out awareness and communication on the ERM framework to our colleagues across the Group.
Completed 'bottom-up' risk assessments for all functional units.	Helps business and support functions in documenting and assessing their risks and controls for all Group functions.
Initiation of RCSA.	Implemented RCSA for our operations function and are on track for completing the remaining functional units. The RCSA helps the first line of defence in developing its control testing standards for the identified controls documented in the 'bottom-up' risk assessments and tests its effectiveness on defined frequencies. RCSA also helps in promoting and embedding a risk awareness and management culture across the Group through effective process governance.
Implementation of key cyber security enhancements.	Implementation of Group-wide end-point detection and response ('EDR') solution across all end-points and servers to protect against malware attacks. Enhanced email protection, phishing triaging and anti-spoofing controls across the Group. Enhancements in the DDOS protection across the Group including a simulation exercise to test the efficiency of the controls.
Implemented a new acquiring fraud monitoring system.	Acquiring fraud module of Way4 system was implemented.
Acquiring portfolios of UAE and Jordan were subjected to a stress testing exercise focusing on travel and subscription merchants to mitigate risk of chargeback.	To mitigate chargeback risk posed by certain delayed delivery merchants, due to COVID-19 pandemic impacting their trade volumes.

Our principal risks

We have completed a robust assessment of emerging and principal risks that we consider are most likely to have an impact on our business in the future. Not all risks facing the business are listed; however, we have highlighted on page 87 those emerging risks that we consider may have an impact on the business. These risks are not listed in any particular order of priority.

'Execution risk' disclosed last year as an emerging risk is now being included as a new principal risk. The Group has committed significant capital in order to pursue its strategic initiatives including M&A and plans to enter new markets. To achieve these strategic initiatives, the Group plans to make further investments in its infrastructure, product development and people. These strategic initiatives if not executed well may negatively impact our return on investment and may expose us to adverse financial and reputational risks. Inclusion of the new principal risk reflects increased focus on execution risk in FY21 in light of the DPO acquisition, ENBD separation, planned Saudi Arabia market entry and revenue growth plans for Africa.

In addition, two principal risks 'Fraud' and 'Credit', which were disclosed last year as separate principal risks, are now combined. Primarily both these risks are posed by chargebacks, fees, charges and scheme fines and have similar mitigating controls (with the exception of non-customer related fraud incidents). Additional controls and enhanced key risk indicators have been introduced through the COVID-19 period and notwithstanding the perceived higher risks associated with businesses impacted as a result of COVID-19, actual losses experienced from both a fraud and credit perspective have remained stable throughout the year and well within the 'low' loss rate threshold.

For 2020, the overall risk profile of the Group was managed at acceptable levels with the majority of the Group's principal risks falling within the 'Informed' risk rating.

The overall residual risk trend when compared broadly to the risk profile for the prior 12 months has been stable due to the continuous investments in the Group's infrastructure, resources, governance model and internal control framework.

The following section contains information about the principal risks, including a summary of the progress made in 2020 and the priorities for 2021, their potential impact, our risk appetite and the link to our strategic priorities.

Link to strategic priorities

1 Capitalise on digital payments adoption and enable financial inclusion

2 Expand customer base and focus on high value segments

3 Develop commercial arrangements with strategic partners

4 Product expansion and market penetration

5 Leverage technology and build capabilities

6 Pursue opportunities for acceleration

Risk appetite rating defined

Low – We will ensure that we have sufficient controls and mitigations in place to allow for a low level of risk whilst recognising there may be a limited reward potential.

Informed – An approach which we feel could deliver reasonable rewards, economic or otherwise, by managing the risk in an informed way.

High – Willing to consider opportunities with higher levels of risk in exchange for potential greater reward.

Risk trends defined

Decrease in principal risk impact and/or probability at residual level.

No change in principal risk impact and/or probability at residual level.

Increase in principal risk impact and/or probability at residual level.

Cyber Security

Breach of the Group's infrastructure resulting in the compromise of data or service disruption through cyber security breaches.

Strategic priorities

1 5

Risk impact	Progress during 2020	2021 plan	Risk trend
An external cyber-attack, insider threat or third-party breach could cause the loss of confidential data or service disruption leading to financial loss and reputational damage.	› Completed the revalidation of the Cyber Security Maturity Assessment ('CSMA') report gaps across all Group locations. › Continued investment and implementation of new age security solutions to safeguard the Group from emerging risks. › Continued education and cyber security awareness programmes for the workforce. **COVID-19 response** › Completed additional security reviews on all remote access ('VPN') solutions to ensure secure WFH. › Implemented relevant actions from various security advisories on cyber threats and emerging trends in light of COVID-19. › Increased vigilance by 24/7 security monitoring teams across all locations. › Enhanced Distributed Denial of Service ('DDOS') protection across Group infrastructure.	› Improve our incident response through implementation of next generation security operations centre ('SOC'). › Continued investment and implementation of new age security solutions to safeguard the Group from new threats. › Cyber security mobilisation in new markets of operation to ensure our controls are standardised across the Group. › Continued education and cyber security awareness programmes for the workforce. › Following the DPO acquisition, further refine pre-completion work on DPO cyber controls.	**Risk appetite: Low** The Group will not accept risks which may compromise the confidentiality, integrity and availability of its data and its customers' data.

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.

Strategic priorities

1 2 4 5

Risk impact	Progress during 2020	2021 plan	Risk trend
Undesired level of service to customers due to failure or poor performance of technology and/or system operating environment resulting in customer attrition, financial and/or reputational loss.	› Developed UAE Data Centre build and readiness plan. › Stabilised the core platforms, closed open issues and implemented test-driven development for improved deliverable quality. › Increased regression testing coverage enhancement and automation of regression testing. › Initiated work on developing a standard 'structured service catalogue' for issuing clients on core platform. › Automated monitoring dashboards to allow data-driven decisions and identify issues proactively. › Introduced improvements in software deployment process which reduces downtime during system maintenance. **COVID-19 response** › Increased Internet Bandwidth capacity to manage the additional load of remote working. › Monitoring of technology daily productivity dashboards. › Reassessed critical technology vendors and obtained assurance from these vendors for continuity of services. › Provided uninterrupted field support across UAE, Egypt and Jordan for point-of-sales support and ATM service, 24x7 service from contact centre. › Supported ad-hoc urgent system change requests from clients on payment deferrals, holiday solutions, changes in ATM withdrawal limits as per central bank mandates during COVID-19 pandemic.	› Further investment into our technology and security infrastructure, including opening of a new datacentre in the Middle East (Dubai) and further expansion of the existing facility in Abu Dhabi including targeted completion of ENBD datacentre separation. › Group-wide IT disaster recovery and business continuity testing to be completed. › Further enhance and improve the End of day and Start of day process – to reduce processing time and ensure better compliance to SLAs. › Continue to drive automaton across business operations and IT for predictable outcomes.	**Risk appetite: Informed** We are accepting some level of modest disruption, within the relative norms of the markets in which we operate. However we ensure appropriate levels of resilience are in place to minimise the impact to our customers.

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.

Strategic priorities

1 2 4

Risk impact	Progress during 2020	2021 plan	Risk trend
An unexpected disruption to operational performance that may cause damage to customer relations or financial loss to the business.	› Automated majority of our Middle East manual processes through Robotic Process Automation ('RPA'). Based on the success of the Middle East processes, we have commenced automation in Africa. › The Group Operations across portfolios have been carrying out continuous process improvement tracking ('CPIT') to critically evaluate the process flow and eliminate avoidable steps for better straight through processing ('STP'). › Completed risk assessments ('RAs') and implemented RCSAs programme for all operations units as part of ERMF. **COVID-19 response** › Established COVID-19 assessment team to monitor and actively respond to the COVID-19 situation. › Performed an assessment of our pre-COVID-19 control environment and introduced enhanced controls in a number of areas in response to COVID-19 to ensure that the control environment remains effective and supports the remote working model. › Swiftly activated Business Continuity Plan ('BCP') by moving all units to work from home. Currently all operations functions across all geographies are working from home seamlessly. › The effectiveness of automation was visible during the pandemic as teams could seamlessly move to a work from home scenario while continuing to maintain service delivery standards and continued customer satisfaction.	› Continue to expand the scope of automation through RPA in Africa and other functions in Middle East to minimise processing errors. › To further enhance our straight through processing and minimal touch point engagement, plan to introduce digital onboarding for the merchant acquiring business in the Middle East, self-service solution for the merchants in Middle East, and remote ATM management for the Egypt business. › Automation of customer metrics for alignment and ensuring more engaged clients.	**Risk appetite: Informed** Whilst we continue to enhance our control framework across the Group we are accepting of some degree of operational failure from time to time provided the impact of failures remains within acceptable limits.

Strategy and Business

Risk of Group's ability to maintain its position as the best payments partner in the Middle East and Africa.

Strategic priorities

1 2 3 4 5 6

Risk impact	Progress during 2020	2021 plan	Risk trend
We do not retain our strategic position as the best payments partner in the Middle East and Africa, impacting our ability to maintain market share and to meet growth and profit targets.	› Continued to enhance and expand product capabilities within the Group. › Launched Commercial Card proposition enabling Network Mastercard and their customers to capture B2B payment streams. › Launched a Digital Platform to enable broader adoption of digital payments in MEA through the reduction in marginal cost of deploying payment capabilities and enabling the Group to better engage with alternative payment methods in the region. › Proposed acquisition of DPO gives access to faster e-commerce revenue pools and ability to provide a broader set of capabilities to existing customers. **COVID-19 response** › Implemented a number of practical support measures for customers across the business and our programme of cash support to micro-SMEs.	› Focus on delivering DPO business plan and commercial synergies once the transaction has closed. › Focus on delivery of Saudi Arabia business plan. › Delivery of commercial benefit associated with investment in new product, in particular gateway, N-Genius™ digital, commercial card. › Continue to deepen relationship with Mastercard enabling value generation for both organisations.	**Risk appetite: Informed** Revenue growth in line with investor expectations and no dilution of Group's market position in its markets of operation.

People

Inability to attract, develop and retain a skilled workforce and inconsistent organisational culture across the Group.

Strategic priorities

1 2 4 5 6

Risk impact	Progress during 2020	2021 plan	Risk trend
We are unable to effectively manage our workforce to ensure consistent delivery of the Group's strategy and/ or operational performance.	› Launched a new L&D Charter in response to employee feedback from our 2019 Engagement Survey. › Developed training calendars for employees based on the training requirements obtained from the performance appraisal process and the Training Needs Analysis 'TNA' survey. › Excellent scores achieved from the Employee Engagement Survey as well as COVID-19 Actions – Feedback survey (highlighted in a case study in the Responsible Business section see page 65. › Updated Diversity & Inclusion Policy and Processes. › Appointment of new highly qualified and business relevant Group CEO. **COVID-19 response** › Introduced a wide range of initiatives to promote staff well-being, health and morale in light of COVID-19 pandemic. Including virtual medical services and mental health consultancy services. › Increased focus on leadership communication via enhanced contact points with employees through virtual forums, video messaging and social media platforms. › Sanitising and deep cleaning of Group offices and implemented precautionary measures. Group's office layouts have been altered to ensure adherence to social distancing norms & thereby a safe work environment. Refer to Responsible Business section for more details and case studies.	› Health and wellness initiatives to continue as ongoing activities. › Mental well-being will continue to be a key focus area given the continuing impact of the pandemic. › Focus on the following initiatives: career counselling, mentorship, job shadowing, job rotation and role-specific training programmes. › Continue to recognise and reward our people through various awards and recognition programmes.	**Risk appetite: Informed** Group annual attrition rate not to exceed defined parameters however we accept a modest number of regretted losses which do not materially impact operational efficiency or impact our customers.

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.

Strategic priorities

1 2 4 5 6

Risk impact	Progress during 2020	2021 plan	Risk trend
A breach or non-compliance to legal or regulatory standards leading to penalties, sanctions or reputational damage.	› Completed compliance assurance reviews in line with our annual compliance plan. › Reviewed and updated all compliance policies. › Launched new service to provide an independent confidential whistleblowing reporting service where all staff can raise their concerns. › Continued monitoring of new and emerging regulations in the MEA region by Regulatory and Data Privacy Change Management Committee which may impact operating models within existing and new markets. Refer to regulatory compliance section in the risk introduction and highlights on page 73 for more details.	› Compliance Monitoring Plan to include new themed reviews to capture market abuse regulations and a review of the whistleblower process. › Continued focus on timely implementation of new requirements from regulatory change. › Further strengthening compliance capabilities in certain markets to meet regulatory requirements (Jordan/Nigeria/Ghana).	**Risk appetite: Low** The Group will not accept practices which could cause breaches of laws, regulations or scheme rules; or a delay and/or failure to adapt its systems, processes and controls to prevent material compliance breaches and/or regulatory censure.

Principal Risks and Uncertainties continued

Geo-Political

Risk of significant political, social and economic instability in one or more of the Group's target markets which could have a material adverse effect on the Group's business, financial condition and results of operations.

Strategic priorities

1 2 3 4 6

Risk impact	Progress during 2020	2021 plan	Risk trend
A geo-political event within our markets that impacts our ability to do business or to meet our strategic objectives.	› Completed country risk assessments of markets the Group identified as high risk. › Reviewed evolving regulatory changes in the payments markets where the Group provides its services. › Completed due diligence review for issuing clients across all regions. **COVID-19 response** › Continued management focus on executing acceleration opportunities to further diversify business mix.	› The Group will continue to closely monitor the markets which have been identified as high risk. › Post DPO acquisition the geographic footprint will expand for the combined Group and an assessment will be conducted on countries where the Group does not have any business activities.	**Risk appetite: High** The Group's growth strategy is focused on markets which are likely to be subject to higher levels of political, legal, economic and social instability than those in more developed markets.

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.

Strategic priorities

1 2 3 4 6

Risk impact	Progress during 2020	2021 plan	Risk trend
Our liquidity, foreign exchange or interest rate risks are not effectively managed affecting the business's ability to meet its financial obligations, profitability targets or working capital needs.	› Implemented financial risk management policies related to Liquidity, Interest Rate and Cash Management. › Further refining of robust stress testing to ensure liquidity risks remain fully manageable even under severe stress scenarios. › Refinanced and upsized the Group's term loan to ensure that we have ample liquidity headroom to meet our financial obligations. › Realised savings in interest costs due to the lower interest rate environment and effective renegotiation on our term loan margins. **COVID-19 response** › Enhanced monitoring of liquidity position and covenant compliance throughout the year in view of the pandemic.	› The Group is in the process of developing policies to further manage financial risks concerning FX, debt management and derivative and financial instruments. › Continued monitoring of liquidity position to ensure sufficient funds and liquidity headroom are available in our borrowing facilities across the Group. › Exercise extension option available on our revolver credit facility that will allow us to have further access to liquidity if required.	**Risk appetite: Informed** The Group will manage its liquidity, FX and interest rate risks in line with agreed policies and thresholds.

Third Party

The Group's reliance on third parties to provide systems, technology infrastructure, product development and service delivery. Risk of data breaches of third-party's systems, service disruptions with no alternatives, non-compliance to contractual obligations, applicable laws and international standards.

Strategic priorities

1 3 4 5

Risk impact	Progress during 2020	2021 plan	Risk trend
A third-party provider does not meet its obligations, which negatively impacts our customer relationships, and causes disruption to business performance.	› Completed 40% desktop based reviews conducted through due diligence questionnaires for high risk vendors. The reviews helped to ensure that these vendors were compliant with Group internal policies. › Completed vendor contract reviews for high risk vendors to identify contractual risks. › Completed financial stability reviews for high risk vendors. › Completed vendor name screening against all international sanction list and adverse media. **COVID-19 response** › Vendors which were considered critical during the COVID-19 pandemic were identified and assurances were obtained for continuity of services.	› Continue to complete the remaining desktop reviews through due diligence questionnaires for high-risk vendors. › Monitoring and closure of issues identified as part of desktop reviews with the high risk vendors. › The Group will continue to address the contractual risks identified during the vendor contract reviews, as appropriate. › Enhancing of vendor onboarding due diligence process. › Continue to monitor vendor service performance for high risk vendors. › Develop an assurance programme for medium risk vendors.	**Risk appetite: Informed** The Group will not accept risks which may compromise the confidentiality, integrity and availability of its data and its customers' data.

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.

Strategic priorities

1 2 3 4 5 6

Risk impact	Progress during 2020	2021 plan	Risk trend
We fail to deliver critical strategic projects on time and on budget, deferring or stalling growth and increasing operational and capital expenses.	› Developed UAE Data Centre build and readiness plan. › Completed pre-work for Saudi Arabia Data Centre build and readiness plan. › Developed ground work for 'New Ways of Working' initiative. › Completed risk assessment on the proposed DPO acquisition. Documented risks, assumptions, issues and dependencies with mitigation actions.	› Complete the UAE Data Centre migration and physical separation from Emirates NBD Data Centres. › Continue to execute the Saudi Arabia entry including work on Saudi Arabia Data Centre. › Continuous evolution of optimising the way we work under the 'New Ways of Working' initiative. › DPO, continue to build out integration plan until completion, then execute. › Monitoring the progress of key strategic projects.	**Risk appetite: Informed** The Group has limited appetite for late or over budget delivery of critical strategic projects.

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.

Strategic priorities

1 2 4 5

Risk impact	Progress during 2020	2021 plan	Risk trend
Higher level of losses resulting in material impact on reported results and material damage to reputation.	› Fraud risk KRIs have remained well below thresholds. › Implemented a new acquiring fraud monitoring system. › Credit risk KRIs have remained well below thresholds despite COVID-19. › Credit pre-approval provided for straight through e-com merchant onboarding. **COVID-19 response** › Fraud monitoring processes were conducted with enhanced due diligence. › Implemented controls for preventing any malicious processing transfer by blocking of all system level access for Operations staff for after office hours. › Acquiring portfolios of UAE and Jordan were subjected to a stress testing exercise focusing on travel and subscription merchants. Unrecovered chargebacks and refunds of these merchants were well below the forecasted stress scenarios and also well within accepted risk appetite KRIs. › Chargebacks and refunds of airline and selected high risk merchants were paid from withheld reserves or through pre-funding arrangements in place with merchants. › Unrecovered chargebacks and refunds of the Group Acquiring portfolio reduced to less than pre COVID-19 levels and were well within accepted risk appetite KRIs. › Implemented enhanced risk profiling and early risk warning monitoring of SME merchant portfolio.	› To further enhance our acquiring fraud monitoring capabilities with the implementation of new e-commerce risk control tools. › Enhanced monitoring of delinquency levels of processing clients' receivables to ensure that losses are minimised. › With the planned acquisition of DPO and its portfolio of e-commerce merchants in Africa, their credit risk profile will be assessed to measure the impact on Group's overall risk profile.	❮❯ **Risk appetite: Informed** Acquiring fraud losses as a percentage of sales to be less than market average of 6.3 bps. Enterprise level fraud losses to be less than 5% of EBITDA. Unrecoverable chargebacks and credit losses to revenue ratio not to exceed more than 5% by portfolio. All sponsored issuing clients' settlements to be cleared within 15 days.

Emerging risks

Emerging risks have the potential to increase in significance and affect the performance of the Group and, as such, are continually monitored through our existing risk management processes by risk owners at all levels of the Group. We also use tools such as horizon scanning, operational risk aggregation and external sources to support our analysis. The outputs of these processes are reported to the Audit and Risk Committee and Board of Directors for their review and assessment.

Our ERM process ensures emerging risks are considered to aid the Audit and Risk Committee's assessment of whether the Group is adequately prepared for the potential opportunities and threats they present. The process enables new risks to be discussed at an early stage, allowing us to analyse them thoroughly and assess potential exposure.

We closely monitor emerging risks and with time they may become principal risks as they mature. Emerging risks may also be superseded by other risks or cease to be relevant as the internal or external environment in which we operate evolves. Additionally, we recognise that some of our principal risks are more volatile or fast changing than others and, therefore, would benefit from the increased management processes that apply to emerging risks. A non-exhaustive list of some current emerging risks of relevance to the Group and those principal risks that are subject to the emerging risk process are set out below.

Increasingly sophisticated cybersecurity threats:

We expect to see an increase in the level of sophistication of cyber related attacks as a result of the shifting geo-political tensions in the MEA. We regularly intercept sophisticated and malicious third-party attempts to identify and exploit system vulnerabilities, or which aim to penetrate or bypass our security measures, in order to gain unauthorised access to our networks and systems or those of our associated third parties.

We follow a defence-in-depth model to ensure we are proactively employing multiple methods of defence at different layers to protect our systems against intrusion and attack. However, we cannot always be certain that these measures will be successful and will be sufficient to counter all current and emerging cyber threats.

See page 74 and 80 for more details.

New and emerging regulatory changes in the MEA:

The increase in growth and innovation of payments services and the proposed DPO acquisition exposes the Group to a number of additional regulatory regimes focusing on payment services and data governance. The Group's ability to navigate these changing environments will be a long-term driver of competitive advantage.

In the short to medium term these initiatives could present increased complexity and cost to our operating model.

See page 73 and 83 for more details.

Political change:

Our business focus is on the emerging markets of Middle East and Africa. We recognise some countries within this region have a history of political volatility. The risk of continued political and economic change could affect our operating results. Changes in governments may increase the complexity of serving customers in a country due to actual or potential political or military conflict; and the imposition of UN, US or other sanctions may restrict our ability to service customers in those countries.

See page 84 for more details.

Climate change:

In an ever-changing world, we recognise that we have a responsibility to meet our environmental and sustainability commitments and obligations. We have made progress over the last year in measuring and reporting our energy consumptions. We will continue to develop systems to report on GHG emissions, and to understand the risks that a changing climate may present to our business.

Competition risk:

Network recognises that COVID-19 has accelerated the shift from cash to digital payments resulting in an increasingly competitive landscape in the Middle East and Africa region. Our ability to grow our business and deliver an exceptional customer experience may be impeded by new market entrants and established payments service providers operating in certain territories, be it though competitive pricing, enhanced capabilities and solutions, or skilled resources with local market knowledge.

Directors' Duties

Statement in respect of S.172(1) Companies Act 2006
Directors' duties
The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties, which are set out in the UK Companies Act 2006 ('the Act').

S.172 (1) of that Act is summarised as follows:
A director of a company must act in a way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

The Directors' duties are included as part of the Board induction programme given to all newly appointed Directors prior to attending their first Board meeting. The Directors are mindful of their duties and Board papers address stakeholder factors where judged relevant.

How the Directors consider the matters set out in S.172 (1) (a) to (f)
The Strategic Report, Governance Report, Remuneration Report and Directors' Report from pages 1, 90, 132 and 149 respectively disclose in detail: the mechanisms by which management and the Board engage with, receive regular information on, and assess the relationships with shareholders, employees, suppliers, customers, regulators and the community; the emphasis the Board has placed on developing a healthy culture amongst the Directors, reflecting the values and high standards of business conduct they encourage across the organisation; the importance the Directors place on positively maintaining those values and relationships; and the progress made in achieving high standards of business conduct and compliance with the 2018 UK Corporate Governance Code ('the Code').

By way of example:

- The Board is focused on the consequences of its decision making over the long term and the impact on each of our stakeholder groups. Our strategy, which is key to building our business for long-term growth, is focused on providing solutions that allow customers to bring digital payments to more consumers across the MEA region. In pursuing our strategy, we are capitalising on growth opportunities across our markets and delivering solid financial performance. Pages 18 and 19 in the Strategic Report present our strategic framework, set in the context of our purpose, and the progress we have made during the year. The Board continuously keeps the strategy under review at each Board meeting and sets aside a two-day meeting dedicated to a thorough development review. The Board also sets an annual budget and provides oversight of sound financial and internal controls across the Group. The Board, supported by the work of the Audit and Risk Committee, has embedded a robust risk culture across the Group, under which risks are identified, mitigated and monitored against a pre-determined risk appetite in respect of each principal risk category.
- Our strategy, which is driving the success of the Company, is dependent upon our solid business relationships with our customers, business strategic partners, suppliers, and regulators (please refer to pages 56 to 70 in this report). The Board is mindful of our purpose (described on page 9) and of maintaining and developing those relationships when reviewing the strategy. During the year and throughout the COVID-19 pandemic, the Board has increased its focus on maintaining its relationships with, and protecting the interests of, our stakeholders.

- The Board has overseen the progression of our People agenda, has ensured there are good levels of bilateral engagement with the wider workforce and a significant focus on the development and support of our employees as fully described in the 'our people' section of this report on pages 60. As with our other stakeholder groups, the Board has increased its engagement with our wider workforce to protect their interests during the COVID-19 pandemic. The Remuneration Committee is cognisant that the CEO to employee pay ratio is a key lens when considering the appropriateness of executive pay outcomes. The Remuneration Committee also ensures that wider colleague pay and policies, and cultural context are intertwined with its remit and activities.
- We support the communities in which we operate, by creating employment and opportunities for our people, supporting the businesses of our customers and helping them to understand and service their consumers. Our businesses provide community support as described in the Responsible Business section of this report on page 68 and by taking steps to safeguard our environment as described in the Safeguarding our environment section of this report on page 66.
- The Board, under the leadership of the Chair, has ensured there is a positive culture amongst the Directors, reflecting the values it encourages across the organisation (please refer to the section on the Group's values and culture on page 100 in the Corporate Governance Report).
- The Board has continued to uphold high standards of corporate governance as it makes significant progress towards full compliance with the Code, reflecting the interests of our shareholders as a London Listed Company (as described in the Corporate Governance Report on pages 99). By way of example, the Board ensured an orderly transition in its membership with the appointment of two additional Independent Non-Executive Directors in January 2020, three months prior to three Directors (who had each been previously appointed under the relevant provisions of the respective Relationship Agreements with the Company's former PE owners) vacating their positions. The Board was further strengthened by the appointment of two additional Independent Non-Executives at the start of 2021. The broad range of skills, experience and knowledge possessed by our diverse Board is detailed on page 92.
- The Company has a strategic and commercial agreement with Mastercard as described within the Governance Report on page 109. Separately at the time of the IPO, Mastercard acquired shares in the Company giving them total voting rights of 9.08% (as disclosed in the Directors' Report on page 151). Such investment was made in the market at arm's-length and does not confer any additional rights over and above those enjoyed by other shareholders, although the strategic agreement allows Mastercard to nominate an Observer to the Board, such Observer may attend meetings and receive papers, but not vote.

In the performance of its role, and ingrained in its decision-making processes, the Board has regard to, and believes it has discharged, its duties reflected in S.172 (1) of the Act.

The Strategic Report has been approved and is signed by order of the Board by:

Nandan Mer
Chief Executive Officer
7 March 2021

Corporate Governance Report

> We have carefully managed the construct of the Board... and have increased our engagement with our customers and employees during this challenging year."

Ron Kalifa OBE
Chairman

Dear Shareholder,

Introduction

I am pleased to report that we have further enhanced our governance practices during the year, building on the firm foundations we laid in 2019. We have carefully managed the construct of our Board to reflect the transition of the Company's ownership from private equity to that of a UK-listed constituent of the FTSE 250; and we have overseen the ongoing development of our culture with the implementation of our Enterprise Risk Management Framework and our People agenda, while strengthening the engagement with our customers, employees, shareholders, and other stakeholders during a challenging year brought about by the COVID-19 situation.

The Board

I would like to welcome Nandan Mer, who we appointed as our new Group CEO with effect from 1 February 2021. Nandan has a wide breadth of experience across the consumer credit and payment industries in several international markets, including within the Middle East and Africa. He has a strong track record of building and growing businesses over 30 years in a number of global markets with leading financial institutions; and strong sector expertise makes him an excellent appointment to lead Network through the next stage of our ambitious strategic growth plans. I would like to pay special thanks to Simon Haslam for his invaluable contribution during his tenure as our CEO. Simon leaves a strong business and a legacy of success and we wish him well in his retirement.

Over a year ago now, the appointment of Anil Dua and Ali Mazanderani on 22 January 2020 as Independent Non-Executive Directors strengthened our Board with their significant expertise in the payments space and operations throughout the Middle East and Africa. Later in the year, we announced the appointment of Diane Radley and Monique Shivanandan as Independent Non-Executive Directors with effect from 1 January 2021. Both Diane and Monique bring invaluable skills, experience and knowledge as they have had rich careers in their respective fields, as well as in executive roles, and will reinforce the Board's skillset to help the Company achieve its strategic objectives in Technology and Product areas and the Africa region. We are also delighted that Rohit Malhotra, our highly experienced Group Chief Financial Officer since 2015, joined the Board on 2 June 2020. Following all these changes, I am delighted to report that we have a strong, balanced and diverse Board, the composition of which is fully aligned with UK Corporate Governance Code requirements.

All newly appointed Directors undergo a comprehensive induction programme, which we have developed further during the year as we learn from our experience. This complements the ongoing development programme we introduced last year, comprising a series of strategy support presentations at regular Board meetings. The aim of these two programmes is to continuously develop the Board's effectiveness by ensuring all Directors possess the knowledge to be able to contribute fully to the Board's review and development of strategy.

We conducted a thorough externally facilitated Board evaluation in the second half of the year, which provided useful insights to develop an action plan more fully disclosed within the Governance Report on page 111.

Finally, I would like to give thanks again to Shayne Nelson, Daniel Zilberman and Aaron Goldman, who resigned from our Board on 30 April 2020 in alignment with the reductions in shareholdings and the termination of the Relationship Agreements with our former private equity owners.

Engagement with our shareholders and other key stakeholders
Active engagement with our shareholders and key stakeholders is of great importance to us.

We have a programme of regular meetings with our major shareholders led by our CEO and our CFO, to discuss strategy and performance. I have also met with many of our investors to discuss matters of governance and broader strategic topics. The Board welcomes feedback from investors and the market in general and during the year, this informed our decision to further increase engagement and enhance financial disclosures. Victoria Hull, chair of the Remuneration Committee, has engaged with them to discuss our approach to executive remuneration, including the performance measures and targets for our annual and long-term incentive arrangements. Our performance measures are fully aligned with the targets and KPIs for the delivery of our strategy.

We will continue with our enhanced programme of engagement in 2021 and beyond and look forward to your support at our second Annual General Meeting on 20 May 2021.

Continual focus on our many stakeholders is crucial to the effective running of our business and, in view of the challenges brought about by the COVID-19 situation, we have increased our engagement, particularly with our customers, to understand their issues and protect them where possible. More details on the engagement with the Company's stakeholders can be found in the Strategic Report on page 28 and our S.172 statement can be found on pages 88 to 89, which provides examples of how the Board has considered stakeholders in its decision making.

Employees and culture
The recruitment, motivation, development and retention of our employees at all levels is critical to the success of our business and the Board monitors progress carefully at every Board meeting. As most of our employees have been working from home for a large part of the year, their health and well-being and increased engagement to understand their concerns has been one of the key priorities. Management has launched a number of regular virtual engagement initiatives to carry out a two-way flow of communication and Q&As, details of which are summarised on page 62. Furthermore, management has progressed our People agenda with the roll out of our new Employee Charter and our updated Equality, Diversity and Inclusion Policy, which are more fully described in our Responsible Business section from page 60. We have also enhanced our risk culture with the implementation of our new Enterprise Risk Management Framework ('ERMF'), which defined the way we identify and manage risk; a good example, worthy of highlighting here, is in respect of the proposed DPO acquisition where the Group developed a separate risk profile of their business to demonstrate how the DPO risk profile might impact the Group's overall risk profile.

Management has been working in partnership with all employees to embed our desired culture throughout the organisation for the benefit of our business and all who work within it. I am particularly pleased that as a result of their collective efforts, our employee engagement score has improved by eight percentage points to 73%. A full summary of the excellent progress made in the development of our people and our culture is given as part of the Strategic Report on pages 64 to 65.

Ron Kalifa OBE
Chairman
7 March 2021

Group values

Our values underpin our activities and support our approach to sustainable and responsible business.

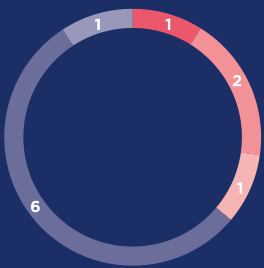
- **Character** We are accountable to our employees and our customers. We maintain the utmost integrity in all our interactions at all times
- **Customer** Our customers come first. We are committed to being a valued partner to all our customers
- **Continuity** We continuously innovate and seek to excel in everything we do as we expand our reach into new markets
- **Collaboration** Teamwork is the cornerstone of our success

For more details, please see the Strategic Report from page 56.

Highlights of progress made during 2020

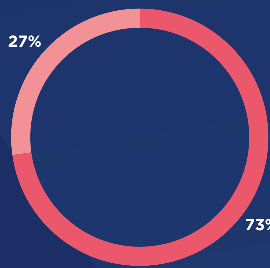
At Network International, we have taken great strides to embed solid governance throughout our organisation. Here are the highlights of the significant progress we have achieved during the year:

Board composition



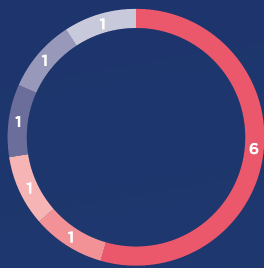
- Chair
- Executive Directors
- Senior Independent Director
- Independent Non-Executive Directors
- Non-Executive Director

Board gender diversity



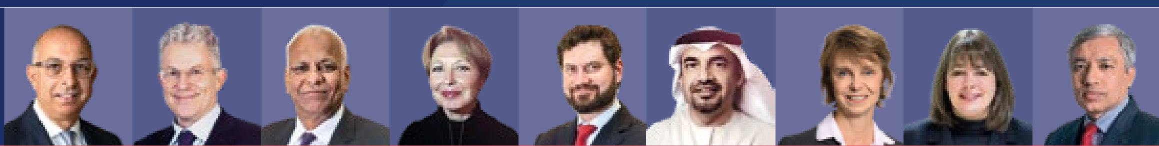
- Men
- Women

Nationality of the Directors



- British
- American
- Indian
- Singaporean
- South African
- UAE National

Skills and experience



	Ron Kalifa OBE	Darren Pope	Anil Dua	Victoria Hull	Ali Mazanderani	Habib Al Mulla	Diane Radley	Monique Shivanandan	Suryanarayan Subramanian
	Chairman	Senior Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Non-Executive Director
Listed NED Experience	✓	✓	✓	✓	✓		✓		✓
Financial Services/ Payments Industry Experience	✓	✓			✓		✓	✓	✓
Doing Business/ market knowledge in MEA			✓ Africa		✓ Africa	✓ ME	✓ South Africa		✓
Finance/Audit Experience		✓	✓				✓		✓
HR/REMCO Experience	✓	✓		✓					
M&A activity	✓	✓	✓	✓	✓	✓	✓		✓
Technology & Product	✓				✓			✓	
Fintech Trends	✓				✓			✓	

Please see page 113 for details on how the Board has evolved since the IPO in April 2019.

The Board

We have built a strong and diverse Board with a breadth of skills, experience, and knowledge. We have appointed four independent Non-Executive Directors, ensuring an orderly transition when introducing more independence on the Board; and two Executive Directors, managing the seamless succession of our CEO.

Board effectiveness:

- We have developed a comprehensive forward programme of work to ensure we cover the breadth of responsibilities and duties for the Board and each of its Committees.
- We conducted our first Board and Committee evaluation and have agreed an action plan to support our continuous development.
- We have further developed our knowledge of the business and a positive culture within the Boardroom.
- The review concluded that the Board was considered highly effective with follow up actions primarily focused on building stronger Board relationships in a COVID-19 impacted environment and formalising ongoing business knowledge development.

Risk management and assurance:

- We have established a clear risk governance model utilising the three lines of defence model to ensure effective risk management, oversight and assurance.
- We have embedded our Enterprise Risk Management Framework throughout our organisation and there is an ongoing process to identify and evaluate risk, supporting our decision making and the way we manage our business.
- To support the proposal to acquire DPO, the Group developed a separate risk profile of their business to demonstrate how the DPO risk profile impacted the Group's overall risk profile.
- We monitored the impact of the COVID-19 situation on our people, our customers and our financial position.
- We strengthened our Group Internal Audit function and welcomed the improvement in its effectiveness.

Our people and culture:

- We have progressed our People agenda with the roll out of our new Employee Charter. Management has been working in partnership with all employees to embed our desired culture throughout the organisation for the benefit of our business and all who work within it.
- We have increased our engagement with our people, supporting them with their health and well-being during a difficult year when most of our employees have been working from home.
- As a result of the collective efforts of our people across the organisation, our employee engagement score has improved by eight percentage points to 73%.
- We have formalised the approach to reviewing all our workforce engagement mechanisms through the Remuneration Committee, which reports its findings to the Board.

Understanding the views of our shareholders:

- The Board receives regular updates from the Company's brokers and Investor Relations team on investor perceptions in relation to strategy, performance governance and remuneration.
- The Board was cognisant of the shareholder experience during the year, and open to understand feedback and issues raised by the market. This informed the Company's decision to increase shareholder engagement and enhance financial disclosures.
- The Chairman has also engaged with a number of larger sized shareholders during the year, to discuss matters of Corporate Governance and broader strategic topics; whilst the Chair of the Remuneration Committee, Victoria Hull, consulted with major shareholders regarding the proposed Remuneration Policy.
- Despite the unprecedented challenges brought about by the COVID-19 restrictions, we held a successful Annual General Meeting enabling shareholders to fully participate electronically.

Understanding the views of our other stakeholders:

- The Board is highly supportive of its duties to promote the success of the Company, engage with, and support broader stakeholder groups.
- There is much focus and oversight of key customer relationships, which is fundamental to the success of the business.
- The Board ensures it is kept informed and up to date on key supplier relationships, including the requisite vendor Code of Conduct.
- The Board is also highly supportive of the financial aid donated to community projects and charities in our markets.

Board of Directors

Ron Kalifa OBE
Independent Chairman

Committee membership
Chair of Nomination Committee and member of Remuneration Committee

Appointed
March 2019

Other current appointments
Chairman of FutureLearn
Non-Executive Director, England & Wales Cricket Board
Non-Executive Director, Court of the Bank of England
Non-Executive Director, Transport For London

Previous experience
Mr Kalifa has significant experience in the payments industry. He was Chief Executive Officer of Worldpay for over 10 years, building and leading Worldpay into a premier global payments company. He is also an operating partner to Advent International and its advisers. Mr Kalifa also sits on the boards of the England & Wales Cricket Board and Transport for London, and is a member of the Council of Imperial College, London. Mr Kalifa was awarded an OBE in 2018 for services to Financial Services and Technology. Very recently, Mr. Kalifa chaired the Independent Review of UK Fintech published by the UK Government in February 2021.

Nandan Mer
Group Chief Executive Officer

Committee membership
None

Appointed
February 2021

Other current appointments
None

Previous experience
Mr Mer has more than 30 years' experience in building and growing businesses, and has a strong background in payments, consumer finance and corporate banking, in addition to the Middle East and African markets. Prior to joining Network International, Mr Mer had an 11-year career at Mastercard, serving as Strategy Head for International Markets, President for the Japanese business and Head of Global Consumer Credit and Loyalty Solutions. He has also held senior positions at American Express, Citigroup and United Bank for Africa.

Darren Pope
Senior Independent Non-Executive Director

Committee membership
Chair of Audit and Risk Committee and member of Nomination Committee

Appointed
March 2019

Other current appointments
Senior Independent Director, Equiniti Group plc
Independent Non-Executive Director, Virgin Money UK plc
Chairman of UK Subsidiary of Silicon Valley Bank

Previous experience
Mr Pope is a qualified accountant with over 30 years of experience in the financial services industry. Most recently, Mr Pope served as CFO and Board Member of TSB Bank plc. Mr Pope has held a number of other senior positions at Lloyds Banking Group, Egg plc and Prudential plc. He additionally chairs the Audit committee at Equiniti PLC and the Remuneration Committee at Virgin Money UK PLC.

Anil Dua
Independent Non-Executive Director

Committee membership
Member of Audit and Risk Committee

Appointed
January 2020

Other current appointments
Non-Executive Director, Liquid Telecom
Non-Executive Director, African Export Import Bank
Non-Executive Director, Nouvobanq
Independent Non-Executive Director, Heirsholdings Oil and Gas Limited

Previous experience
Mr Dua has extensive experience operating in the pan-African financial services sector. Mr Dua is Founding Partner at Gateway, a private equity fund specialising in dynamic growth markets including Africa, the Middle East and Asia. Prior to this, Mr Dua worked for over 35 years with Standard Chartered Bank in Asia, Africa, Europe and US, where he held various roles including Regional CEO West Africa and Regional Head of Origination and Client Coverage, Africa.

Victoria Hull
Independent
Non-Executive Director

Committee membership
Chair of Remuneration Committee, and member of Nomination Committee

Appointed
March 2019

Other current appointments
Senior Independent Director, Ultra Electronics plc
Non-Executive Director, RBG Holdings plc

Previous experience
Ms Hull is a former Executive Director of Invensys plc, a FTSE 100 global industrial and software company, and former Executive Director of Telewest Communications plc. Ms Hull has experience across many diverse sectors, including an extensive Corporate Governance and Remuneration Committee background. Her legal career commenced at Clifford Chance LLP in 1986 where she gained knowledge and experience working internationally on M&A for both public and private companies.

Rohit Malhotra
Group Chief Financial Officer

Committee membership
None

Appointed
June 2020

Other current appointments
Mr Malhotra serves on the Network International Board of Directors

Previous experience
Mr Malhotra has more than 20 years of experience in financial activities. Prior to joining Network International in 2010, he was previously the Head of Financial Policy and Processes at Emirates NBD. Prior to that, he was one of the senior team leads in the Global Balance Sheet Reporting function of American Express, working closely with the Investor Relations team and before that he managed the Financial Planning activities for Nestle's South Asia Region.

Ali Mazanderani
Independent
Non-Executive Director

Committee membership
Member of Remuneration Committee

Appointed
January 2020

Other current appointments
Non-Executive Director, Stone Co. Limited
Non-Executive Director, NET1 UEPS
Non-Executive Director, TTMFS Singapore PTE Limited
Chairman, SaltPay

Previous experience
Mr Mazanderani has extensive experience in the global payments industry. Most recently, Mr Mazanderani was a partner at Actis LLP, a global emerging markets investment firm. He has led multiple financial technology transactions, ranging from growth equity investments to leveraged buyouts in global businesses. Prior to this, Mr Mazanderani served as Lead Strategy Consultant at the First National Bank of South Africa and as a Consultant at OC&C Strategy Consultants in London. He currently serves as a Non-Executive Director for Stone Co Limited.

Habib Al Mulla
Independent
Non-Executive Director

Committee membership
Member of Nomination Committee

Appointed
March 2019

Other current appointments
Partner, Baker McKenzie Habib AlMulla

Previous experience
Dr Habib has extensive experience in UAE law. Dr Habib was Chairman of the CIArb (Chartered Institute of Arbitrators) UAE Committee, Chairman of the board of trustees for the Dubai International Arbitration Centre ('DIAC'), and on the Board of Governors of American University in Dubai. Dr Habib was the architect of the legal framework establishing the Dubai International Financial Centre. Dr Habib also served as Chairman of the Legislative Committee of the Dubai Financial Services Authority ('DFSA'). Dr Habib has held numerous government positions, including as a member of the UAE Federal National Council, the federal parliament of the UAE, member of the Legislative Committee, member of the Economic Committee, Director of the Institute of Advanced Legal and Judicial Studies, in charge of training judges and prosecutors in the Emirate of Dubai and Chairman of the UAE Jurists Association.

Board of Directors continued

Diane Radley
Independent
Non-Executive Director

Committee membership
Member of Audit and Risk Committee and Remuneration Committee with effect from 1 January 2021

Appointed
January 2021

Other current appointments
Non-Executive Director, Transaction Capital Limited ('JSE')
Non-Executive Director, Murray and Roberts Holdings Limited ('JSE')
Non-Executive Director, Base Resources Limited ('ASX')
Non-Executive Director, Redefine Properties Limited ('JSE')

Previous experience
Ms Radley has extensive experience of the African market and specialises in finance, audit and risk related matters. Ms Radley was previously Chief Executive Officer at Old Mutual Investment Group from 2011 to 2016 having held the position of Group Finance Director from 2008. She has led the Transaction Services Group at PwC South Africa.

Monique Shivanandan
Independent
Non-Executive Director

Committee membership
Member of Audit and Risk Committee with effect from 1 January 2021

Appointed
January 2021

Other current appointments
Member of digital advisory board, Fannie Mae.
Ms Shivanandan is the Group Chief Information Security ('CISO') for HSBC, leading the cyber security function for the Group.

Previous experience
Ms Shivanandan specialises in technology transformation in financial services with a specific focus on business transformation leveraging technology and Fintech advisory. She was most recently Group Chief Information Officer at Chubb leading a team of over 5,000 employees globally, delivering change, and service & information security. She has acted as a technology leader and digital transformation advisor, holding senior roles at Aviva, BT Group and Capital One Financial.

Suryanarayan Subramanian
Non-Executive Director

Committee membership
None

Appointed
March 2019

Other current appointments
Director, Tanfeeth LLC
Director, DenizBank A.G.
Independent Director, DXB Entertainments PJSC
Independent Chair of Audit Committee, Kuwait Food Co (Americana)

Previous experience
Mr Subramanian was Chief Financial Officer of the Emirates NBD Group in Dubai from September 2010 until January 2020. Mr Subramanian has over 30 years' experience in Banking and Finance, primarily in South East Asia and the Far East with Standard Chartered Bank and Royal Bank of Canada, covering various CFO roles in geographic and business structures across Wholesale Banking, Retail and Wealth Management.
Mr Subramanian has also worked with the Ministry of Finance and Accounting and Corporate Regulatory Authority in Singapore.

Simon Haslam
Outgoing CEO

Mr. Haslam led the business through the 2020 financial year, announcing his retirement at the start of 2021. Mr. Haslam stepped down from the CEO position on 31 January 2021, but will remain with the Group throughout his six-month notice period to ensure a smooth transition to Mr. Mer.

Executive Management Team

Nandan Mer
Group Chief Executive Officer

Joined
February 2021

Role
Nandan is the Group Chief Executive Officer of the Group and works closely with the Chairman and Board members to set strategic expansion goals for the organisation and lead the Executive Management Team in the accomplishment of these objectives.

Previous experience
Nandan has more than 30 years' experience in building and growing businesses, and has a strong background in payments, consumer finance and corporate banking, in addition to the Middle East and African markets. Prior to joining Network International, Nandan had an 11-year career at Mastercard, serving as Strategy Head for International Markets, President for the Japanese business and Head of Global Consumer Credit and Loyalty Solutions. He has also held senior positions at American Express, Citigroup and United Bank for Africa.

Rohit Malhotra
Group Chief Financial Officer

Joined
October 2010

Role
Rohit is the Group Chief Financial Officer and is responsible for overseeing the financial activities of the Group. Having joined the Company in October 2010, Rohit has been actively involved in the growth of the Company for many years, including the acquisition of Emerging Markets Payments Holdings in 2016.

Previous experience
Previously, Rohit was the Head of Financial Policy and Processes at Emirates NBD, where he led Finance systems implementation across the Group. Prior to that, Rohit was one of the senior team leads in the Global Balance Sheet Reporting function of American Express, working closely with the Investor Relations team and before that he managed the Financial Planning activities for Nestle's South Asia Region.

Andrew Key
Managing Director – Africa

Joined
July 2017

Role
Andrew is the Managing Director for the Group's Africa operations and is responsible for the acquiring and issuing business activities of the Group in Africa, and for developing a comprehensive strategy to drive business growth in the region.

Previous experience
Most recently, Andrew was the President of Elavon Europe, a subsidiary of US Bancorp ('USB'), and responsible for the entire P&L of the European business of Elavon. He was accountable for the diverse range of partner relationships that deliver distribution or product capabilities to Elavon's European business and led the team of 1,400 colleagues located in six markets, providing end-to-end payments services to 350,000+ customers. Prior to Elavon, Andrew held key positions in organisations such as Mastercard, Lloyds Banking Group and Barclaycard.

Mark Diamond
Group Chief Digital, Technology and Operations Officer

Joined
March 2020

Role
Mark is the Group's Chief Digital, Technology and Operations Officer. Mark is responsible for leading the Group's Technology and Operations functions and is responsible for defining and delivering Network International's digital, technology and operations strategy and capabilities across the enterprise.

Previous experience
Mark has more than 21 years' experience of technology in the banking industry. Most recently Mark was CIO of Alrajhi Bank, the world's largest Islamic Bank with over 10 million customers. Prior positions include Head of Transformation at Deutsche Bank, where he led the global strategy and infrastructure transformation across 65 jurisdictions, and CIO of RBS's Retail Bank and Business Operations.

Jay Razzaq
Chief Risk Officer and Group Company Secretary

Joined
April 2017

Role
Jay is the Chief Risk Officer and Group Company Secretary and has overall responsibility for the Risk, Compliance and Legal functions. Her responsibilities include the management and oversight of all risk-related disciplines across the Group, including enterprise risk management, regulatory and compliance, data governance and information security, and the legal and secretariat teams.

Previous experience
Jay joined the Group from Elavon, a subsidiary of US Bancorp, where she served as Head of Legal – International Markets. Jay has over 21 years' experience working across a number of major financial institutions including Citigroup and Royal Bank of Scotland Plc. She has advised on legal, regulatory and compliance issues impacting the retail financial services and payments services sectors in particular, across a number of jurisdictions in Europe and Latin America. Jay is a qualified Solicitor in England and Wales.

Executive Management Team continued

Paul Clarke
Head of Product and Innovation

Joined
June 2017

Role
Paul is the Head of Product and Innovation and is responsible for transforming the Group into a world-class product and innovation-centric organisation and oversees the end-to-end product lifecycle from ideation, delivery and in-life management.

Previous experience
Paul was previously the Managing Director at Barclaycard Payment Services, responsible for product development and execution. He has delivered many strategic initiatives and was instrumental in creating a world-class product organisation and achieving real business change through product development. In his previous tenures in payments majors like Elavon Merchant Services and Worldpay, Paul was responsible for the product portfolio across key markets in Europe, Mexico and South America.

Hend Al Ali
Group Head of Human Resources and Facilities

Joined
July 2013

Role
Hend is the Group's Head of Human Resources and Facilities and is responsible for leading the Group's human resourcing functions across the UAE, Jordan and Africa, developing and implementing the Group's human resource strategy and programmes. Under her stewardship, the Group has won government recognition and awards for human development and Emiratisation.

Previous experience
Hend has more than 21 years' experience working with and leading HR departments at various national and international operations based in the UAE. She is a recipient of the prestigious Dubai Human Development Award given by the Dubai Economic Department. She is also part of the Women's Committee in the Banking Sector, which is run by the Emirates Institute for Banking and Financial Studies.

Andrew Hocking
Group Chief Strategy Officer

Joined
April 2017

Role
Andrew is the Group's Chief of Strategy and Analytics Officer and, in his role, he leads market intelligence, strategy development, corporate development and analytics functions within Network International.

Previous experience
Andrew was previously Head of Strategic Planning at Elavon working across North America, South America and Europe. Prior to this he held a number of positions at Barclaycard and Absa across both issuing and acquiring covering Europe and Africa where he led the Absa Card's strategy and change management function.

Mona Al Ghurair
Group Chief Marketing Officer

Joined
October 2010

Role
Mona is the Group's Chief Marketing Officer. In her role, Mona manages the teams responsible for branding, public relations, communications, and events. She drives the branding and marketing strategy for the Group, optimally leveraging various promotion and publicity platforms, regionally and internationally, to maximise visibility for the Network International brand.

Previous experience
Mona has more than 19 years of experience in the marketing industry and has worked with Network International for more than 15 years, during which time she has also been involved with the product, sales and business development units.

Simon Haslam
Outgoing CEO

Simon led the business through the 2020 financial year, announcing his retirement at the start of 2021. Simon stepped down from the CEO position on 31 January 2021, but will remain with the Group throughout his six-month notice period to ensure a smooth transition to Nandan Mer.

Compliance with the UK Corporate Governance Code

The Board recognises that good corporate governance plays a key role towards delivering the sustainable success of the Company, thereby enhancing shareholders' value and contributing to wider society.

Examples of sound governance contributing to our success are included in this report and throughout the Strategic Report on pages 1 to 89.

The Board is committed to the principles of corporate governance contained in the UK Corporate Governance Code 2018 ('the Code'), which is publicly available at www.frc.org.uk.

This report sets out how the Company applied the principles of the Code and its compliance with the provisions of the Code during the year. Throughout 2020, we have continued to enhance our governance arrangements, building on the significant progress following our IPO in the prior year.

The Company complied with the Code throughout the year 2020, and up to the date of this report, except as follows:

- Although there are comprehensive and effective employee engagement mechanisms in place, which are regularly and effectively reviewed by the Board along with the progress being made with the implementation of the new Employee Charter (as described within the Responsible Business section of the Strategic Report on page 60), the Board's approach is not as anticipated by provision 5 of the Code. Full details of the Board's approach is disclosed in the workforce engagement section on page 62.
- For the period 1 to 21 January 2020, the Company did not comply with provision 11 (at least half the Board, excluding the Chair, should be Independent Non-Executive Directors) and provision 24 (Audit and Risk Committee composition should comprise Independent Non-Executive Directors with a minimum membership of three. The Chair of the Board should not be a member). From 22 January 2020, the Company complied with those two provisions as two additional Independent Non-Executive Directors were appointed to the Board, one of those Directors was appointed to the Audit and Risk Committee and the Chairman stepped down from that Committee.
- For the period 2 June 2020 to the end of the year, the Company did not comply with provision 32 regarding the composition of the Remuneration Committee. Throughout the year, the Board with the support of the Nomination Committee took steps to strengthen the Board with the appointment of additional Independent Non-Executive Directors and to allocate memberships of the Board's Committees in line with the skills and experience of all the Independent Non-Executive Directors, avoiding over-reliance on individuals where possible. From 2 June 2020, there were only two Independent Non-Executive Directors on the Remuneration Committee, being one short of the Code requirement for a minimum of three such Directors. As permitted by the Code, the Chairman of the Company, Ron Kalifa, has been a member of the Remuneration Committee throughout the year, but as he is not independent, he could not be counted towards the minimum membership of three. On 1 January 2021, two newly appointed Independent Non-Executive Directors joined the Board and one of those Directors joined the Remuneration Committee and therefore, from that date and up to the date of this report, the composition of the Remuneration Committee is fully compliant with provision 32 of the Code.

Further explanations of our progress and intentions are given in the relevant parts of this report.

Role and responsibilities of the Board of Directors

The Board is responsible for providing strategic leadership to promote the long-term sustainable success of the Company. The Board has established and regularly reviews at its meetings the Company's purpose, values and strategy; additionally, the Board held a two-day strategy meeting during the year. The Board also ensures that the necessary resources are in place for the Company to meet its objectives and measures performance against those objectives at its regular Board meetings. It has set and has been overseeing a framework of prudent and effective controls, which enables risks to be identified, assessed and managed; more information about the new Enterprise Risk Management Framework, which has been rolled out and implemented during the year, is included in the Audit and Risk Committee section of this report and within the Principal Risks and Uncertainties section of the Strategic Report. The Board ensures that there is effective engagement with shareholders and other key stakeholders, including the workforce, and receives regular reports at its meetings so it understands the views of those parties. The Board regularly assesses and monitors the culture of the

The Group's governance structure

The Board
Board responsibilities and activity reported on pages 102 to 105

Audit and Risk Committee
Committee report on page 115

Nomination Committee
Committee report on page 128

Remuneration Committee
Committee report on page 132

Executive Management Team
See pages 97 to 98

Enterprise Risk Management Committee
See page 112

organisation so it can satisfy itself that the Company's values and culture are aligned with its long-term sustainable future. Further information in these vital areas is given throughout this report and the Strategic Report.

The Group's purpose, business model and strategy

The Board is responsible for establishing the Group's purpose, business model and strategy, which are described on pages 10 and 18 within the Strategic Report of this Annual Report and Accounts.

The Group's values and culture

The Board has endorsed and continuously applies a Code of Conduct that is available on the Company's website at https://investors.networkinternational.ae/investors/corporate-governance/. The Code of Conduct requires everyone at every level across the organisation, including the Directors, to act ethically and in compliance with all applicable laws and regulations. Furthermore, this code requires all Directors and employees to act in the best interests of the Company and shareholders, and to act professionally, exhibiting high levels of integrity and commitment. Under the leadership of the Chairman, the Board ensures that all decisions taken by it and the behaviours of each Board member, both in formal meetings and regular engagement with employees and other stakeholders across the business, are aligned and are consistent with the values set out in the Code of Conduct. The Code expects high standards of integrity along with professional and personal behaviour within and outside working hours in a manner that protects the Group's reputation and its interests.

Significant progress with our People agenda has been achieved during 2020, as described in the Responsible Business section of the Strategic Report on pages 60 to 65. Despite COVID-19 related challenges, the CEO, with the support of his executive colleagues, continues to take the necessary steps to ensure this culture remains embedded across the organisation, including through regular training programmes, internal communications and reminders at team meetings.

The Board acknowledges the continued focus on employees to inspire them to stay and grow with the Company through the development of an engaging "Great Place to Work" and the introduction in 2019 of a new Talent Management Framework and an Employee Charter, and in 2020 of a new Learning and Development Charter and the updated Equality Diversity and Inclusion Policy, all of which reinforce the Group's commitments to employees.

The Board assesses and monitors culture in a variety of ways including: feedback from employee focus groups and surveys; reports from the HR, Risk, Compliance and Internal Audit functions, including reports of all matters raised under the Group's Whistleblowing Helpline and the way in which management has addressed all issues raised; reports from the external auditors; and face to face meetings and meetings with the direct reports of senior management in the absence of those senior management. At each of its meetings, the Board reviews and discusses the CEO's report, which includes a comprehensive section on progress with the People agenda, including employee health and well-being, COVID-19 safety, working from home arrangements and the additional support given to facilitate this, regular communication and engagement (enhanced during 2020 as the majority of employees have been working from home), the roll out of the new Learning and Development Charter (introduced in response to employee feedback in the 2019 engagement survey), and community support initiatives. The Board is greatly encouraged by the investment in our people as described on pages 60 to 65 and the 8-percentage point improvement in overall employee engagement in 2020.

The Company's culture was enhanced during 2020, in part as a result of the considerable progress made embedding our new ERMF, which is more fully described in the Audit and Risk Committee section of this report on pages 115 to 127, and in the Principal Risks and Uncertainties section of the Strategic Report on pages 72 to 89. The ERMF is reinforced by and complements other relevant policies and formal regulatory and compliance training programmes including in relation to securities dealing (in line with the Market Abuse Regulations), the avoidance of conflicts of interest, anti-fraud, anti-money laundering, anti-bribery and corruption, competition, data protection and information security, business continuity, disaster recovery, and health and safety.

Participation in these mandatory training programmes and compliance with their requirements is regularly reviewed by the Group's Executive Management Team (Network Leadership Team) and the Board to ensure that a positive culture is maintained across the organisation. The Board believes that the culture is aligned with, and will continue to evolve alongside, the Company's purpose, values and strategy.

Whistleblowing

The Group encourages its employees at every level to communicate any concerns they have through a variety of channels, including employee forums, team meetings, line management or HR. In addition, the Company has in place a whistleblowing or 'speak up' policy, which allows employees to raise matters in confidence should they not wish to raise them through any of the above channels. This includes a dedicated hotline established for this purpose, which is operated confidentially by an experienced third-party service provider. Concerns raised through the hotline are sent simultaneously to the Senior Independent Director and Chair of the Audit and Risk Committee for information and the Chief Risk Officer for action. All matters raised through the helpline are investigated thoroughly and, regardless of the outcome, formally reported to the Audit and Risk Committee. The Chair of the Audit and Risk Committee presents his report to the Board on the proceedings at each Audit and Risk Committee meeting, and if any matters have been raised through the helpline, the same are brought to the Board's knowledge. To support the Board's work in assessing culture as described above, and at the direction of the Audit and Risk Committee, Group Internal Audit conducted a review of the Group's whistleblowing arrangements towards the end of 2020. Their findings were positive in respect of the measures taken by management to increase whistleblowing awareness and training amongst employees (which resulted in staff increasingly using the whistleblowing framework to highlight important areas for management to review and address as appropriate) and the way in which issues were dealt with by management and the flow of information to the Audit and Risk Committee. A number of recommendations were made by Group Internal Audit ('GIA') and adopted by management to enhance the whistleblowing framework, including confirming the Senior Independent Director's role as the Whistleblowers' Champion, completing the roll out of screensaver communications to all remaining employees, including questions in future Employee Engagement Surveys about awareness and willingness to report issues, revising the Whistleblower's Policy so it now explicitly applies to the Company's external parties such as vendors and customers and adding a link to the Company's website so that external whistleblowers can report issues of concern via the dedicated hotline.

Workforce engagement

The Board acknowledges that the Company does not meet the qualifying criteria to report on some of the recently introduced legislation in The Companies (Miscellaneous Reporting) Regulations 2018. Specifically, reporting on employee engagement does not apply directly to the Company as it employs fewer than 250 employees in the UK. However, the Board believes it is important to be progressive and embrace the spirit of this regulation, as it regards the wider workforce as key stakeholders and therefore it is imperative to engage on matters that concern them.

To this aim, there are solid and effective levels of bilateral engagement that continue between Executive Directors, senior management, and the wider workforce, as described in this Corporate Governance Report and within the Responsible Business section of the Strategic Report on pages 62 to 63. For example, employees' concerns and suggestions can be raised through a host of communication channels across the Group such as direct and indirect engagement with the CEO via a dedicated "Ask Nandan", previously "Ask Simon", email address, "Coffee with Nandan", previously "Coffee with Simon", and townhalls. Additionally, this year a number of remote engagement initiatives were regularly held to ensure we significantly enhanced our two-way communication with employees during this difficult year (please see pages 62 and 63). The Board is also pleased that workforce engagement was further encouraged during the year through the implementation of the new Employee Charter, which further encourages the involvement and participation of employees in the Company's performance.

During the year, the Board established a formalised approach to reviewing all our workforce engagement mechanisms through the Remuneration Committee, which reports its findings to the Board. In addition, the views of our people and initiatives taken by management, as it drives implementation of the Company's new Employee Charter, are summarised within the CEO report, and presented to each Board meeting. Furthermore, all whistleblowing issues and the way in which they are being resolved are reported to the Audit and Risk Committee.

Although the COVID-19 situation in 2020 has made this significantly more difficult, our Non-Executive Directors normally have many opportunities to meet with employees at all levels, often without the employee's manager being present. The Board believes that the Group's employee engagement mechanisms are highly effective and appropriate as they encourage dialogue between the executive and employees and provide opportunities for employees to raise issues via many avenues and the Board has visibility of the activity and progress.

Shareholder engagement

The Board has continued with its engagement with our investors, which it considers vital to create a mutual understanding of views. Regular meetings have been held with our major shareholders led by our Chief Executive Officer and Chief Financial Officer; the Chairman has met with shareholders on matters of governance and broader strategic topics; and the Chair of the Remuneration Committee has engaged with shareholders to discuss our approach to Remuneration Policy and practice. More information on our shareholder engagement is disclosed within the Strategic Report on page 29, in the Chairman's Governance Letter on page 90 and in the Remuneration Committee Chair's letter on page 135. Regular feedback of these meetings is given to the Board.

In addition, our brokers and our Investor Relations team provide regular reports to the Board of investor perceptions of the Company in relation to strategy, performance, governance and remuneration. These reports also include commentary on market expectations, share price performance, market trends and feedback from investors and sell side analysts.

The Group Company Secretary, who acts as the first point of contact in respect of governance related matters, shall maintain contact with each of our major shareholders to enquire whether they would find it helpful to deepen their ongoing engagement by meeting with either the Chairman and/or the Senior Independent Director. She will also contact major shareholders as soon as this Annual Report and the notice convening the AGM are published to re-introduce herself in case they wish to raise any questions or concerns ahead of lodging their proxy votes.

The AGM provides an opportunity for shareholders to vote on a range of issues either by proxy and/or in person, when they can ask questions of the Board members including the Chairs of the Board Committees. In view of the COVID-19 situation and the Stay At Home Measures introduced by the UK Government in March 2020, the Board conducted the AGM held on 30 April 2020 as a hybrid meeting, thereby enabling shareholders to participate fully by electronic means.

The Company uses its website and email as its primary means of communication with shareholders. The Annual Report, announcements of results and other matters and general information can all be found on the Group's website https://investors.networkinternational.ae/investors/. Enquiries from shareholders can be addressed to the Group's investor relations function through the contact provided on the Group's website.

Other key stakeholder engagement

The Board also recognises the importance of continuous engagement with the Company's other key stakeholders and ensures that formal programmes are in place to ensure that management fully understand the requirements and views of the stakeholders including customers, suppliers, and regulators. Regular feedback from stakeholders, backed by KPIs, is given to the Board and its Committees by the CEO (for example, a comprehensive section on customers is included in all CEO reports to the Board) and other senior management. More information on key stakeholders and engagement is available in the Strategic Report at page 20.

Matters reserved for the Board

The Board has a schedule of matters reserved for its approval, which can be found on the Company's corporate website at https://investors.networkinternational.ae/investors/corporate-governance/ and has a formal structure of delegated authority, whereby specified aspects of management and control of the Group have been delegated to the Board Committees and the Chief Executive Officer. The Executive Management Team and the regional operating divisions support the Chief Executive Officer in his day-to-day management of the Group's affairs. The Board has approved the terms of reference for the Audit and Risk, Nomination and Remuneration Committees and the role and responsibility documents for the Chairman, Chief Executive Officer and the Senior Independent Director, all of which can be found on the Company's corporate website. The powers of the Directors are set out in the Company's Articles of Association, which are also available on the Company's corporate website.

In line with its schedule of matters reserved, the Board is specifically responsible for:

- Strategy, including:
  - Responsibility for the overall management and oversight of the Group;
  - The approval of the Group's strategic aims and its business plan, and the review of the Group's performance in the light of these;
  - Setting the Company's values and standards; and
  - Approval of the extension of the Group's activities into new business outside the Group's existing business or geographic areas, or the cessation of any material part of the Group's business.
- Capital and structure, including:
  - Changes to the Group's capital structure, including the issue and buy-back of any securities;
  - Material changes to the Group's corporate structure, the Group's management or control structure; and
  - Changes to the Company's listing or status as a plc and recommendations to alter the Articles of Association, registered office or name of the Company.

- Board, Committee and other appointments:
  - Changes to the structure, size and composition of the Board, including the specific roles of Chairman, CEO and Senior Independent Director, following recommendations from the Nomination Committee, and determining the division of responsibilities of those roles, which should be set out in writing;
  - The terms of engagement and remuneration of the Non-Executive Directors;
  - Proposals for the re-election of Directors by shareholders at the AGM;
  - Proposals for the appointment, re-appointment or removal of the external auditors;
  - Establishing the Board's Committees, including the chair and composition of those Committees;
  - Succession planning for all Board and senior management roles;
  - The appointment and removal of the Chief Executive Officer and the Company Secretary;
  - Appointments to the boards of principal operating subsidiaries; and
  - Delegated authority to Directors and senior management.
- Remuneration:
  - Determining the Group's Remuneration Policy, including the approval of share plans and pension plans; and
  - The approval of any large-scale redundancy programmes.
- Financial and reporting:
  - Approval of the Annual Report and Accounts, and the preliminary and half year results announcements;
  - Approval of the annual budget, capital and revenue expenditure over the limits delegated to management, estimates and forecasts made public;
  - Approval of the dividend policy, declarations of interim dividends and recommendations of final dividends; and
  - Approval of and changes to accounting and tax policies.
- Engagement and communication with shareholders and other stakeholders:
  - Ensuring effective engagement with the Group's shareholders and other stakeholders, including the workforce, in order to understand their views;
  - Convening of all general meetings of shareholders and approval of resolutions proposed to those meetings; and
  - Approval of all circulars, prospectuses, listing particulars and market announcements concerning matters decided by the Board.
- Contracts:
  - Approval of any transaction that would be required by the UK Listing Rules to be announced to the market;
  - Approval, amendment or termination of any commitment or arrangement (or series of such matters) with a value of greater than USD 20 million;
  - Any proposed acquisition or disposal of shares in a listed company; and
  - Any binding commitment to enter into a material strategic alliance, joint venture, partnership or profit-sharing arrangement.
- Capital expenditure and financing:
  - The approval of investments and capital projects, borrowings, indemnities and guarantees for an amount in excess of USD 20 million;
  - The creation of any mortgage, charge or pledge etc. over all or part of the Company, its assets and uncalled capital; and
  - The issue by any member of the Group of any debt instruments in excess of USD 20 million.
- Corporate Governance:
  - Approval and oversight of the Group's Corporate Governance arrangements.
- Internal control:
  - Approval of the Group's risk appetite and appropriate policies on and systems of risk management and internal control;
  - Approval of the risk management and internal control framework;
  - Monitoring and, at least annually and reviewing the effectiveness of the system of risk management and internal control.
- Policies:
  - Approval and oversight of material policies and procedures of the Group.

Board activity during the year

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and business performance across the Group and the Chief Financial Officer presents a detailed analysis of the financial performance, both at Group and operating segment levels. This year, both the CEO and the CFO have also apprised the Board on the impact of the COVID-19 pandemic on the Group's business, customers, people and finances, and the steps taken to minimise the pandemic's impact. In view of the critical importance to the Group's business, the Board reviews progress reports on the roll out of our highly secure Android based payment platform N-Genius™, new markets, new avenues with existing customers, progress with new key customers, and acquisition opportunities. This is in addition to the regular in-depth review of these platforms and cyber security conducted by the Audit and Risk Committee. The Board continuously reviews the Group's strategy at each of its meetings and, in addition, holds one dedicated two-day strategy meeting each year. Executives below Board level attend relevant parts of Board and Committee meetings in order to make presentations and answer questions on their area of responsibility. This gives the Board access to a broader group of executives and senior managers and helps the Directors make assessments when considering the Group's succession plans.

Board activity during the year

At its meetings during 2020, the Board discharged its responsibilities, and in particular it reviewed:

Strategic

- Annual strategic review
- Feedback from the annual strategic review and discussion
- M&A pipeline and specific M&A proposals, including the acquisition of DPO Group
- Placing of equity shares
- Product overview and outlook
- Separation from ENBD
- Approval of capital projects requiring Board approval under the Delegation of Authority
- Macroeconomic perspectives
- Opportunities under the strategic partnership with Mastercard – commercial agreement signed in 2019
- Development and strategy support presentations

Operational

- CEO reports at each Board meeting
- DPO integration planning and progress reporting
- Roll out of our highly secure Android based payment platform N-Genius™
- Implementation of the new Enterprise Risk Management Framework

Business and financial performance

- Ongoing review of the business, customer, people and financial risks of the COVID-19 situation
- CFO reports at each Board meeting
- Financial forecasts
- Annual budget

Reporting

- Review and approval of the 2019 ARA and the 2020 H1 results, and all statements and confirmations therein
- Review and approval of Regulatory News Service announcements, including trading updates, issued to the market

Internal control and risk

- Enterprise Risk Management Framework
- Review of principal risks
- Risk appetite
- Annual review of internal control
- Annual review of viability

Shareholder and stakeholder oversight

- Reports from Investor Relations and brokers
- Ongoing oversight of progress with the Group's People agenda
- Ongoing oversight of the corporate culture and review of the 2020 Employee Engagement Survey results
- Engagement with the Company's other stakeholders including Mastercard and customers

Directorate

- Appointment of two Independent NEDs in January 2020
- Acceptance of the resignation of three NEDs in April 2020
- Appointment of a new Executive Director in June 2020
- Appointment of two Independent NEDs in January 2021
- Oversight of the work of the Nomination Committee in respect of the search for a new Group CEO prior to the retirement of Simon Haslam

Governance

- Composition of the Board's Committees upon the strengthening of the Board during the year
- Approval of matters recommended by the Board's Committees
- Notice of the 2020 Annual General Meeting and subsequent review of the voting results of that meeting
- Policy and insurance approvals
- Board effectiveness review
- Meetings between the Chairman and the Independent NEDs
- Governance enhancements in compliance with the 2018 UK Corporate Governance Code

"We have developed a comprehensive programme of work to ensure we cover the breadth of responsibilities and duties of the Board, and each of its Committees, and to allow executive management to plan and resource their support work."

Ron Kalifa OBE
Chairman

Effectiveness of risk management and internal control systems

Each year, the Board, through the work of the Group Audit and Risk Committee, conducts a review of the effectiveness of the Group's system of risk management and internal control in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board approved the Enterprise Risk Management Framework in early 2020 and has monitored its implementation throughout the year. There is an ongoing process for the identification and evaluation of risk management and internal control processes. For example, as a result of the COVID-19 pandemic, a temporary principal risk was created in spring 2020 to understand and monitor the impact of the pandemic on the Group's risk profile. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out independently by the Group Internal Audit function. Regular reports on control issues are presented to the Audit and Risk Committee by the Chief Internal Auditor. The Board, in reviewing the effectiveness of the system of risk management and internal control, can confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review. Further details of the ERMF can be found on page 73.

Board composition

As at 31 December 2020, the Board comprised the Non-Executive Chairman (independent on appointment), two Executive Directors, five Independent Non-Executive Directors and one non-independent Non-Executive Director. The biographical details of each of the current Directors can be found on pages 94 to 96 and on the Group's investor website at https://investors.networkinternational.ae/who-we-are/leadership/board-of-directors/.

The Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. Ron Kalifa has been the Chairman throughout the year. He was independent on appointment in March 2019.

The roles and responsibilities of the Chairman and Chief Executive Officer are separate and distinct and have been clearly set out in writing and approved by the Board. These documents can be found on the Group's investor website at https://investors.networkinternational.ae/investors/corporate-governance/.

The Senior Independent Director

Darren Pope has been the Senior Independent Director throughout the year. The Senior Independent Director is available to shareholders should they have concerns that cannot be resolved through the normal channels involving the Chief Executive Officer or the Chairman. The Board-approved Role and Responsibilities of the Senior Independent Director are set out in writing and can be found on the Group's investor website at https://investors.networkinternational.ae/investors/corporate-governance/.

CEO succession

Following a thorough process and global leadership search conducted by the Nomination Committee, and upon its recommendation, the Board appointed Nandan Mer as Group CEO with effect from 1 February 2021. This followed Simon Haslam's decision to retire from the Company after 40 years in the financial services industry. Simon stepped down as Group CEO on 31 January 2021 and remains with the Company throughout his six-month notice period to ensure a smooth transition.

Board and Committee membership, appointments and diversity

Following the IPO, ENBD and WP/GA continued to be significant shareholders in the Company, with each entering into a Relationship Agreement with the Company on 1 April 2019.

Under the Relationship Agreements between the Company and ENBD, and the Company and WP/GA, ENBD had the right to nominate for appointment up to three Non-Executive Directors, and WP/GA had the right to nominate for appointment up to two Non-Executive Directors to the Board in accordance with the terms of their respective Relationship Agreements.

During November 2019, consequent to each of ENBD and WP/GA reducing their percentage holding of voting rights in the Company, the Relationship Agreements with them automatically terminated, and they ceased to be entitled to nominate Non-Executive Directors for appointment to the Board. The Company did not immediately exercise its right to procure the resignation of ENBD's or WP/GA's nominated Directors, on the grounds that in the first year of operation as a listed company, the skills, knowledge and experience of Shayne Nelson, Suryanarayan Subramanian, Aaron Goldman and Daniel Zilberman and the contribution of each to the deliberations of the Board continued to be important.

Three of the four shareholder nominated directors, Shayne Nelson, Daniel Zilberman and Aaron Goldman, resigned from the Board at the Company's first Annual General Meeting on 30 April 2020. The remaining Director Suryanarayan Subramanian, at the Company's request, has continued as a Board member in order to provide support and continuity, given his long-standing experience with the business and market, and his financial expertise. For these reasons, Mr Subramanian was invited to attend the Audit and Risk Committee meetings throughout the year. From the start of 2021, he was invited to attend the meetings of both the Audit and Risk Committee and the Remuneration Committee. He is not a member of those Committees, does not receive any additional fee for his attendance, has no voting rights and is not counted towards the quorum. ENBD has since, by its letter dated 16 July 2020, confirmed that Suryanarayan Subramanian does not represent ENBD's interest on the Company's Board.

With the advice of the Nomination Committee, the Board appointed Anil Dua and Ali Mazanderani as Independent Non-Executive Directors with effect from 22 January 2020, Rohit Malhotra, Group Chief Financial Officer, as Executive Director, with effect from 2 June 2020, and Diane Radley and Monique Shivanandan as Independent Non-Executive Directors with effect from 1 January 2021. As at the date of this report, the ratio of Independent Non-Executive Directors (excluding the Chairman) to other Directors is 7:3 which continues to be in compliance with the requirements of the Code.

The composition of the Board's Committees was further strengthened during year and to the date of this report by the appointment of four additional Independent Non-Executive Directors as detailed above.

The current compositions of the Board's Committees and the changes made during the year are shown in the relevant Committee sections on pages 92 to 93. The search, selection and appointment process for Non-Executive Directors is shown in the section on the Nomination Committee on page 128.

When considering the appointment of new Independent Non-Executive Directors, the Nomination Committee and the Board have regard to its Board Appointments Policy, which provides for diversity across a range of attributes, including skills, knowledge and experience, gender and ethnicity, to meet the needs of the business.

The Board Appointment Policy can be found on the Group's investor website at https://investors.networkinternational.ae/investors/corporate-governance/.

Directors' conflicts of interest

The UK Companies Act has codified the Directors' duty to avoid a conflict situation in which they have, or can have, an interest that conflicts, or possibly may conflict, with the interests of the Company. The Board has established a process to identify and authorise conflicts. Directors have to notify the Group Company Secretary as soon as they become aware of actual or potential conflict situations. A Director will not be in breach of that duty if the relevant matter has been authorised in accordance with the Articles of Association. Such a decision to authorise a conflict of interest can only be made by Directors who do not have any interest in the matter being considered.

The Nomination Committee also reviews the interests of candidates prior to making recommendations to the Board for the appointment of new Directors. The Nomination Committee and the Board applied the above principles and process throughout the period to the date of this report and confirm these have operated effectively.

External appointments

The Directors are required to first seek and obtain the approval of the Board before accepting any other significant appointment. The Board will only grant approval if it is satisfied that the proposed appointment would not give rise to a conflict of interest and the Director in question has given assurance that they expect to be able to devote sufficient time to meet their Board responsibilities.

Confirmation of Director independence

At its meeting on 7 March 2021, as part of a thorough review of Corporate Governance against the Code, the Board considered the independence of the Non-Executive Directors. In doing so, they considered the criteria set out in provision 10 of the Code amongst other matters and determined that six of our Non-Executive Directors, namely Victoria Hull, Habib Al Mulla, Darren Pope, Anil Dua, Ali Mazanderani, Diane Radley and Monique Shivanandan were independent.

In reaching the above determination of independence, the Board considered the following (which was fully disclosed in paragraph 6.9 on page 201 of the Additional Information Section of the Prospectus published prior to the IPO):

- Habib Al Mulla is related to the Vice Chairman of ENBD, by virtue of being married to the Vice Chairman of ENBD's sister; and
- Habib Al Mulla is the Executive Chairman of Baker McKenzie Habib Al Mulla, Chairman of the Board of Trustees of the Dubai International Arbitration Centre and is a UAE lawyer with over 30 years' experience. As the head of Baker McKenzie Habib Al Mulla's Disputes practice, Habib Al Mulla may occasionally be contacted by ENBD in the context of providing general advice or clarification in his area of expertise but in the vast majority of engagements other partners from within Baker McKenzie Habib Al Mulla have ultimate responsibility for the relevant engagement. Habib Al Mulla has himself never had a business relationship with the Vice Chairman of ENBD nor with ENBD.

Habib Al Mulla had confirmed to the Board that he was not acting for or with ENBD and shall at all times act independently without influence from the Vice Chairman of ENBD or ENBD.

On the basis of the above, the Board had concluded that Habib Al Mulla is independent, as defined in the UK Corporate Governance Code.

Confirmation of the Chairman's independence on appointment

As disclosed in paragraph 6.8 on page 201 of the Additional Information Section of the Prospectus published prior to the IPO, Ron Kalifa was an Executive Director of Worldpay until May 2019. In March 2019, Fidelity National Information Services, which is one of the Group's competitors, announced a merger with Worldpay (which completed in July 2019). Notwithstanding this situation, the Board determined at the time that Ron Kalifa was independent on appointment as Chairman of the Company.

The other Non-Executive Directors

Of the Directors who held office during the year:

- Shayne Nelson, Aaron Goldman and Daniel Zilberman stepped down as Directors of the Company from the date of the first Annual General Meeting of the Company on 30 April 2020;

- Suryanarayan Subramanian, who was nominated for appointment to the Board pursuant to the relationship agreement between the Company and ENBD, continued as a Director. He has informed the Board that, with effect from 1 January 2020, he no longer holds the position of the Group Chief Financial Officer of ENBD. ENBD has also informed by its letter dated 16 July 2020 that Suryanarayan Subramanian does not represent ENBD's interest on the Company's Board. Accordingly, the Board acknowledges that in accordance with provision 10 of the Code, Suryanarayan Subramanian cannot presently be regarded as independent, but is satisfied that since 1 January 2020, there is no ongoing conflict of interest.

Re-appointment of Directors

In accordance with the Code and the Company's Articles of Association, every Director shall be subject to annual re-election by shareholders at each Annual General Meeting. The Notice convening the Annual General Meeting to be held on 20 May 2021 sets out, in respect of each Director standing for re-election, the specific reasons why their contribution is, and continues to be, important to the Company's long-term success.

Board development and induction

Throughout the year under review, the Board reviewed a series of development and strategy support presentations at each of its meetings. This series, together with ongoing business reviews, was designed to ensure that the new Directors gained a high level of knowledge about the Group so that all Directors could contribute to the Board's ongoing review and development of strategy.

At Board meetings and, where appropriate, Committee meetings, the Directors receive updates and presentations on business developments. In addition to gaining a better understanding of those businesses, these programmes also increase the exposure of senior talent to the Board and also the Board's presence across the Group.

There is a thorough induction programme for newly appointed Directors and this can be tailored to meet individual needs. Overall, the aim of the induction programme is to introduce new Directors to:

- The nature of the Company, its purpose, values and strategy, its businesses, the markets in which it operates, its challenges and risks;
- The legal and regulatory environment in which the Company operates;
- The Company's relationships with its main stakeholders and how these are managed; and
- The organisation's culture; and to build a link with the Company's people.

Inductions will typically include meetings with members of the Executive Management Team, and other senior management, both at Group and the operating divisions, where they receive thorough briefings aligned with the aims set out above. Individual induction requirements will be monitored by the Chairman, with the support of the Group Company Secretary, to ensure that newly appointed Directors gain sufficient knowledge about the Group to enable them to contribute to the Board's deliberations as swiftly as possible. The induction process has evolved as the experience of inducting each new Director is built upon.

The induction programmes for Anil Dua and Ali Mazanderani were conducted in line with the above and included extensive engagement meetings with many members of the management team in the areas of HR, Product, Technology, Operations, Audit, Risk, Strategy and Finance. These induction meetings were well received, not just by the Directors, but also by the members of the management team who gained first hand exposure to new members of the Board. As of the date of this report, the induction programmes of Diane Radley and Monique Shivanandan are well advanced.

Operation of the Board and its Committees

The Board and its Committees each have a schedule so they can operate effectively, ensure comprehensive coverage of their responsibilities, and allow executive management to plan and resource their support work. Prior to scheduled meetings, the Chairman (or Committee Chairman), with the support of the Group Company Secretary, liaises with the Executive Management Team to fine tune and finalise the agenda. The Chairman, CEO and Group Company Secretary review the papers for the meeting and these are then circulated to the Directors one week prior to the meeting. The Directors have access to a fully encrypted electronic portal system, which allows them to receive and review papers quickly and securely on a tablet or PC. Due to the impact of the COVID-19 pandemic, most of the scheduled Board meetings during the year were held through video conference.

At scheduled Board meetings, the Chairman meets with the Independent Non-Executive Directors in the absence of the other Non-Executive Directors, CEO and the CFO. The Group Company Secretary, who was appointed by the Board, acts as secretary to the Board and its Committees, and works with the Chairman and the Executive Management Team as described above to ensure there is a smooth flow of information and attends each meeting. The Group Company Secretary is also responsible for advising and supporting the Chairman, the Board and its Committees on Corporate Governance matters. All Directors have access to the advice and services of the Group Company Secretary, and through her, have access to independent professional advice in respect of their duties, at the Company's expense. Jay Razzaq has held the position of Group Company Secretary from 27 February 2019. Her biographical details can be found on page 97.

Board Observer

Under the Cornerstone Agreement signed by the Company with Mastercard at the time of the IPO, Mastercard is entitled to appoint an Observer to the Company's Board for so long as Mastercard does not dispose of the shares acquired by it. The Observer may attend all Board meetings and receive all Board papers, but may not vote at Board meetings. As per the terms of the Cornerstone Agreement, the Observer is excluded for matters where a conflict arises or where the matter is considered to be commercially or legally sensitive. The first Observer is Mr Raghu Malhotra.

Board meetings and attendance

The Board and its Committees have regular scheduled meetings throughout the year and supplementary meetings are held as and when necessary. The table below shows the number of scheduled Board and Committee meetings attended by each Director out of the number convened during the year 2020. Non-attendance at one Board meeting each by Dr. Habib Al Mulla and Ali Mazanderani was due to prior overseas travel commitments which were unavoidable.

Each of the Directors has given a firm commitment to being able to give sufficient time to enable them to fulfil their duties, including attendance at meetings, in 2021.

Individual Director attendance at scheduled meetings during the year 2020

Name	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
No. of meetings held	**7**	**7**	**2**	**5**
Ron Kalifa	7/7	1/1*	2/2	5/5
Simon Haslam	7/7	–	–	–
Darren Pope	7/7	7/7	2/2	2/2*
Victoria Hull	7/7	7/7	2/2	5/5
Habib Al Mulla	6/7	–	2/2	2/2*
Suryanarayan Subramanian	7/7	–	–	–
Anil Dua	7/7	7/7	–	–
Ali Mazanderani	6/7	4/4*	–	4/4
Rohit Malhotra	4/4**	–	–	–

* Not a member for the entire year. Please refer to the respective Committee reports for more details.
** Rohit Malhotra joined the Board on 2 June 2020.

Attendance at scheduled meetings during the year 2020 by former Directors who resigned with effect from 30 April 2020

Name	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
No. of meetings held	**3**	–	–	–
Shayne Nelson	2/3	–	–	–
Daniel Zilberman	3/3	–	–	–
Aaron Goldman	2/3	–	–	–

Board effectiveness evaluation

The Board recognises the benefit of a thorough evaluation process to reflect on the Board's strengths and the challenges it faces, and to identify opportunities to continuously improve effectiveness.

Our Board evaluation process in 2020:

1. The Board agreed to have an externally facilitated Board effectiveness review conducted in 2020.
2. Discussions were initiated with three reputed external agencies shortlisted for carrying out the Board effectiveness evaluation, and Egon Zehnder were selected.
3. The Chairman discussed and agreed the scope of the evaluation with Egon Zehnder. Separately, the Senior Independent Director led the evaluation of the Chairman.
4. Egon Zehnder conducted individual private interviews with each of the Directors and other Board attendees (see below). They also reviewed Board and Committee agendas, papers and minutes.
5. Egon Zehnder prepared a report of their findings from the review, identifying strengths, challenges and opportunities to improve and embed higher performance.
6. Egon Zehnder's report was first shared with the Chairman and the SID and then presented to, and discussed by, the Board, which agreed an action plan to enhance Board effectiveness for the year ahead.
7. The action plan will be continually monitored by the Chairman with the support of the Company Secretary.
8. The Board evaluation to be conducted in 2021 will be carried out internally but will reflect on the actions from the 2020 external review.

Process and context

A thorough evaluation of the Board and its Committees was conducted by Egon Zehnder and the table above explains the process undertaken over a two-month period in the autumn of 2020.

Egon Zehnder was appointed in view of their specific knowledge of the Board and to align the review work with their assignment in respect of the CEO succession process and the search for additional Independent Non-Executive Directors. Egon Zehnder also conducted the search resulting in the appointments in January 2020 of Ali Mazanderani and Anil Dua. See the Nomination Committee report on page 128 for details of the processes in respect of these Board appointments.

The Board determined that the best time to conduct its first effectiveness review would be around 18 months after the formation of the Board (at the time of the IPO), allowing time for the Board to adapt and develop following the changes made to its composition in the first half of 2020. Nevertheless, the evaluation was conducted at a time of transition and significant activity for a new Board in a difficult market, including: the short tenure of most of the Directors; being in the midst of a major acquisition; having to deal with the significant additional business challenges brought about by the pandemic; and being unable to interact face to face as a Board and with management due to the COVID-19 restrictions. A CEO succession process and a search for additional Independent NEDs were also underway at the time the review was conducted.

Private discussions were held between Egon Zehnder and each Director, the Board Observer appointed under the agreement with Mastercard (see page 109 of this Governance Report) and the Chief Risk Officer and Group Company Secretary. These interviews covered Board structure, composition, processes, and behaviours. Individual feedback sessions were offered to the Directors by Egon Zehnder.

The comprehensive report prepared by Egon Zehnder was debated by the Board, which then agreed an action plan for improvement, in February 2021.

Summary of outputs

The Board effectiveness review concluded that the Board was operating very effectively with all members feeling enabled to contribute to the work of the Board and its Committees. The report recognised that there was a good team spirit, engagement, and energy around the Boardroom table (albeit virtual for most of the year); heavy lifting by the Committees allowed the Board to focus on higher level topics and there was a good allocation of time on the agendas; and good resilience had been shown when dealing with the many challenges (as described above). Significant progress had been achieved in many areas supported by the Directors' high governance standards, led by the Chairman. There is a high degree of confidence in the Chairman, and admiration for the Committee Chairs and the support given by the Company Secretary.

It was recognised that at this stage of the Board's evolution and in view of the COVID-19 restrictions experienced throughout most of the year, there was opportunity and potential to develop the Board's effectiveness and Egon Zehnder's report set out a number of key themes that emerged from their review and set out some clear recommendations for consideration.

The recommendations from the emerging themes focused on developing a more comprehensive set of induction teach in sessions for Directors on various aspects of the business to build on the induction sessions on joining. These were to be delivered through a series of online sessions over a three-month period.

The following table presents a high-level summary of the outputs from the 2020 Board effectiveness evaluation and the actions agreed by the Board.

Outputs from the 2020 Board evaluation	Board agreed actions
› Conclude the search for two additional Independent Non-Executive Directors with the attributes identified by the Nomination Committee.	› Action completed with the appointment of Diane Radley and Monique Shivanandan with effect from 1 January 2021.
› Further enhance the induction process (currently challenging due to COVID-19 restrictions).	› Induction process to be benchmarked against the FTSE 250 and improvements made as required.
› Continued preparation for top bench succession.	› Additional Nomination Committee meetings built into the corporate calendar.
› Allocate agenda time on: – People, organisational capability and culture. – Competitive landscape.	› Board's forward programme to reflect this recommendation.
› Enhance the strategic debate by allocating time for input by the broader management team and NEDs with specific expertise.	› Board's forward programme to reflect this recommendation.
› Wider management population to undertake training of FTSE governance requirements and standards – to be reinforced by NEDs with expertise in that area.	› Training programme developed and being rolled out in the first half of the year.
› Produce clearer and more concise Board materials with more inclusive terminology.	› Review of Board materials underway, to be benchmarked against FTSE standards.
› Foster stronger relationships to support their Board roles.	› Directors to arrange virtual sessions among themselves and members of the Executive Management Team, given the lack of opportunity for physical meetings and Board dinners due to the COVID-19 restrictions.

The Group's performance management system applies to management at all levels. The individual performance of the Chief Executive Officer is reviewed separately by the Chairman (and of the CFO by the CEO) and by the Remuneration Committee. Further details of the Executive Directors' performance measures and objectives and their achievement against them are disclosed in the Remuneration Report on pages 139 to 145.

Management Committees

› Executive Management Team

In addition to the members of the Board, the day-to-day management of the Company's operations is conducted by its executive management team called the Network Leadership Team which is made up of the key business heads of each function, and includes the Executive Management Team (please refer to pages 97 to 98 for details).

The Network Leadership Team is chaired by the Group CEO, and convenes throughout the year based on a series of planned meetings. These include a weekly Sunday morning management meeting which focuses on opportunities, risks and challenges; a monthly management meeting to review business performance; and a quarterly three-day management meeting that goes beyond business performance, and includes specific agenda items such as full day talent management reviews, presentation of business cases and staff engagement sessions.

Some of the topics discussed and agreed at the Network Leadership Team meeting, many of which then subsequently came to the Board for approval in 2020, included:

- Saudi Arabia On-Soil Business Case
- Separation from ENBD
- 2021 budget submission
- Employee Engagement Survey Results & Action Plans
- Culture
- Net Promoter Score – Results & Action Plans

› Enterprise Risk Management Committee

Operating an appropriate and effective risk management and internal control system is essential to achieving the Group's strategic objectives and maintaining service delivery targets. The Enterprise Risk Management Committee has general oversight and sets the 'tone from the top' in respect of risk management. It has a mandate to manage and oversee all aspects of operational risk, financial risk, credit risk, fraud risk, compliance, business continuity, and information security governance.

During 2020, the ERMC reviewed regular reports in respect of the above areas of its mandate, including the Group's principal risks and new and emerging risks. Additionally, the Committee reviewed specific reports into the Coronavirus Management Response Strategy and impact assessments on the Group's acquiring portfolio, status updates on embedding the ERMF, principal risk deep dives, IT disaster recovery testing and analyses of the risks associated with retargeting the timelines for certain projects delayed due to COVID-19.

The members of the ERMC are as follows: Chief Risk Officer and Group Company Secretary (Chairperson), Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Internal Auditor, Managing Director Middle East, Managing Director Africa, Group Chief Digital, Technology and Operations Officer.

The Board's perspective on Risk & Control is covered in the Principal Risks section within the Strategic Report at page 72 and within the Audit and Risk Committee Report on page 115.

The evolution of our Board

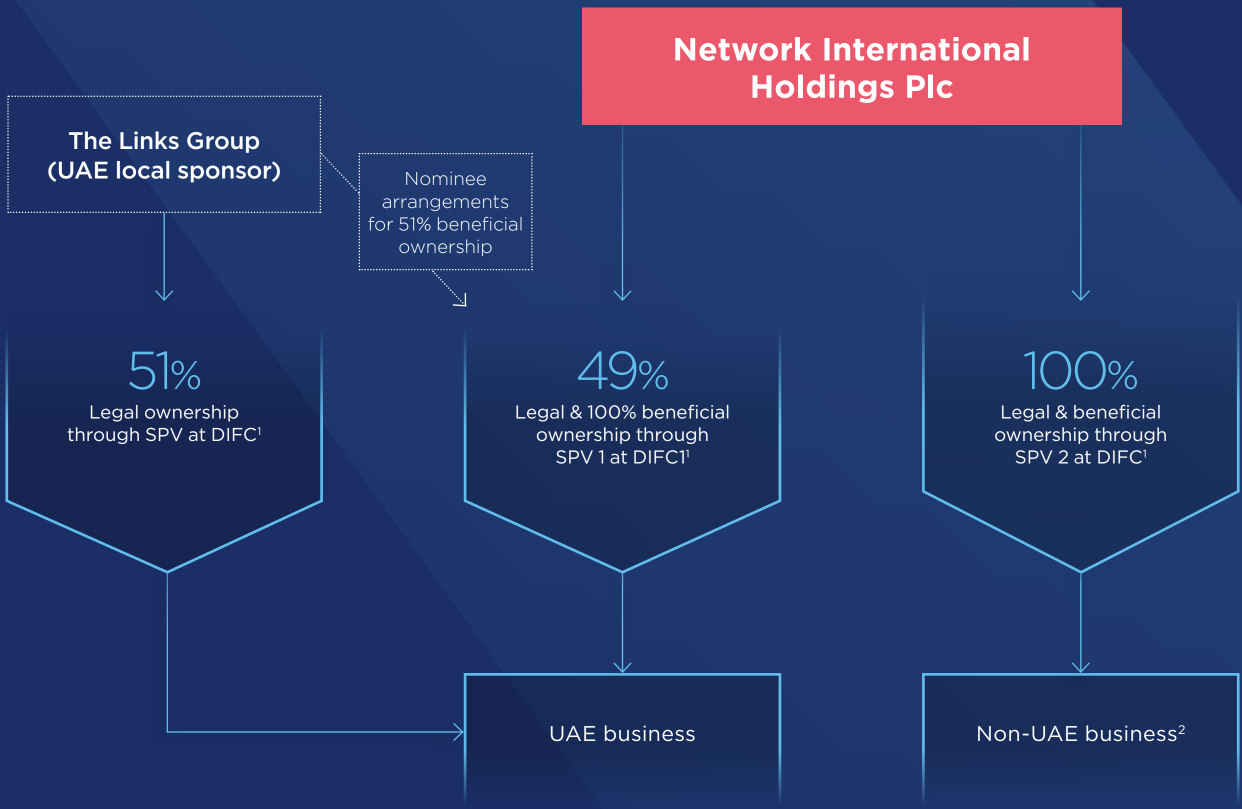
Since our IPO in April 2019, we have carefully managed the construct of our Board to reflect the transition from private equity ownership to that of a UK-listed constituent of the FTSE 250. At Network International, we have been able to attract both Executive and Non-Executive Directors of the highest calibre in line with our exacting requirements. Our Board has a breadth of skills, experience, and knowledge, is diverse by a range of measures, and has a strong cohort of Independent Non-Executive Directors – fully aligned with the requirements of the Code and investor expectations.

Date	Directorate change	Number of Directors	Ratio of Independent Directors to other Directors (excluding the Chairman)*
Pre-IPO: February/ March 2019	**Appointment of the first Directors** Ron Kalifa, Independent Chairman Simon Haslam, Group Chief Executive Officer Darren Pope, Senior Independent Director Victoria Hull, Independent Non-Executive Director Habib Al Mulla, Independent Non-Executive Director Shayne Nelson, Non-Executive Director Suryanarayan Subramanian, Non-Executive Director Aaron Goldman, Non-Executive Director Daniel Zilberman, Non-Executive Director	9	3:5
22 January 2020	**Appointment of two additional Independent Non-Executive Directors** Anil Dua, Independent Non-Executive Director Ali Mazanderani, Independent Non-Executive Director	11	5:5
30 April 2020	**Three Non-Executive Directors (nominees of the former major shareholders) step down at the conclusion of the 2020 AGM.** Suryanarayan Subramanian, Non-Executive Director, invited to remain on the Board. **Resigning Directors:** Shayne Nelson, Non-Executive Director Aaron Goldman, Non-Executive Director Daniel Zilberman, Non-Executive Director	8	5:2
2 June 2020	**Appointment of our serving CFO to the Board as an Executive Director** Rohit Malhotra, Group Chief Financial Officer	9	5:3
1 January 2021	**Appointment of two additional Independent Non-Executive Directors** Diane Radley, Independent Non-Executive Director Monique Shivanandan, Independent Non-Executive Director	11	7:3
1 February 2021	**Succession of the Group Chief Executive Officer** Nandan Mer appointed as Group Chief Executive Officer Simon Haslam retires, remaining with the Company throughout his six-month notice period to ensure a smooth transition	11	7:3

* the Code requires that at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent.

The current Directors and their biographies are detailed on pages 94 to 96.

Corporate structure



The requirement for a local sponsor
Currently, UAE law restricts the level of direct foreign ownership of UAE based companies. A UAE company or UAE nationals must hold at least 51% of the share capital. This law regulates legal ownership and not economic ownership.

Network's UAE sponsor
We use the Links Group, which is owned by Equiom Group, and which provides trust and fiduciary services in 15 jurisdictions globally. Links is generally recognised in the UAE as one of the leading providers of business formation and corporate support services, and has provided services to over 350 international companies since 2002.

The contractual arrangement with our nominee allows for the transfer of the full economic benefit (including all dividends, distributions and voting rights) over the sponsor's shareholding to Network International Holdings plc, which retains full management control over the business.

On 27 September 2020, the UAE issued the Federal Decree-Law No. (26) of 2020 ('New Decree') amending certain provisions of Federal Law No. (2) of 2015 on Commercial Companies. The New Decree came into force partially on 2 January 2021 and repealed the existing Foreign Direct Investment law. Once fully enacted on 27 March 2021, the foreign ownership restrictions will be abolished, allowing foreign investors to hold 100% of the share-capital of their onshore companies, subject to exceptions for certain strategic commercial activities/sectors. We will evaluate the impact of these changes once the New Decree is fully enacted.

1 Special Purpose Vehicle registered at Dubai International Finance Centre Freezone.
2 Includes Jordan, rest of Middle East operations and Africa operations.

UAE = United Arab Emirates.

Audit and Risk Committee Report

Darren Pope
Committee Chairman

Other members
Ron Kalifa (until 4 February 2020)
Victoria Hull (until 1 January 2021)
Anil Dua (from 4 February 2020)
Ali Mazanderani (from 2 June 2020 until 1 January 2021)
Diane Radley (from 1 January 2021)
Monique Shivanandan (from 1 January 2021)

Number of meetings held in the year
7 plus a further 6 meetings to monitor the human, customer and financial impacts of the COVID-19 situation and management's mitigating actions.

Attendance

Darren Pope (Chair)	13/13
Ron Kalifa	1/1
Victoria Hull	13/13
Anil Dua	12/13
Ali Mazanderani	5/5

Meetings also regularly attended by:
- Simon Haslam, Chief Executive Officer; since 1 February 2021, Nandan Mer, Chief Executive Officer
- Rohit Malhotra, Chief Financial Officer
- Suryanarayan Subramanian, Non-Executive Director
- Jay Razzaq, Chief Risk Officer and Group Company Secretary
- Ian Cox, Chief Internal Auditor
- KPMG LLP

Read Directors' biographies on pages 94 to 96
The Board has satisfied itself that a majority of the members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates, as required by the Code.

"The Committee has focused on monitoring the impact of the COVID-19 pandemic on our people, customers, our financial position and the mitigating actions taken by management, the integrity of the financial statements, progressing the implementation of our Enterprise Risk Management Framework, reviewing our principal and emerging risks, reviewing our risk appetite, reviewing the outputs and performance of our second and third lines of defence, and monitoring our cyber and data security protocols."

Darren Pope
Committee Chairman

Dear Shareholder
I am pleased to present the Audit and Risk Committee report for the year ended 31 December 2020. This report describes the work of the Committee during the year and reports on how we have applied the principles and provisions of section 4 of the 2018 UK Corporate Governance Code ('the Code') relating to audit, risk and internal control. Management and the Committee have continued to develop and apply high standards to ensure that the Group meets the investor and stakeholder expectations of a UK listed company.

COVID-19
Similar to other listed companies COVID-19 created new challenges in the way the Group was required to operate. During the early stages of the pandemic the Committee established a new COVID-19 principal risk including key risk indicators, to ensure appropriate visibility of the various consequences of COVID-19 and the risk mitigation actions taken. In addition, the Committee asked the Chief Financial Officer, Chief Risk Officer and Group Internal Audit to pay particular attention to the resilience of both financial and operating controls and performance. It is an enormous credit to the team that, during the year, the business was able to ensure there was no material adverse impact to its people, business operations, supply chains or its cybersecurity framework.

In addition, the Committee undertook a detailed review of a number of risk and technology projects and initiatives that were being deferred due to COVID-19 to ensure that, where required, appropriate compensating controls were in place to manage any residual risks.

Disclosures and year end reporting

During the year, the Committee continued to focus on refining its disclosures to enhance the transparency of the Group's external reporting. As you would expect for a relatively recently listed entity, we have listened carefully to the views of our shareholders as to how we could most meaningfully present the Group's results for them. The most material change has been to move IT transformation costs out of Specially Disclosed Items. We remain confident that this level of core IT spend is very unlikely to be repeated in the foreseeable future. The impact of this change is fully reconciled on pages 49, 50 and 52 and other less material enhancements have been outlined on page 120 in this report.

As you would expect in the current pandemic, particular attention has been given to viability testing to ensure that the stress testing applied to the business is sufficient, stretching and that any management actions deployed are achievable, proportionate, and properly costed. This work excluded the benefit of cash generated from the equity raise to support the DPO Group acquisition. This work evidenced that the business was robust to even quite extreme multi-variant downside scenarios.

External auditor

To gain maximum assurance and out of an abundance of caution, but in view of the understandable market uncertainty with regard to the Wirecard failure, the Committee asked KPMG to increase its revenue coverage for 2020 to 97% from 91% last year and to obtain bank confirmations for all cash balances. In addition, the Committee asked Internal Audit to complete assurance work on most of the remaining 3% of revenues not covered by KPMG.

As part of the ongoing regulatory work of the Financial Reporting Council (FRC), KPMG were subject to an FRC quality review of their audit of the Group's 2019 financial statements. This review detailed on page 126 highlighted a small number of findings giving further reassurance to the Committee as to the quality of the work of the auditor. All observations by the FRC were, in our view, not significant and KPMG have implemented all recommendations into this year's audit where applicable.

Internal Audit

In the first full year since the appointment of our new Chief Internal Auditor, we have seen a significant upskilling of the function including the recruitment of a new Head of Technology Auditor and our first use of data analytics to test a full audit population rather than a sample. Overdue audit actions remain low, despite the challenges brought about by COVID-19, illustrating the high level of focus on control throughout the organisation. While Internal Audit's reviews have identified improving trends, they also highlight areas to improve, and so we will continue to be focused on monitoring and improving our control environment where applicable. Internal Audit also introduced an assessment of Management's Control Approach ('MCA') in 2020 to start assessing our risk and control culture and embedding of the ERMF.

Enterprise Risk Management Framework

Considerable progress was made on embedding the Enterprise Risk Management Framework during 2020 despite certain limitations, including travel restrictions, created by COVID-19, with the vast majority of the framework components now implemented. A regular cadence of meetings of management and the Committee are in place to monitor both completion and embedding of the framework. Regular reporting of key risk indicators to the Committee indicate a general trend of reducing risk with the most obvious residual risk being the impact of COVID-19 on the short-term financials.

Assurance

We have continued to develop our overall assurance approach this year with a highly integrated plan across Group Risk and Group Internal Audit. This plan ensures strong coverage by both principal risks and operating geographies which, combined with assurance activities being performed by third-party providers, gives considerable assurance to the Committee.

Given the nature of the Group's business we give considerable focus to cyber risks. We engaged Protiviti, a third-party consulting firm with deep expertise in this area, to undertake a review of existing cyber security maturity in Q3 2018 and, during 2020, we largely completed the agreed three-year roadmap to further strengthen our cyber security framework. Protiviti returned in 2020 to validate the effectiveness of the enhancements made and we believe we have created a defence in depth mode which is now embedded consistently across the Group. We recognise this is an evolving risk which we will continue to closely monitor to ensure we maintain and where required improve our cyber defences.

Looking ahead

In the year ahead, we will continue to monitor progress in these important areas with a particular focus on the completion of the implementation of the Enterprise Risk Management Framework and assessing its effectiveness as evidence of an effective risk culture across the Group.

Darren Pope
Chair, Audit and Risk Committee
7 March 2021

Compliance with the Code

Throughout the year, there was full compliance with section 4 of the Code, other than in respect of provision 24 (composition of the Committee) for the period from 1 January to 4 February 2020 when the Chairman of the Company was a member of the Committee. An explanation is given in the paragraph below.

Composition of the Committee

The Audit and Risk Committee is comprised solely of Independent Non-Executive Directors. The changes in membership of the Committee during the year reflect the development of the Board with the appointment of additional Independent Non-Executive Directors. From the IPO of the Company in April 2019, Ron Kalifa, the Chairman of the Board, was a member of the Committee, given his relevant experience and sector knowledge. He stepped down from the Committee on 4 February 2020 and was replaced on the same date by Anil Dua. Ali Mazanderani joined the Committee on 2 June 2020 and, upon further strengthening of the Board he and Victoria Hull stepped down from the Committee upon the appointment of Diane Radley and Monique Shivanandan on 1 January 2021.

Role of the Committee

The Board has delegated to the Committee authority to:

- Establish and oversee the Company's relationship with its external auditor, including monitoring their independence, with oversight and approval of non-audit work, and approving the terms of their engagement and remuneration;
- Review and approve the annual external audit plan;
- Assess the effectiveness of the external audit process;
- Approve the Internal Audit plan, review Internal Audit Reports (ensuring management actions are performed without delay), monitor and review the effectiveness of the Group's Internal Audit function;
- Monitor the integrity of the financial statements including a review of the significant accounting judgements and estimates contained in them;
- Review the content of the Annual Report and Accounts and assess whether it is fair, balanced and understandable;
- Review the Group's risk profile, its principal risks and uncertainties and advise the Board in respect of risk appetite and the potential impacts on the Group;
- Review the Group's internal financial controls and the Group's internal control and risk management systems;
- Oversee the Group's compliance function and review reports from the Chief Risk Officer relating to compliance matters; and
- Oversee the tax policy and strategy, and the Group's tax function.

Each year, the Committee reviews its terms of reference; no substantive changes were made during the year. The Committee has a forward work programme and additionally compares its prior year activities against its responsibilities within the terms of reference to ensure full compliance. To enable it to carry out its duties effectively, the Committee relies on information and support from management across the business as well as a professional relationship with the external auditor. The full terms of reference of the Committee can be found on the Group's investor website at **https://investors.networkinternational.ae/investors/corporate-governance/**.

Summary of principal activities of the Committee during the year

During the year, the Committee reviewed the following (more detail is given on the key matters reviewed on pages 119 and 120:

Financial

- The integrity of the 2019 full year results, the 2020 half year results and in 2021, 2020 full year results (including a review of significant accounting judgements and estimates set out in comprehensive reports prepared by the Group CFO) and the processes underpinning their preparation, verification and management sign offs;
- Information in support of statements in the 2019 (in 2021, in the 2020 Annual Report) Annual Report in respect of going concern, longer-term viability, internal control, the report being fair balanced and understandable and disclosure of information to the auditor.
- The implementation of the key actions arising from the Financial Position & Prospects Procedures risk assessment prepared during the IPO process; and
- An annual review of tax compliance across the Group and the approval of the Group Tax Strategy and Policy.

The Committee reviewed the above, challenged management as appropriate and concluded that the appropriate financial reporting processes are in place and controls are operating effectively.

External audit

- The half year review and annual audit plans and scope, including the external auditor's response to emerging risks in the context of Network's business;
- The half year review and full year audit reports;
- Reports on auditor independence – non-audit services and fees; and
- The effectiveness of the external audit process.

The Committee has reviewed the external audit process, its effectiveness as well as future plans and satisfied itself with the performance of external auditors and their independence.

Internal Audit

- Approval of a Group Internal Audit charter, aligned and compliant with the guidance published by the Chartered Institute of Internal Auditors;
- Approval of resource enhancements for Group Internal Audit;
- The Group Internal Audit plan for 2021;
- The Group Coordinated Assurance Plan for 2021; and
- The reports from Group Internal Audit activity.

The Committee concluded that the strengthening of the Group Internal Audit function had resulted in the planned improvement in its effectiveness.

Risk, controls and compliance

- Continuing the implementation of the Enterprise Risk Management Framework, a review of risk appetite and assessment of risk culture;
- A comprehensive review of the principal risks and new and emerging risks, including COVID-19 and the emerging situation at Wirecard in the context of Network's business;
- Assessment of the three lines of defence model;
- Review and approval of the Compliance Plan, the Group Risk Assurance Plan and the Coordinated Assurance Plan for 2021;
- Regular review of risk and compliance reports;
- Reviewed progress of the Cyber Security road map and emerging cyber threats; and
- Review of conduct and whistleblowing incidents.

The Group's risk management framework and compliance monitoring activities were appropriately developed and materially effective in the assessment and escalation of material Group risks.

Governance

- Separate meetings were held in the absence of management with the Group Internal Auditor, the external auditor and the Chief Risk Officer and Company Secretary;
- Review of the Financial Reporting Council's Guidance on Corporate Reporting;
- Policy reviews and approvals;
- The review of a number of key considerations taken from publicly available information in respect of the broader sector and geographic risks including market failures, as part of an overall approach to improving the management of risk; and
- Reviewed the Group's Whistleblowing arrangements, noting the GIA report that the key components of an effective whistleblowing framework are in place (see page 101 for more details).

Key audit and risk matters considered by the Committee during the year:

Key matter considered		Committee review and conclusion
ERMF implementation	Approved by the Board in 2019, the focus in 2020 was to implement and embed the framework across the Group. The Group risk management framework and culture remain central to its success.	The Committee: › Approved the implementation of the ERMF across the Group and reviewed regular progress reports; and › Welcomed the significant progress of implementing and embedding the ERMF; examples of this have been: – Constitution of the ERM Committee. – Completed all functional risk assessments across the Group. – Introduced risk and control self-assessment 'RCSA' across Group operations. – Alignment of all risk related policies with the ERMF. – Defining corporate risks which act as the bridge between the principal risks and unit level risks. – Applied its ERMF in making sound risk based decisions for strategic projects. – This initiative is ongoing to ensure that an enhanced risk aware culture is firmly embedded throughout the organisation with every employee responsible for the management of risk. Group Internal Audit has tested the embedding process during 2020 and will do so again in 2021.
Response to COVID-19	Ensuring the Group's mitigating actions were timely and proportionate to the new risks that emerged and that impacts on stakeholders were avoided or mitigated.	The Committee: › Established COVID-19 as a principal risk and agreed key risk indicators to ensure visibility of the consequences of the pandemic and the risk mitigation actions taken; › Held bi-weekly meetings to monitor the Group's response and workforce well-being, and specifically: Asked the Group Risk to: › Enhance control framework to support remote working (system access); › Provide additional assurance around vendors; and › Enhance cyber defence monitoring in response to COVID-19. Asked GIA to: › Comment on the risk framework and the process for the inclusion of new and emerging risks. › Consider and report to the Committee on specific new risks including management's response to COVID-19 with a focus on: (i) The impact on controls due to staff working from home, and (ii) Specific areas of heightened risks such as cyber, credit and fraud. › Reviewed the impact of COVID-19 and management's response on each of the principal risks – see the Principal Risks and Uncertainties section of the Strategic Report on page 72.
Reviewing significant events	Review Wirecard's failings to ensure that all relevant learnings are considered by the Board out of an abundance of caution, to extend KPMG procedures to give additional confidence in the reported revenue of Network International given sector uncertainty.	The Committee: › Received analyses of the Wirecard situation that could be ascertained from public sources and reviewed in the context of Network's business; › Requested KPMG to: – increase its revenue coverage such that in-scope coverage for the 2020 Group audit now covers 97% of the Group's revenue, up from 91% in the prior year; – request independent bank confirmations for 100% of the Group's cash balances; – include additional granular reporting in the external auditor's report to the BARC at the end of the year, including but not limited to specific details of business processes related to merchant acquiring revenue, arrangements with third parties, and bank confirmations as noted above. Asked GIA to consider and report: › With regard to Wirecard, on any enhancements needed to the internal audit approach given the lessons learnt from Wirecard, to ensure that revenue and revenue reconciliation and fraud controls are a priority in all applicable internal audits; › To bring forward the next internal audit of merchant and schemes reconciliation and settlement to Q1 2021, and to complete a thematic review of any revenues not included within the full scope of audits of components performed by KPMG for the external audit.

Key matter considered		Committee review and conclusion
Key cyber security enhancements	Ensuring the Group's cyber defences are robust and maintained in line with international best practices.	The Committee: › Received regular reports on the remediation status of the Cyber Security Maturity Assessment plan. › Was updated on global threats events and the relevance of these threats to the Group. › Reviewed the progress of key cyber security projects which were planned for 2020 including: – Implementation of Group-wide end-point detection and response (EDR) solution across all end-points and servers to protect against malware attacks. – Implementation of Privileged Access Management (PAM) solutions in Egypt and Jordan locations in line with the standardisation strategy. – Enhanced email protection, phishing triaging and anti-spoofing controls across the Group. – Enhancements in the DDOS protection across the Group including a simulation exercise to test the efficiency of the controls.
Proposed DPO acquisition		The Committee: › Asked management to develop a separate risk profile of the DPO business to demonstrate how the DPO risk profile could impact the Group's overall risk profile upon completion of the proposed acquisition. › Asked management to develop a day one operating model for the acquired business to ensure that risk oversight for senior risk managers and the Committee was immediately in place upon completion. › Asked Internal Audit to complete additional independent assurance work over: – the due diligence process used in the potential acquisition of DPO, and the due diligence and risk management information presented to the Board. – the Group's subsequent risk mitigation and integration programmes in relation to DPO.
COVID-19 – impact assessment on acquiring	Ensure loss rates remained within risk appetite.	The Committee asked the Risk function to assess (through the development of stress scenarios) the impact the COVID-19 related restrictions could have on the Group's direct acquiring portfolios in UAE and Jordan, with particular focus on delayed delivery merchants' ability to meet the incoming chargeback and refund liabilities in light of significantly reduced sales volumes. › Periodically reviewed the actual chargeback loss rates against the stress scenarios.
Enhanced disclosures	Listened to the views of shareholders.	The Committee directed that enhanced disclosures be made in the 2020 Annual Report including: › Expanded information on the business model in the Strategic Report (on pages 10 to 11). › Improvements/clarifications to reporting of SDIs and therefore APMs more broadly. › Additional details of the settlement cycle working capital balances, including numeric tables and commentary to explain the cycle itself and the specific balance movements year on year.

Significant issues considered by the Audit and Risk Committee in relation to the financial statements

The key areas of judgement considered, and key conclusions and actions taken by the Committee during the year, which ensure that appropriate rigour has been applied to the 2020 Annual Report and Accounts, are detailed as follows:

Key issue/ area of focus	Brief description	Committee review and conclusion
Consolidated financial statements	Applicable accounting standards.	The Group consolidated financial statements for 2019 were prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB') as adopted by EU, in line with the requirement of listing rules. In the 2020 consolidated financial statements, management proposed changing the basis of preparation to: These Group financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These Group financial statements were also prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). As per the rationale provided by management, this change will allow the Group to continue to avail the exemption available under IFRS 10 'Consolidated Financial Statements' that allows the entities to not prepare the consolidated financial statement at the sub group level (Mauritius, UAE, Egypt level) if its ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRS. The Committee reviewed management's rationale and approved the proposed changes in basis of preparation of the consolidated financial statements as this did not have any impact on the amounts reported or the required disclosures.
Accounting, tax and financial reporting	To review and challenge the appropriateness of the contents of the Group's Annual Report and Accounts, preliminary results announcement, interim results announcement, and other trading announcements and investor presentations.	The Committee reviewed the process for the production of the reports under the remit of the Chief Financial Officer, and the level of involvement of cross-functional subject matter experts, including monitoring the procedures in place to ensure that all contributors attested to the completeness, accuracy and appropriateness of the disclosures provided. The Committee concluded that the process followed was adequate and in line with industry best practices.
Impact of applicable new accounting standards and interpretations	To review the impact of new accounting standards on the consolidated financial statements.	The Committee reviewed the update presented by the Chief Financial Officer on the amendments and interpretations applicable for the first time in 2020. The Committee noted the updates and concluded that these changes do not have any significant impact on the consolidated financial statements.

Audit and Risk Committee Report continued

Key issue/ area of focus	Brief description	Committee review and conclusion
Accounting policies and practices and estimates	To review and challenge the appropriateness of the Group's accounting estimates and judgements.	The Committee reviewed the detailed update provided by the Chief Financial Officer on accounting estimates and judgements used in the preparation of the consolidated financial statements and disclosures made to this effect. Other than those separately discussed in the report, these accounting estimates and judgements relate to the following items: **Critical Accounting Judgement** i. Specially Disclosed Items **Critical Accounting Estimates** › Impairment of goodwill and non financial assets **Non Critical Accounting Estimates** i. Held for sale classification › Revenue recognition › Impairment of loans and receivables › Employee benefits › Useful life of tangible and intangible assets › Taxes The Committee noted management's update that these accounting estimates and judgements used in Group's financial statements for the year ended 31 December 2020 are similar to what was disclosed in 2019 ARA with following changes: › Judgement related to 'Held for sale classification' which has been moved from critical judgement area to non-critical as Mercury is no longer treated as 'discontinued operations' in 2020. › Accounting estimates related to Employee benefits has been moved to 'Non-Critical' because the changes in the relevant assumptions used in estimating the employee benefits obligations is not expected to cause a significant risk of material adjustments to the carrying amounts of assets and liabilities. These accounting estimates and judgements have been applied on a consistent basis in preparation of the 2020 consolidated financial statements and the ARA. The Committee discussed the update provided and concluded that the accounting estimates and judgements are appropriate and that sufficient disclosures have been made in the consolidated financial statements for these items.
	To review and challenge the proposed changes in alternative performance measures ('APM') used by management in measuring financial performance and the disclosures provided in the financial statements.	While computing the alternative performance measures ('APM'), management treats certain items of income or expenses that have been recognised in a given period as Specially Disclosed Items ('SDIs'), 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. In line with the Committee's continued focus on refining disclosures to enhance the transparency of the Group's external reporting, during the year, management proposed to make some changes in disclosures related to SDIs, whereby certain items of expenses that were previously included in SDIs will now be considered while measuring underlying financial performance. In management's view these changes are appropriate and necessary to help users of the financial statements to better understand the Group numbers. The Committee noted management's proposal and after discussion and deliberations agreed with management's proposal and these changes have been incorporated in the consolidated financial statements and ARA for the year ending 31 December 2020.

Key issue/ area of focus	Brief description	Committee review and conclusion
Accounting policies and practices and estimates continued	To review management's proposal on additional disclosures to be added in the financial statements and ARA.	In line with Committee's continued focus on refining disclosures to enhance the transparency of the Group's external reporting, during the year management has proposed to include some additional disclosures and reconciliations in the consolidated financial statements and ARA for the year ending 31 December 2020 to make these documents more useful to the reader. These changes broadly related to the following items: i. Reconciliation of reported operating cash flow to underlying free cash flow ii. Additional disclosures on consolidated and net debt and movements in net debt iii. Analysis of the financing cost iv. Additional disclosures related to working capital v. Reconciliation between capital expenditure numbers appearing in the statement of cash flows, tangible / intangible assets schedule and total capital expenditure appearing in the APM note The Committee noted management's proposal and, after discussion and deliberations agreed with management's proposal and these changes have been incorporated in the consolidated financial statements and ARA for the year ending 31 December 2020.
	To review and challenge the alternative performance measures ('APM') used by management in measuring financial performance related to underlying free cash flow.	Management has historically used underlying free cash flow (underlying FCF) as an alternative performance measure ('APM') to measure the net cash flow conversion capability of the Group. In the 2019 ARA, the underlying free cash flow has been computed without deducting SDIs impacting EBITDA, and adjustment for share of EBITDA and dividend received from associate Transguard Cash. In line with common practice across the industry, management proposed to the Committee to deduct the above mentioned two items from underlying EBITDA to arrive at underlying FCF as management believes that the revised computation of the underlying FCF figure would give a more appropriate presentation of cash flow conversion capability of the Group. Based on the above, the Committee agreed with management's proposal and concluded that it is appropriate to change the definition of underlying cash flow to be reported in the financial statements for the year ending 31 December 2020.
	To review and challenge the impairment analysis on intangible assets carried out by management.	As part of the yearly reporting and closing exercise, management has conducted and presented to the Committee a detailed assessment on potential impairment of the business transformation platform and goodwill carried in the books as at 31 December 2020. Goodwill impairment assessment was carried out based on discounted cash flow methodology to estimate the value in use. The Committee reviewed and challenged management's assessment and concluded that there is no indication of any impairment in the carrying value of these assets; and goodwill is not required to be impaired.
	To review and challenge the financial performance of Mercury to be shown as part of continuing operations in the consolidated financial statements for 2020 and the adequacy of disclosures made in notes 6 and 16 of the financial statements.	Mercury operates the 'Mercury' payment scheme in UAE which is a domestic payment card network. In 2018 the Group's Board made a strategic decision to divest the scheme operation of the Group and accordingly classified Mercury as 'held for sale' in the 2018 and 2019 consolidated financial statements under applicable IFRS, as adopted by the EU. Management remains committed to the disposal of the Mercury business and is exploring various opportunities. However the disposal process has been delayed due to the niche nature of the asset and disruption as a result of the COVID-19 pandemic. During the year, management conducted an assessment to confirm whether Mercury still qualifies for the extension for the classification as 'held for sale' for the consolidated financial statements for 2020. Management recommended that as the criteria for recognising Mercury as held for sale are no longer satisfied, the financial performance of Mercury for 2020 will be included as part of continuing operations. Appropriate disclosures have been made in the financial statements in note 16. The Committee reviewed management's assessment and agreed with the change to include Mercury financial performance as part of continuing operations in the consolidated financial statements for the year ending 31 December 2020. The Committee also reviewed the disclosures made in this regards in notes 6 and 16 of the financial statements and was satisfied that the disclosures are appropriate.

Key issue/ area of focus	Brief description	Committee review and conclusion
Accounting policies and practices and estimates continued	Going concern assessment.	Due to the COVID-19 pandemic, management has carried out a detailed exercise during the interim financial reporting (30 June 2020) as well as for the year ended 31 December 2020. This included a detailed review of the forecast from 2020 to 2022 to cover a period of at least 18 months from the end of the respective accounting periods. The detailed assessment was done under base case assumptions, and further stress tested under severe but plausible downside scenarios. These forecasts also included a projection of the leverage ratio for each of the periods to check any potential breaches of financial covenants under the financing agreements. The Committee reviewed the going concern assessment carried out by management and challenged management on assumptions, stress scenarios considered and various mitigants incorporated in downside scenarios. After discussion and deliberations, the Committee approved that the consolidated financial statements for the year ending 31 December 2020 should be prepared on a going concern basis.
	Review of viability assessment including the scenarios and sensitivities considered by management.	As per provision 31 of the 2018 UK Corporate Governance Code, the Directors are required to satisfy themselves that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the longer period (longer than 12 months), i.e. the business is viable. The Committee reviewed the viability assessment carried out by management. Due to the impact of the COVID-19 pandemic the Committee challenged management on the assumptions, stress scenarios considered and various mitigants incorporated in downside scenarios. The Committee asked management to consider additional sensitivities which are very severe and in many cases closer to reverse stress tests designed to break the business. After discussions and deliberations the Committee concluded that: i. Various possible mitigants which have been considered by management, wherever required in various sensitivities as modelled, to offset the impact of adverse assumptions, are achievable in the time period modelled and the cost to achieve is reasonable. ii. The mitigants do not fundamentally impact on the operational integrity of the business or its ability to grow again in the future. iii. The Group is viable and will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2023. Please refer to further details in the viability statement section on page 155 of the ARA.
	FRC publications related to thematic reviews of reporting and disclosures in the Annual Report and Accounts ('ARA').	The Chief Financial Officer provided an update on management's review of the recent documents published by the FRC related to key topics on reporting and disclosures in the ARA of listed companies, the impact on the Group financial statements and proposed actions. The Committee reviewed the update and concluded that appropriate actions have been taken by management to make the required changes by incorporating the Committee's feedback and mapping the reporting and disclosures in the ARA to FRC recommendations.

Group Internal Audit

The Committee oversees the activity of the GIA. GIA is responsible, amongst other things, for evaluating the effectiveness of the Group's risk management, control and governance processes. As mentioned on page 116, the Audit and Risk Committee and management supported the newly appointed Chief Internal Auditor to re-resource and enhance the skills of the GIA function. As expected, this strengthened the quality and coverage of the third line of defence assurance work provided to the Group. A risk-based internal audit plan is prepared by GIA on an annual basis. The internal audit plan, which is reviewed and approved by the Audit and Risk Committee, considers key risks and emerging strategic risks maintained in the risk registers. In addition, as part of the annual planning cycle, GIA consults with senior management across the business, considers the results of previous audits (internal and external) and monitors the implementation status of audit recommendations. This activity ensures that GIA focuses on the most significant risk areas and related key controls.

In approving this plan, the Committee concluded that the Internal Audit function was sufficiently resourced and skilled to deliver the plan and the overall scope of the plan was appropriate given the key and emerging risks.

Regular updates were received throughout the year from the Chief Internal Auditor. These included inputs on the overall control framework which showed an improving risk trend and high levels of management risk awareness meant the overdue high and medium risk audit actions remained low.

GIA additionally reviewed key strategic programmes and its work is covered on page 127.

With the endorsement of the Committee, the Chief Internal Auditor developed a GIA Transformation Plan, part of which involved enhancing the already strong core business operations skill set of the team with additional recruitment, thereby eliminating reliance on external resource. GIA works closely with the other assurance providers across the three lines of defence (e.g. Group Risk) to enhance coverage and minimise duplication. The Coordinated Assurance Plan for 2021 (approved by the Committee and referred to above) is designed to optimise assurance coverage for each of the principal risks by coordinating external (third party) risk assurance, Group risk assurance (second line of defence) and GIA coverage (third line of defence).

The Chief Internal Auditor reports to the Audit and Risk Committee Chairman, and it is the role of the Audit and Risk Committee (as stated in its terms of reference) to assess the effectiveness of the Chief Internal Auditor and the GIA function. A formal internal self-assessment of GIA against the Chartered Institute of Internal Auditors ('IIA') standards and general industry best practice was conducted during the first half of 2020. The Committee reviewed a comprehensive report of the findings of the assessment and concluded that significant progress had been achieved against the GIA Transformation Plan in the six months since the appointment of the new Chief Internal Auditor; and GIA was, in the main, conforming to IIA standards and aligning to best practice. Further progress against the GIA Transformation Plan and issues identified through the self-assessment was achieved during the second half of the year to achieve a high level of conformance with IIA standards and a move towards full alignment, in 2021, to industry best practice. GIA will conduct a further self-assessment during 2021, the results of which will be presented to and reviewed by the Committee. The Chief Internal Auditor attends all meetings of the Audit and Risk Committee and meets separately with that Committee in the absence of management at least twice a year. The Chief Internal Auditor also has a secondary reporting line to the Chief Executive Officer and has a standing invite to, and attends, the Group's Leadership Team meetings.

Group Risk and Group Compliance

During the year, the Committee continued to monitor the implementation of the key actions identified during the Financial Position and Prospects Procedures risk assessment prepared by PwC during the IPO process and all issues have been remediated. A key component of that work was the further development last year of the enterprise level principal risks, risk appetite statements and Board level KRIs which are underpinned by existing policies, procedures and controls applicable to front line business activity. These have supported the work of Group Risk and the Committee during the year. This work is summarised on page 65.

The Committee has also focused on the Compliance programme, monitoring progress against the 2020 compliance plan and assurance plan. The Committee received reports on the outcomes of assurance reviews conducted which were focused on testing the effectiveness of AML/KYC and sanctions compliance and monitoring key regulatory changes impacting the Group's markets of operation. The Group also enhanced its existing whistleblower reporting process by appointing an external confidential whistleblowing service to enable employees to raise their concerns through an independent route. A comprehensive whistleblower awareness campaign was also launched to ensure all employees were informed of the process to raise concerns directly with Group HR and Group Risk Officer.

The Committee regularly receives reports on whistleblowing policy and processes and monitors all reported and substantiated cases. The Committee also received assurance from GIA in 2020 that the whistleblower programme is adequately designed and operating effectively.

The Chief Risk Officer is also the Group Company Secretary and reports to the Chief Executive Officer as well as having a clear reporting line into both the Chairman of the Board and the Chairman of the Committee. The Chief Risk Officer and Group Company Secretary attends all meetings of the Audit and Risk Committee and meets separately with that Committee in the absence of management at least twice a year.

Additional risk monitoring

The Committee considered a number of new and emerging risks in the period. This included the impacts of COVID-19 on business performance, business risks and people, and other sector and geographic risks. Additionally, the Committee reviewed the robustness of systems and processes in place that ensured the Group was not exposed to similar risks.

As a result, certain additional activities were undertaken with respect to the Group's business model and practices to satisfy the Committee with regard to new and emerging risks and the Group's responses and mitigations, and these are summarised on pages 119 to 120.

External auditor

During the year the Committee undertook a review of the external auditor's effectiveness which concluded very strong support for the quality and responsiveness of the audit work received. A request for minor improvements in the audit lead in one geography were implemented quickly.

KPMG's 2019 audit was also subject to an FRC Audit Quality Review ('AQR'). In January 2021, following its review of KPMG's audit of the 2019 Annual Report, the FRC's Audit Quality Review ('AQR') team wrote to the Audit and Risk Committee Chairman. The Committee considered the overall outcome of the review to be positive, with a small number of findings identified. The findings were presented to the Audit and Risk Committee at its February 2021 meeting. The Chairman of the Audit and Risk Committee also met with the FRC independently to discuss the report and was encouraged by the feedback received. All actions that are relevant have been implemented already with regard to the 2020 audit.

Non-audit services

A policy is in place which requires all non-audit work proposed to be carried out by the external auditor to be pre-authorised by the Chief Financial Officer and/or the Committee (depending on the amount involved) to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity. This policy is compliant with the revised FRC Ethical Standard 2019 and the auditor can only be engaged to provide specific non-audit services as described within this new standard. The adoption of the Revised FRC Ethical Standard 2019 did not have a significant impact on the Group, as the Group already applied KPMG's FTSE 350 non-audit services policy which incorporated similar restrictions in addition to those provided by the previous FRC Ethical Standard 2016.

The total fees payable to Group's auditor in respect of 2020 amounted to USD 990,000, out of which the fee for non-audit services, which was wholly in respect of the half year review, is USD 159,000. KPMG did not provide any other services to the Group in 2020. Comparative figures for the prior year are included in note 21 to the financial statements on page 202.

Independence

Both the Board and the external auditors, KPMG, have safeguards in place to protect the objectivity of the external auditors. KPMG have confirmed their independence as auditor of the Company in a letter addressed to the Directors.

Risk appetite and approach to risk management

The Board's risk appetite, the Group's approach to risk management within its risk framework and new, emerging and principal risks were robustly reviewed in 2020 and are more fully described in the Principal Risks and Uncertainties section on pages 72 to 87.

Risk management and internal control systems

The Group operates the 'three lines of defence' model which clearly identifies accountabilities and responsibilities as follows:

- Business line management has primary responsibility for the management of risk;
- Risk and Compliance functions assist management in developing their approach to fulfil their responsibilities; and
- The Internal Audit function checks that the risk management process and risk management framework are effective and efficient.

For more details, please refer to the Risk section on pages 75 and 76.

Board statements and confirmations following review and recommendation from the Audit and Risk Committee

Internal control and risk management in relation to the financial reporting process

The Group has a thorough assurance process in place in respect of the preparation, verification and approval of financial reports. This process includes:

- the involvement of highly experienced and professional employees, supported by professional advisors where appropriate;
- formal sign-offs from the GCEO, the outgoing GCEO, Group CFO and Chief Risk Officer;
- comprehensive review by key internal Group functions;
- a transparent process to ensure full disclosure of information to the external auditor;

- engagement of a professional and experienced firm of external auditors;
- review and challenge by executive management; and
- oversight by the Audit and Risk Committee, involving (among other duties):
  - A detailed review of key financial reporting judgements which have been discussed by management, including the level and clarity of the disclosures around alternative performance measures ('APMs'), Specially Disclosed Items ('SDIs') and segment reporting;
  - Review and, where appropriate, challenge on matters including:
- The consistency of, and any changes to, significant accounting policies and practices during the year;
- Significant adjustments resulting from the external audit;
- Unadjusted differences;
- The going concern assumption;
- The viability statement;
- The Company's statement on risk management and internal control systems; and
- GIA review of the Annual Report and Accounts verification process and control.

Review of the effectiveness of the risk management and internal control systems

Detailed information in respect of the risk management systems is included in the Risk report on page 75.

During the year, the Board, through the work of the Committee, has conducted a review of the effectiveness of the Group's system of risk management and internal control in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. There is an ongoing process for the identification and evaluation of risk management and internal control processes.

Group Internal Audit, Risk and Finance have independently assessed the overall risk and control framework to be materially effective for the existing business, which has matured significantly during 2020 with continued planned improvements during 2021. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out by the Group Internal Audit function. Regular reports on control issues are presented to the Audit and Risk Committee by the Chief Internal Auditor. The Board, in reviewing the effectiveness of the system of risk management and internal control, can confirm that necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Fair, balanced and understandable

The Directors confirm that they consider the Annual Report and Accounts, taken as a whole:

- is fair, balanced and understandable; and
- provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In making this confirmation, the Directors took into account their knowledge of the business, which is kept up to date with regular reports, updates and business reviews circulated prior to and discussed at each Board meeting, and supplemented by a variety of written reports, verbal updates and presentations given at Board and Committee meetings as well as a regular flow of information about the business between meetings. The Directors then took into account the thorough preparation and verification process conducted by management in respect of the Annual Report and Accounts, as described above, and:

i. a formal audit by KPMG, external auditors;
ii. a formal review by the Audit and Risk Committee; and
iii. a final review by the Board of Directors.

After careful review and consideration of all relevant information, including the KPMG review and principal risks, the Directors were satisfied that, taken as a whole, the 2020 Annual Report and Accounts is fair, balanced and understandable and have affirmed that view to the Board.

Going concern

The Board's statement in respect of adopting the going concern basis of accounting is given on page 158 and in note 2 (d) to the financial statements on page 175. The Committee reviewed and challenged the going concern assessment undertaken by management, including assessments of the Group's liquidity and funding position, and confirmed to the Board that it is appropriate for the Group's financial statements to be prepared on a going concern basis.

Viability

The Board's statement in respect of the Group's longer-term viability is given on page 155.

The Committee reviewed and challenged the viability assessment (including the three-year time horizon selected) undertaken by management in the 2020 Annual Report and Accounts. The Committee considered the process to support the viability statement in conjunction with an assessment of principal risks, strategy and business model disclosures, taking into account the assessment carried out by management of stress testing results and risk appetite. The Committee recommended the Viability Statement (as set out on pages 155 to 157) to the Board for approval.

Nomination Committee Report

Ron Kalifa OBE
Committee Chairman

Other members
Victoria Hull
Darren Pope
Habib Al Mulla

Number of meetings held in the period
3

Attendance

Ron Kalifa (Chair)	3/3
Victoria Hull	3/3
Darren Pope	3/3
Habib Al Mulla	3/3

Meetings also regularly attended by:
- Jay Razzaq, Chief Risk Officer and Group Company Secretary

Read Directors' biographies on pages 94 to 96

"We have created a stronger, balanced, and diverse Board to support our strategic objectives and take the Company through its next phase of growth."

Ron Kalifa OBE
Committee Chairman

Dear Shareholder
In 2020, we created a stronger, balanced, and diverse Board, with the appointment of four additional Independent Non-Executive Directors and our long serving CFO as an Executive Director. We were delighted at the start of this year to announce the appointment of Nandan Mer as Group CEO from 1 February 2021. Nandan's appointment follows Simon Haslam's decision to retire from the Company after 40 years in the financial services industry. Our new colleagues have a breadth of skills, experience and knowledge to support our strategic objectives and take the Company through its next phase of growth. Anil Dua and Ali Mazanderani were appointed to the Board on 22 January 2020 and Diane Radley and Monique Shivanandan joined us on 1 January 2021. We are also pleased that Rohit Malhotra, our highly experienced Group Chief Financial Officer since 2015, joined the Board on 2 June 2020. Each of our newly appointed Directors undertake a thorough induction programme, which is described within the Governance Report on page 108.

Although Simon stepped down from the Board on 31 January 2021, he remains with the Company throughout his six-month notice period to ensure a smooth transition.

I am satisfied with the thorough Board appointments process described below and very pleased that we have been able to attract both Executive and Non-Executive Directors of the highest calibre in line with our exacting requirements. It is also satisfying that these appointments bring diversity to the Board across a range of measures, including gender and ethnicity, in line with investor expectations.

In the latter part of the year, the Committee reviewed the implementation of the Company's policy on equality, diversity and inclusion that lies within the Group's Employee Charter launched in 2019. We were pleased with the clear linkage with the Company's strategy and values and the significant progress made against the objectives despite the extraordinary challenges our people faced during the year.

The safety and well-being of our employees is always a priority. Since the outbreak of the COVID-19 situation in the early part of 2020, most of our people have worked from home and management's priority has been to support employees through these challenging times. Whilst management's initiatives have been successful and well received by employees, as evidenced by the eight percentage point improvement in overall employee engagement, remote working has set back the Board's engagement with the talent pipeline as such engagement has been restricted to those who present to, or attend, Board and Committee meetings. This will be a priority in the current year when the Committee will also focus on Executive Management succession planning and diversity within the Network Leadership Team.

Ron Kalifa OBE
Chairman and Chair of
the Nomination Committee
7 March 2021

Composition of the Committee
Ron Kalifa (Board Chairman and Chairman of the Committee) and Independent Non-Executive Directors Victoria Hull, Darren Pope and Habib Al Mulla were members of the Committee throughout the year.

Role of the Committee
The Board has delegated to the Committee authority to:

- Review the size and structure of the Board, to consider succession planning for Directors and the Executive Management Team and to lead the process for the appointment of new Directors;
- Ensure there is clarity in respect of the role description and capabilities required for such appointments;
- Conduct a review of the skills, experience, knowledge and diversity of the Directors and lead on the annual evaluation of the effectiveness of the Board, its Committees and individual Directors (the evaluation of the Chairman to be led by the Senior Independent Director);
- In the light of the above, consider the re-election of each Director in advance of each AGM;
- Review the membership and Chairmanships of each of the Board's Committees;
- Approve and actively monitor the Company-wide policy on diversity and inclusion, including gender, ethnicity, social background, cognitive and personal strengths, sector experience and professional background, and review against the strategic priorities and the main trends and factors affecting the long-term success of the Company;
- Review and monitor the pipeline of talent below Board level;
- Review as and when required the Directors' potential conflicts of interest; and
- Make recommendations to the Board on all the above matters as appropriate.

Principal activities of the Committee during the period
In the period from 1 January 2020 to the date of this report, the Committee carried out the following:

- Conducted a review of the skills, experience and knowledge of the Non-Executive Directors and mapped them against the strategy of the Group;
- Conducted a thorough process (described below) to identify and appoint additional Independent Non-Executive Directors;
- Conducted a thorough CEO selection process;
- recommended the appointment of our long-serving CFO to the Board;
- Considered the independence, effectiveness and time commitment of the Directors before reviewing the proposed election or re-election of the Directors at the 2020 and 2021 AGMs;
- Upon the strengthening of the Board by the appointment of additional Independent Non-Executive Directors, conducted a review of, and made changes to, the memberships of the Board's Committees; and
- Reviewed the implementation of the Company's policy on equality, diversity and inclusion that lies within the Group's Employee Charter launched in 2019, noting the clear linkage with the Company's strategy and values and the significant progress made against the objectives (as reported within the Responsible Business section of the Strategic Report on pages 60 to 61.

Nomination Committee Report continued

The leadership and oversight of the first annual Board evaluation, which was conducted in second half of the year, was conducted by the Board and the process, outcomes and action plans are disclosed on page 104 of the Governance Report.

In 2021, the Committee will also:

- Review succession planning and the pipeline of talent for the Executive Management Team, taking account of the challenges and opportunities facing the Company, the gender balance of the senior population* and future leadership requirements;
- Review a programme of ongoing engagement meetings between the Chairman, Independent NEDs and high potential talent across the Group; and
- Review the Committee's activities measured against its terms of reference.

Board appointments process

As described within the section on Board and Committee membership and diversity on page 106, ENBD and WP/GA each reduced their share interest below the level that entitled them to nominate for appointment Non-Executive Directors to the Board. Upon the reduction in shareholdings the Company had the right under the respective Relationship Agreements to procure the resignation of such appointed Directors from the Board. However, the Company decided not to exercise such right immediately on the grounds that until the appointment of additional independent Directors, the skills, knowledge and experience of Shayne Nelson, Aaron Goldman Daniel Zilberman and Suryanarayan Subramanian and the contribution that each makes to the deliberations of the Board and the Company's long-term sustainable success would continue to be of benefit to the Company.

The Committee conducted a thorough process to identify and appoint additional Independent Non-Executive Directors. As part of that process the Committee:

- Reviewed the Code requirements, investor expectations and the Board's objectives in relation to Board composition, including independence and diversity;
- Reviewed the skills, experience and knowledge of the continuing individual Directors and the Board collectively and conducted a gap analysis by mapping the results against the strategic priorities and main trends affecting the long-term success of the Company;
- Reviewed and agreed the experiential requirements of additional Directors and considered and agreed the attributes that would be desirable to ensure best fit with the culture of the Board and the organisation; and
- Considered the timing of Board composition changes to balance Code compliance, investor expectations and the reduction in holdings of major shareholders with ongoing support and continuity provided by the experienced outgoing Directors.

Having conducted the above review, the Committee considered the approach to be taken to identify a range of high calibre candidates for the role of Independent Non-Executive Director and agreed to appoint the international search and selection firm Egon Zehnder to support it in its search. The Committee provided Egon Zehnder with a comprehensive brief based on the above review process and that included a detailed assessment of the skills and experience required, under the headings: Board/Non-Executive Director experience, sector, business environment and personal traits. These skills and experience requirements were also ranked by the Committee as one of essential, preferred or acceptable so as to allow the calibration of each candidate against the preferred requirements. Egon Zehnder conducted a comprehensive search and produced a diverse shortlist of 12 candidates. The final selection process involved interviews with the Chairman and separately the other members of the Committee.

As a result of this process Anil Dua and Ali Mazanderani were appointed to the Board on 22 January 2020 and Shayne Nelson, Aaron Goldman and Daniel Zilberman continued to serve on the Board until the AGM held on 30 April 2020. The Board also agreed that Suryanarayan Subramanian (who was no longer employed by, nor represented, ENBD) would remain as a Board member, in order to provide support and continuity, given his long-standing experience with the business and market.

The Committee agreed that the process followed was thorough and rigorous, and that the calibre of candidates identified by Egon Zehnder and placed on the shortlist was very high. Anil Dua and Ali Mazanderani were selected and recommended for appointment to the Board because they met in full the Committee's requirements with their significant expertise in the Company's sector and markets, which will support the Group's strategy. In particular, Ali has an extensive background in the global payments industry and Anil's financial services experience has been focused on the African continent.

In the second half of 2020, the Committee followed the same thorough and rigorous Board appointments process as described above, with the objective of enhancing the Board's skill set through the appointment of individuals with extensive experience in technology, Africa and also in the product area to support the

* The Company's approach to diversity and inclusion, and statistics in respect of our gender diversity, are disclosed in the People section on pages 60 and 61.

Company's strategic objectives and take it through its next phase of growth. The objective also sought to address the lack of gender diversity in the Board's then composition. Upon being briefed by the Committee, Egon Zehnder conducted a comprehensive search and identified a number of high calibre candidates for further consideration and interview. Diane Radley and Monique Shivanandan, who were appointed to the Board with effect from 1 January 2021, were selected for appointment because they met in full the Committee's requirements. Their appointments further strengthen the Board's independence and deepen its requisite experience with Diane having extensive finance, audit and risk experience having served on boards in executive and non-executive director capacities at major South African businesses; and Monique being a recognised technology leader with over 30 years of experience working for large global companies within the telecommunications, banking and insurance sectors. Monique also has non-executive director board experience.

Also, in the second half of the year, Simon Haslam indicated he would like to retire after a long and successful career of over 40 years. To assist with the search for a successor, the Committee fully briefed and engaged Egon Zehnder to identify suitable candidates with a strong track record of growing businesses, with a breadth of experience in financial services, preferably payments, and experience of international markets, especially the Middle East and Africa. A number of prospects were introduced by the Chairman and other members of the Board, leading to the decision by the Committee to recommend the appointment of Nandan Mer with effect from 1 February 2021.

Egon Zehnder also facilitated the Board and Committee evaluation in 2020, which gave them a unique insight into the culture and workings of the Board that would assist them in their search for appropriate candidates for appointment. Egon Zehnder do not have any other connection with the Company or individual Directors.

Board Appointments Policy

Appointments to the Board are made on merit against objective criteria, including consideration of the strategic priorities and main trends affecting the long-term success of the Company, and with due regard for the benefits of diversity on the Board. This process is led by the Committee, which evaluates the skills, experience and knowledge of the Directors and identifies the requirements of additional Directors before making recommendations to the Board. The Board Appointments Policy recognises the benefits of diversity including gender diversity and reinforces the Board's principle that appointments are made on merit, in line with current and future requirements and reflect the UK listing, its UAE base and international activity of the Group. Appointments to date have been in line with that policy.

The Board endorses the aims of the Hampton-Alexander Review entitled 'FTSE Women Leaders – Improving gender balance in FTSE Leadership' and aims to improve the gender diversity of the Board over time. A copy of the Company's Board Appointments Policy can be found on the Group's investor website at https://investors.networkinternational.ae/investors/corporate-governance/

Directors’ Remuneration Report

Victoria Hull
Committee Chair

Other members
Habib Al Mulla, Ron Kalifa, Darren Pope, Ali Mazanderani

Number of meetings held in the period
8

Attendance[1]

Victoria Hull (Chair)	8/8
Habib Al Mulla[2]	5/5
Ron Kalifa	8/8
Darren Pope[2]	5/5
Ali Mazanderani[3]	7/8

Report structure
This report consists of two sections:

Section 1: Remuneration Overview pages 136 to 139
Chair Statement, summary of Directors’ Remuneration Policy including intended implementation in 2021 and remuneration in context.

Section 2: Annual Report on Remuneration pages 140 to 148
Remuneration received by the Executive and Non-Executive Directors in the financial year ending 31 December 2020.

1 The FY20 meetings listed for each Remuneration Committee member reflect the number of meetings they were eligible to attend as members of the Remuneration Committee during the year. As and when required, Suryanarayan Subramanian has been asked to attend by invitation to provide advice and expertise.
2 Darren Pope and Habib Al Mulla left the Remuneration Committee on 2 June 2020 and attended all meetings to which they were invited.
3 Ali Mazanderani was unable to attend one of the meetings held during the period since joining the Remuneration Committee on 22 January 2020.

“Without doubt, 2020 has been a very challenging year for the Company and our shareholders. As a Committee, we have sought to take into account the performance of the business and to reflect this in our remuneration outcomes.”

Victoria Hull
Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present to you the Directors’ Remuneration Report (‘DRR’) for the year ended 31 December 2020. This DRR is presented in two sections:
1) Remuneration Overview; and
2) Annual Report on Remuneration.

Firstly, I would like to thank all our shareholders for your support during this period of uncertainty as the global pandemic impacted so many of our markets and presented unforeseen challenges for our business.

Without doubt, 2020 has been a very challenging year for the Company and our shareholders. As a Committee, we have sought to take into account the performance of the business and to reflect this in our remuneration outcomes. The Executive Management Team has moved quickly to respond appropriately, taking into account the impact and views of all our key stakeholders.

Whilst the COVID-19 pandemic has had a significant short-term financial impact on our business, we exited the year with positive momentum across all of our business lines. Our revenues declined by 15.1% during the year and underlying net income[1] declined by 60.7%. Whilst Q4 2020 total revenue was down 19% on the previous year, absolute revenues in Q4 were higher than Q3, reflecting the continuing recovery in card and digital transactions across our markets, and particularly encouraging trading in December. Despite the current circumstances and after carefully balancing our operational expenses and capital spending, we closed the year with a strong balance sheet, with leverage of 2.3x net debt: underlying EBITDA[1], and significant headroom to our covenants of 3.5x.

Response to the pandemic

Earlier this year, acknowledging the impact the pandemic has had on the economy and our shareholders, the Group CEO, Simon Haslam,

1 This is an alternative performance measure (‘APM’). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.

voluntarily waived his salary increase due from 1 April 2020, his 2020 annual bonus and 2020 LTIP award.

From 1 May 2020, the Chairman and the Non-Executive Directors agreed to a voluntary 25% reduction of their fees for the remainder of the year. The CFO was appointed as an Executive Director on 2 June 2020 and upon his appointment he also waived his 2020 annual bonus. There will be no further increase in fees for the Chairman and CEO in 2021.

CEO retirement and recruitment

After 40 years in the financial sector, Simon Haslam decided to retire as Group CEO. Following a rigorous search and selection process supported by external advisors, we are pleased to announce that Nandan Mer, formerly Mastercard Strategy Head – International Markets, succeeded Simon as Group CEO effective 1 February 2021.

Simon stepped down as Group CEO and from the Board of Directors on 31 January 2021 but will remain with the Company throughout his six-month notice period to ensure a smooth transition. Simon will continue to receive his fixed salary and benefits during his notice period. He will receive retirement provisions in the form of an end of service gratuity as per UAE practice. Simon's in-flight LTIP awards will be pro-rated and vest on their original vesting date, and continue to be subject to the achievement of performance conditions, as well as malus and clawback provisions. As a good leaver, shares Simon acquired as part of the conversion of pre-IPO incentives from cash to shares will continue to vest on the normal date. Simon will be eligible to receive a pro-rated annual bonus for the time worked during 2021, subject to achievement of the relevant performance conditions. Any bonus awarded will be payable on the normal date in 2022, and will be subject to malus and clawback provisions. Any payments made will be disclosed in full in the Annual Report relating to the financial year. Simon will not be eligible to receive an award under the LTIP during 2021. Simon will also be entitled to a relocation payment of one month's salary to support his departure from the UAE. No ex gratia payments will be provided.

Nandan Mer's remuneration will be in line with the current Remuneration Policy, and his salary will be similarly aligned to Simon Haslam's, at $550,000 per annum. He will not receive any additional sign-on or buyout awards, but will be granted an LTIP award equal to 300% salary in his first year of employment to help ensure that he is rewarded for driving value from the current share price over a three-year period, and increase shareholder alignment.

CFO appointed to the Board

On 2 June 2020, Rohit Malhotra was appointed to the Board in his existing role as Group CFO. Rohit has been an integral member of the Company for more than 10 years and has held the Group CFO role since June 2015. He is an excellent addition to our Board and will provide valuable insights on steering through the challenges posed by the ongoing pandemic while seizing fresh opportunities as businesses adapt.

NED appointments

Ali Haeri Mazanderani and Anil Dua were appointed to the Board as Independent Non-Executive Directors, effective 22 January 2020. Ali Haeri Mazanderani joined the Audit and Risk Committee and the Remuneration Committee, and Anil Dua joined the Audit and Risk Committee.

Diane Radley and Monique Shivanandan were appointed to the Board as Independent Non-Executive Directors, effective 1 January 2021. Diane Radley joins the Audit and Risk Committee and the Remuneration Committee, and Monique Shivanandan joins the Audit and Risk Committee.

As mentioned in last year's Annual Report, Shayne Nelson, Daniel Zilberman and Aaron Goldman stepped down from the Board at the AGM on 30 April 2020 as planned.

FY20 Directors' pay arrangements

Fixed pay and Board fees

As noted above, the CEO voluntarily waived his salary increase for FY20. His salary was therefore unchanged at $547,000. The CFO's salary on his appointment to the Board was set at $457,000. As mentioned previously, the Chairman and the Non-Executive Directors agreed to a voluntary 25% reduction of their fees for the remainder of the year from 1 May 2020.

Annual Deferred Bonus Plan ('ADBP')

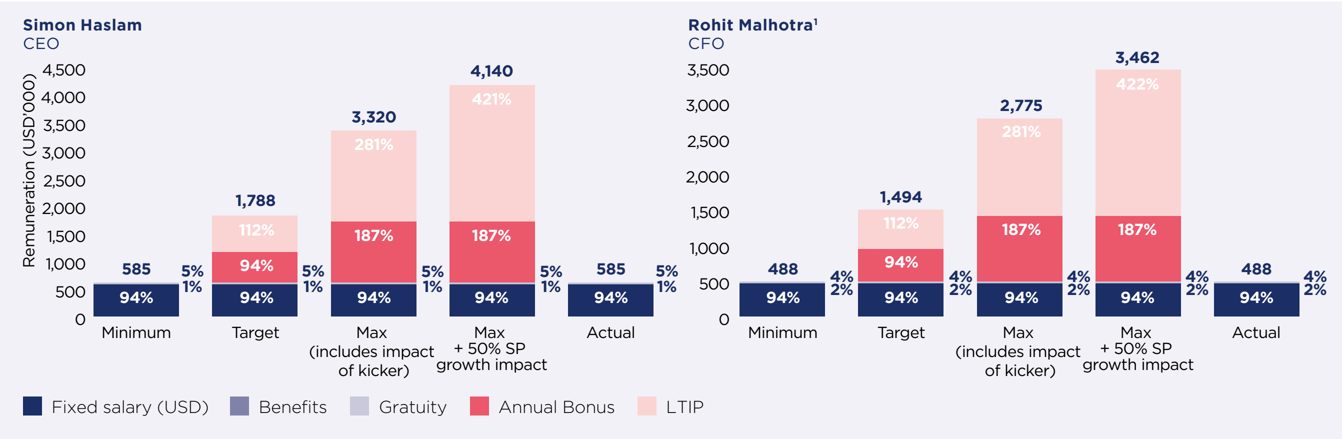
The maximum opportunity under the ADBP is 200% of fixed salary with anything payable in excess of 100% of salary deferred into shares for three years. The performance assessment under the ADBP for 2020 was to be based on a balanced scorecard of financial metrics (75%) and non-financial metrics (25%). As previously disclosed to shareholders, both the CEO and CFO advised the Remuneration Committee that they would waive any bonus payable for 2020 performance, in the light of the impact of COVID-19.

2020 LTIP

As noted above, the CEO had decided to waive his LTIP award in respect of 2020. Notwithstanding this decision, the Committee felt that continuing to award LTIP awards in respect of the CFO and other members of the Company's leadership team was important to ensure the alignment and continued motivation of our management team during this period. As a result, the 2020 LTIP awards were granted in the form of conditional awards to the CFO and other members of the leadership team on 19 August 2020 and consisted of three elements: i) an award of up to 200% of fixed salary (calculated by reference to the IPO offer price of £4.35 as this was higher than the average share price calculated over a period of up to 30 days prior to the grant) conditional on the achievement of stretching EPS (50%), revenue (25%) and relative TSR (25%) performance metrics, consistent with the 2019 LTIP award; ii) a kicker which can enhance the award value by 50% based on the achievement of absolute TSR at

Illustration and application of the current Directors' Remuneration Policy for 2020

The charts below illustrate the potential split between the different elements of the Directors' remuneration under four different performance scenarios: Minimum, Target, Maximum including kicker and Maximum with 50% share price growth.



1 To aid comparability we have used Rohit Malhotra's full year annualised remuneration elements for his actual remuneration.

the end of the performance period along with full achievement of the other performance conditions; and iii) a ROCE underpin over the three-year performance period which could reduce levels of vesting by 10% if not met.

Pre-IPO cash awards

As previously disclosed, the Company accelerated the vesting of a portion of the final tranche of the pre-IPO cash awards for both the CEO and CFO on the condition that they used the proceeds to acquire shares in the Company. As a result, the CEO and CFO acquired 200,295 and 167,536 shares respectively at £4.10 per share, being the share price at which equity was raised through an accelerated book building process. These shares are subject to a holding period such that they will be released on the same terms and conditions and timings as the relevant portion of the pre-IPO cash awards.

FY21 Directors' pay arrangements

Fixed pay

The newly appointed CEO, having been appointed in 2021, will not receive a salary increase in 2021. The CFO's base salary will be kept under review during 2021, taking into account corporate and individual performance. As such, Simon Haslam's salary will continue to be $547,000 p.a. The newly appointed CEO, Nandan Mer's, salary has been set at $550,000 p.a. The CFO, Rohit Malhotra's, salary remains at $457,000 p.a.

Annual Deferred Bonus Plan ('ADBP')

The maximum opportunity under the ADBP will remain at 200% of fixed salary with any payment in excess of 100% of salary being deferred into shares with a three-year holding period. The performance assessment under the ADBP will continue to be based on a balanced scorecard of financial metrics (75%) and non-financial metrics (25%).

2021 LTIP

The approved 2021 LTIP award to be granted to the Executive Directors will consist of an award of 300% of salary for the CEO, and 200% of salary for the CFO, conditional on the achievement of adjusted EPS (50%), revenue (25%) and relative TSR (25%) performance metrics, consistent with the 2020 LTIP award. No kicker element will apply for the 2021 LTIP award. The Remuneration Committee will also apply an underpin to the award vesting such that it is satisfied that the Company's Return on Capital Employed ('ROCE') is at an appropriate level to ensure the effective deployment of capital and the quality of its earnings growth.

At the time of preparing the Company's Annual Report and Accounts, the performance targets for the 2021 LTIP award are not finalised; they will be announced prior to the AGM on 20 May 2021 by release of a regulatory news service ('RNS') announcement.

Continuous improvement / wider workforce

Despite the challenges of the pandemic, we have continued to provide all employees their salaries in full throughout the year, and have not made any redundancies.

This year saw our first recorded Q&A session with the wider workforce on Executive pay arrangements as part of our 2020 employee engagement initiatives. Employees across the Group i.e. UAE, South Africa, Jordan, Nigeria and Egypt were contacted and encouraged to participate. I am pleased to report that all the questions raised were answered, and the recording has been circulated locally via employee weblink. Whilst there were no suggestions from employees concerning Executive pay, the Remuneration Committee and the Group Chief Human Resources Officer intend to support employees at every opportunity should they have any suggestions to support understanding of the Directors' pay arrangements in the context of the reward framework for the wider employee population.

Given the exceptional circumstances of this year we carried out an employee feedback survey on COVID-19 actions alongside the annual Employee Engagement Survey. We are also pleased to report an 8% improvement in our 2020 Employee Engagement Survey and an 89% highly satisfied score on our COVID-19 actions feedback survey.

Additionally in 2020, the Human Resources team put in a number of measures to guide employees during the onset of the pandemic, followed by a smooth migration to working-from-home, the provision of remote healthcare and the introduction of a mental health well-being helpline.

Shareholder engagement

The Remuneration Committee values investor feedback and carefully considers the AGM voting results each year.

We remain committed to ensuring we have an open and constructive dialogue with shareholders around Executive remuneration arrangements. I have engaged with a number of shareholders in the early part of the year mainly around the need to delay the setting of LTIP targets, in light of the disruption and uncertainty caused by the pandemic.

I look forward to gaining your support at the AGM on 20 May 2021.

Once again, I would like to thank you all for your support and engagement throughout the past year and I remain at your disposal should you have any questions.

As always, I would like to thank my fellow Remuneration Committee members, and those who supported the Remuneration Committee, for their commitment and guidance especially during this unprecedented period.

Victoria Hull
Chair of the Remuneration Committee
7 March 2021

Section 1: Remuneration Overview

At a glance: Summary of Directors' Remuneration Policy and implementation in 2021

Our Directors' Remuneration Policy (DRP) was approved by 96.6% of shareholders at our AGM on 30 April 2020 and is intended to be in place for three years from the date of approval. The DRP is summarised in the table below along with our intended operation in 2021. Our full DRP, including details relating to recruitment, change of control, loss of office, malus and clawback, discretion, Non-Executive Director (NED) fees, and service contracts, is available in our Annual Report relating to the 2019 financial year on our website: (https://investors.networkinternational.ae/media/1237/netint-annual-report-030420.pdf).

DRP element and link to strategy	Operation (Policy)	Performance measures, assessment and proposed operation in 2021
Fixed Salary To provide competitive fixed remuneration that will attract and retain key Executive Directors and reflect their experience and position in the Company.	Executive Directors' fixed salaries are reviewed annually, and any changes normally take effect from 1 April, in line with the wider workforce. Fixed salaries may also be reviewed where there is a change in position or responsibility. Fixed salaries are comprised of a fixed basic salary and a fixed allowance, as per local market practice. When determining an appropriate fixed salary, the Remuneration Committee considers: › remuneration practices within the Company; › the general performance of the Company; › salaries within the ranges paid by the companies in the comparator group for remuneration benchmarking; › any change in scope, role and responsibilities; and › the economic environment. In general, fixed salary increases will be in line with the approach for the wider workforce, unless there is a material change in role, experience or prevailing market conditions.	Nandan Mer: $550,000 p.a. Simon Haslam: $547,000 p.a. Rohit Malhotra: $457,000 p.a.
Retirement Benefit To provide a competitive Company contribution, in line with local practice, that enables effective retirement planning.	A retirement benefit may be provided in line with local market practice. This may be by way of a contribution to a pension scheme or cash allowance in lieu of pension benefits. Capped at 15% of fixed salary. This is in line with the minimum pension contributions requirement of the UAE Federal law applicable to UAE nationals and citizens of the Gulf Cooperation Council countries, subject to change from time to time.	The Executive Directors do not currently receive a pension or cash in lieu, but are eligible for an end of service gratuity, in line with local market practice (see below).
End of Service Gratuity To provide an end of service gratuity payment upon termination, as required under the UAE Labour Law for non-UAE nationals.	End of service contributions are accrued by the Company. The amount of the end of service gratuity accrual is not prepaid annually. The end of service gratuity will be paid as a lump sum cash payment following termination, typically based on length of service and final base salary. In certain circumstances, the payment may be calculated by reference to fixed salary. Limited to two years' base salary by the UAE Labour Law.	The Executive Directors are eligible for end of service gratuity.
Annual Bonus To incentivise the achievement of annual objectives which support the Company's short-term performance goals and protect longer-term interests of the Company.	Performance measures and targets are chosen annually, to support the Company strategy as required. Performance measures are a range of interdependent financial measures (at least 50%) such as Revenue and EBITDA, and non-financial objectives. Any portion of an Executive Director's annual bonus amount over 100% of annual fixed salary is deferred into shares with a three-year holding period (to which no further performance conditions are attached). The remainder of an annual bonus is paid in cash. Maximum bonus of 200% of annual fixed salary.	Maximum opportunity of 200% of salary with anything payable in excess of 100% of salary deferred for three years. Targets are commercially sensitive and will be disclosed retrospectively.
LTIP To support the long-term strategic objectives of the Company.	Annual grant of share awards (structured as conditional share awards or nil-cost options) subject to stretching performance conditions measured over three years, and a two-year post-vesting holding period. Performance measures and targets chosen annually, to support the Company strategy as required. Dividend equivalents may accrue on shares vesting and will typically be paid in shares at the time of vesting, to the extent that shares vest. Award of up to 200% of fixed salary. A clawback period of two years from vesting applies to LTIP awards. Ability to award a kicker opportunity of up to 50% of the LTIP award maximum, subject to additional performance condition(s). Ability to award up to 300% of fixed salary in special circumstances such as recruitment of an Executive Director. The kicker element and the exceptional maximum LTIP award of 300% will not be both awarded to the same Executive Director in a single award.	It is proposed that the 2021 LTIP is granted at 300% of salary for the CEO and 200% for the CFO (without the kicker element). The measures and weightings proposed are in line with 2020: Adjusted EPS (50%) Revenue (25%) Relative TSR (25%)

DRP element and link to strategy	Operation (Policy)	Performance measures, assessment and proposed operation in 2021
Pre-IPO Incentives IPO Cash bonus/MIP Awards To enable Executive Directors to meet their shareholding requirements earlier, and to improve the alignment of Executive Directors' interests and those of shareholders.	IPO Cash Bonus and MIP payments awarded at IPO are due to be paid in cash over the period to October 2021. Ability to accelerate the vesting of a portion of the IPO Cash Bonus/MIP awards (of a minimum amount equal to 200% of fixed salary) provided the cash is used to invest in shares of the Company. The shares will be subject to a holding period and will be released on the same terms as the portion of the IPO Cash Bonus and MIP awards for which vesting will be accelerated. Clawback provisions will continue to apply. Discretion to accelerate the vesting of IPO Cash Bonus/MIP awards of a minimum equal to 200% of fixed salary to enable cash to be used to invest in shares.	N/A
Shareholding Guidelines To align the interests of Executive Directors with the interests of shareholders.	Executive Directors have five years from joining the Company to build up a minimum shareholding requirement of fixed salary. Post-cessation, Executive Directors will have to retain their full shareholding requirement for 12 months, and retain half of their shareholding requirement for a further 12 months. Shares relating to awards to be granted after the date of the 2020 AGM will be included for the purposes of the post-cessation shareholding requirement. Shares relating to awards granted before this date, as well as any shares purchased by the Executive Directors (and for the avoidance of doubt, the pre-IPO cash payments converted into shares), will not be included. The Remuneration Committee will ensure that there is the necessary contractual agreement between the Company and the Executive Directors and/or enforcement mechanism in place to enforce the post-cessation shareholding requirement.	The Executive Directors have a shareholder guideline of 300% of fixed salary.
All-Employee Share Plans To encourage employees to become shareholders in the Company and thereby align their interests with those of shareholders.	There are no all-employee share plans currently in place, but this will remain under review.	N/A

Employee engagement

Share ownership across our employees

To encourage employee share ownership across the Company, shortly after the listing, all employees in our various geographies received a one-time award of shares equal to the greater of one month's salary or 250 shares. The Company believes that extending share ownership throughout the workforce will encourage loyalty and engagement, whilst allowing employees to participate in the Company's success. It also aligns the employees' interests with those of shareholders.

Direct engagement with employees

Whilst the requirement to report on employee engagement does not apply directly to the Company as it employs fewer than 250 employees in the UK, the Remuneration Committee believes it is important that the Company is progressive and embraces the spirit of this regulation. The Company aspires to place its people at the heart of its business. Key actions that reflect how the Company engages with employees are described in the 'Responsible Business' section of the Strategic Report. Improvements to strengthen direct employee engagement with the Board and the Remuneration Committee will be pursued in FY21.

Remuneration engagement

The Remuneration Committee takes into account total budgeted salary expenditures and remuneration allocation principles to ensure fairness and alignment of the salary increases across the full employee population, including those relating to the Executive Directors and the Executive Management Team. The Remuneration Committee has oversight of the remuneration arrangements for all employees across the Group, and it is satisfied that the core elements of executive pay align with the wider workforce, but differ based on scope, responsibility, seniority level and location. In summary:

- Competitive benefits and pension are provided in line with local market and legislation;
- Employees participate in either an annual bonus plan or a sales incentive scheme. The Executive Management Team participates in the incentive plans for Executive Directors: the ADBP and the LTIP;
- All employees employed at the time of IPO were awarded a one-time award of shares post-IPO (granted under the LTIP); and
- The award and structure of recognition and retention payments, where necessary, to reflect the 2019 LTIP 'underwriting'.

Section 1: Remuneration Overview continued

Indicative gender pay gap

We are committed to creating an inclusive workplace with equality and fairness at the heart of our practices and policies. The programmes and engagement initiatives supporting our inclusive philosophy are detailed on page 25. As part of this, we strive to give women the same career and pay progression as men. Understanding our gender pay gap is a further step in promoting positive change. In the context of our UAE-based employees, which form the majority of our workforce, the mean gender pay gap (total remuneration) to 31 December 2019 is 17%, whilst the median gender pay gap is 24%. The male population equates to 73% of the overall population whilst the female population is 27%. Rather than a case of unequal pay for equal work, our pay gap is primarily due to the uneven distribution between men and women across the business, which is mainly related to the markets in which we operate. This continues to be an area that management and the Remuneration Committee are keeping under review for 2021 and we are taking various measures to grow our overall female population, particularly for senior roles. These measures include improvements in the competitiveness of reward, as well as examining our policies around career management, recruitment and retention.

Remuneration alignment to financial and strategic performance

Performance measures		Annual Deferred Bonus Plan ('ADBP')	Long Term Incentive Plan ('LTIP')
Financial	Revenue	●	●
	EBITDA	●	
	Adjusted Earnings Per Share ('EPS')		●
	Relative TSR		●
	Absolute TSR		●
	ROCE (underpin)		●
Strategic	Master Transitional Services Agreement	●	
	Key Regional Market Growth	●	
	Stakeholder Management & People	●	
	Risk, Governance & Internal Audit	●	

2020 performance overview

Revenue USD	**Underlying EBITDA[1] USD**	**Master Transitional Services Agreement[2]**	**Key Regional Market Growth**	**Stakeholder Management & People**	**Risk, Governance & Internal Audit**
-15.1% from FY19	**-33.2% from FY19**				
$284.8m	$112.6m	Separation of shared services from Emirates NBD Bank PJSC on plan and cost targets.	Completed transition to next generation technology platforms. Customers migrated. Multiple customer wins. Progressed our entry to Saudi Arabia market.	8 percentage point improvement in Employee Engagement Survey.	Constituted the Enterprise Risk Management Committee ('ERMC'). Completed the annual revision exercise of Group's principal and emerging risks as part of the risk disclosure required for the Annual Report and Accounts ('ARA') for 2020.

1 This is an alternative performance measure ('APM'). See note 4 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 Network International LLC and Emirates NBD Bank PJSC have entered into a master transitional services agreement ('MTSA'). Under the MTSA, Emirates NBD Bank PJSC provides certain IT and operational services to Network International LLC for a transitional period of three years, unless agreed otherwise by the parties in writing.

Section 2: Annual Report on Remuneration

Executive Directors' remuneration

Figure 1: Single total figure table (audited)

The table below sets out the single total figure of remuneration for the Executive Directors in FY20. For the CFO, the period is from 2 June 2020 (the date the CFO was appointed to the Board) to 31 December 2020. To aid transparency, we have also disclosed the CFO's payments on an annualised basis. None of the FY20 nor FY19 remuneration payouts are linked to share price growth, and as such, no estimate of the amount of single figure remuneration linked to share price growth is reported. The former CEO and the CFO waived any bonus entitlement in respect of FY20. Noting this and the fact that no LTIPs were due to vest in FY20, the Remuneration Committee is satisfied that the total remuneration for the Executive Directors is appropriate in the context of business performance, motivation, and retention. No discretion was exercised to determine the total remuneration as a result. To aid transparency, we have also disclosed the CEO and CFO's payments on an annualised basis.

Executive Director	Year	Fixed salary USD'000	Benefits[1] USD'000	Annual bonus[2] USD'000	LTIP vested[3] USD'000	End of service gratuity[4] USD'000	Pre-IPO incentives[5] USD'000	Sub-Total (fixed pay) USD'000	Sub-Total (variable pay) USD'000	Total[6] USD'000
Simon Haslam[7]	FY20	547	7	0	0	31	0	585	0	585
	FY19 From 27/02/2019 (date of appointment)	463	5	532	0	26	8,150	494	8,682	9,176
Rohit Malhotra[7]	From 02/06/2020 (date of appointment)	269	6	0	0	12	0	288	0	288

Annualised figures

Executive Director	Year	Fixed salary USD'000	Benefits USD'000	Annual bonus USD'000	LTIP vested USD'000	End of service gratuity USD'000	Pre-IPO incentives USD'000	Sub-Total (fixed pay) USD'000	Sub-Total (variable pay) USD'000	Total USD'000
Simon Haslam	FY19	547	6	629	0	31	8,150	584	8,779	9,363
Rohit Malhotra	FY20	457	10	0	0	21	0	488	0	488

Figures reported have been annualised for comparison purposes where the Director was not a member of the Board for the full year.

1 Relates to private medical insurance. This benefit is non-pensionable.
2 Simon Haslam and Rohit Malhotra waived their ADBP bonus payment for FY20. For Simon in FY19 this represents 57.5% of maximum (or 115% of fixed salary), of which 100% of fixed salary (USD 547k) was paid in cash and the portion above 100% of fixed salary (15% or USD 82k) was deferred into shares with a three-year holding period (with no further performance measures attached). No discretion applied.
3 No LTIP awards vested in FY19 and FY20.
4 Relates to the provision accrued during the year.
5 Relates to the IPO cash bonus and the MIP awards which were earned on IPO. Detailed disclosures provided in the 2019 Annual Report.
6 No other item of remuneration received in FY20 other than as disclosed in the table.
7 Simon Haslam and Rohit Malhotra received Pre-IPO incentives in 2019 amounting to USD 8,150,000 and USD 5,783,000 respectively, with no further performance conditions and phased vesting to 2021.

Fixed salary

The Remuneration Committee had proposed a salary increase which was to have been effective from 1 April 2020 for the CEO, taking into consideration his additional responsibility, salary benchmarks and retention challenges in the Fintech sector. The CEO subsequently voluntarily waived his salary increase in light of the COVID-19 pandemic and wider economic impact.

Benefits

The benefits offering and operations are in line with local market practice. The benefits for the Executive Directors and the Executive Management Team are aligned to those offered to the employees located in the UAE. Core benefits include: private medical insurance for self, spouse and up to three children, health screening, life insurance and relocation allowances (where applicable). Executive Directors are also eligible for the reimbursement of UK income tax liability incurred in respect of the conduct of their Executive Director duties necessarily performed in the UK.

End of service gratuity

As required under the UAE Labour Law for non-UAE nationals, the Executive Directors will be eligible to receive an end of service gratuity payment upon termination. The annual contribution accrued by the Company is based on 21 days' fixed salary for each of the first five years of service, and 30 days' fixed salary for each additional year of service. The amounts accrued in respect of this are set out in the single total figure table. There were no additional pension contributions paid to the Executive Directors in FY20.

Section 2: Annual Report on Remuneration continued

Executive Directors’ remuneration continued

Annual Deferred Bonus Plan (‘ADBP’)

2020 annual bonus (audited)

The Remuneration Committee reviewed the structure of the annual bonus arrangements and determined that its structure remained appropriate and aligned with FTSE 250 market practice and our sector. To support the Company’s growth journey, performance was intended to once again focus on revenue (45%) and EBITDA (30%). The remaining 25% of the annual bonus was to be reviewed against a scorecard of individual measurable objectives identified as critical to the business strategy development in FY20. The performance targets for FY20 were set prior to the onset of the COVID-19 pandemic, and both Executive Directors agreed to waive any amount payable in respect of FY20. The targets set at the beginning of 2020, for reference, are below:

Figure 2: 2020 annual bonus metrics (audited)

	Financial (75%)					
Performance measures	Revenue (USDm)			EBITDA (USDm)		
Weighting		45%			30%	
Targets	374.4	386	405.3	190	200	210
Payout levels (as a % of max)	25%	50%	100%	25%	50%	100%
Outcome (2020 actuals)		284.8			112.6	
Performance achieved		N/A			N/A	
Bonus achieved (% of max.)		N/A			N/A	
Bonus earned (USD’000)		0%			0%	

	Strategic (25%)											
Performance measures	Master Transitional Services Arrangement (‘MTSA’)			Key Regional Markets Growth			Stakeholder Management & People			Risk, Governance & Internal Audit		
Weighting		5%			7.5%			5%			7.5%	
Targets	Acceptable	Above Expected	Strong	Acceptable	Above Expected	Strong	Acceptable	Above Expected	Strong	Acceptable	Above Expected	Strong
Payout levels (as a % of max)	20-30%	50-60%	80-100%	13-26%	40-53%	80-100%	13-26%	40-53%	80-100%	13-26%	40-53%	80-100%
Outcome (2020 Actuals)		N/A			N/A			N/A			N/A	
Performance achieved		N/A			N/A			N/A			N/A	
Bonus achieved (% of max.)		N/A			N/A			N/A			N/A	
Bonus earned		0%			0%			0%			0%	

Figure 3: 2020 performance strategic measures

Strategic measures	Performance summary
Master Transitional Services Arrangement (‘MTSA’) 5%	› Separation of shared services from Emirates NBD Bank PJSC on plan and cost targets.
Key Regional Markets Growth 7.5%	› Completed transition to next generation technology platforms. › Customers migrated. › Multiple customer wins. › Progressed our entry to Saudi Arabia market.
Stakeholder Management & People 5%	› 8 percentage point improvement in Employee Engagement Survey.
Risk, Governance & Internal Audit 7.5%	› Constituted the Enterprise Risks Management Committee (‘ERMC’). › Completed the annual revision exercise of Group’s principal and emerging risks as part of the risk disclosure required for the Annual Report and Accounts (‘ARA’) for 2020.

Long Term Incentive Plan ('LTIP')

LTIP awards vested in 2020

The first awards under the LTIP were granted in 2019 and will vest in 2022, subject to the achievement of the performance criteria measured over the period up to 31 December 2021.

Figure 4: 2020 LTIP awards granted (audited)

LTIP awards were granted on 19 August 2020 as conditional share awards. It was pre-determined that the share price used to calculate the number of shares awarded would be the higher of the IPO offer price of £4.35 (which is the same share price as the 2019 LTIP awards) or the average share price calculated over a period of up to 30 trading days prior to the date of grant. The £4.35 share price was used to ensure that Executives did not receive a benefit from a fall in the Company's share price shortly before the date of grant. The conditional share awards will vest three years after the award grant date, to the extent that the Remuneration Committee is satisfied that the performance conditions to 31 December 2022 have been met. Malus provisions apply to the end of the vesting period, and clawback provisions apply for two years following vesting. Any dividend accrual during the performance period and expiry of the holding period may be awarded in the form of additional shares.

Executive Director[1]	Award type	Basis of award %	Shares awarded	Face value of award[2] (USD'000)	Percentage of award vesting at threshold performance	End of performance period
Rohit Malhotra	LTIP – conditional shares	Base Award – 200% of fixed salary	160,369	860,225	25%	31/12/2022
		Kicker – 100% of fixed salary	80,185	430,115	0%	31/12/2022

1 Simon Haslam declined to accept an LTIP grant in 2020.

2 The face value of the award is based on the closing share price on the date prior to the award (£4.09). The conversion USD exchange rate used is 1.3115 which is based on an average of over five trading days prior to the date of grant.

Figure 5: 2020 LTIP award performance conditions (audited)

As disclosed to shareholders following the grant of the 2020 LTIP awards in August, the Remuneration Committee decided to defer the setting of performance targets. This was to ensure that the performance targets would be appropriately stretching and commensurate with the Group strategy. The approved performance conditions for the 2020 LTIP award are: i) Adjusted Earnings per Share ('EPS'); ii) Revenue; and iii) Relative Total Shareholder Return ('TSR'). In addition to these performance conditions, the kicker element of the award is subject to an absolute TSR performance measure. The award is also subject to an ROCE underpin.

The Remuneration Committee views EPS and Revenue as measures which are key to support the delivery of the future strategy of the Company. TSR is measured against the FTSE 250 index, reflecting the Company's positioning on the London Stock Exchange. 25% of the award will vest for threshold performance increasing on a straight-line vesting between threshold and maximum (100%). Targets outlined in the table below take into account market consensus, current budget estimates and market practice around metric calibration for UK listed companies.

Metrics	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Adjusted EPS	50%	18.27c	20.53c
Revenue	25%	$386.1m	$441.9m
Relative TSR	25%	Median	Upper Quartile
Absolute TSR	Kicker	Share price + dividends paid must be at least £7.50p at the end of the performance period, and the other performance criteria to be met in full, then award increases by 50%	
ROCE	Underpin – reduction to levels of vesting by 10% if not met	14.0% ROCE achieved in FY22 (excluding DPO acquisition)	

2021 LTIP awards

Noting that this is the first LTIP award for the new CEO and the enhanced award is intended to improve alignment with shareholders by creating an opportunity to acquire shares based on the achievement of stretching performance targets. For the 2021 LTIP, the Remuneration Committee proposes to grant the Executive Directors an award of 300% of fixed salary for CEO and 200% for the CFO.

Section 2: Annual Report on Remuneration continued

Executive Directors' remuneration continued

It is proposed that the 2021 LTIP awards will be conditional on the achievement of adjusted EPS (50%), revenue (25%) and relative TSR (25%) performance metrics, consistent with the 2020 LTIP award excluding the kicker element. The Remuneration Committee also agreed to underpin Return on Capital Employed ('ROCE') similar to the 2020 awards.

Details of the performance targets attached to the 2021 LTIP will be announced prior to the AGM on 20 May 2021 by release of an RNS announcement.

Pre-IPO incentives

Figure 6: IPO cash bonus and MIP awards

Network International LLC awarded selected members of the Group's management, including the Executive Directors, cash bonus awards subject to and conditional upon listing. Details of these awards for the CEO were disclosed in the single figure total table in the 2019 DRR. The CFO's award terms and vesting schedules are identical to those awarded to the CEO. The full value of these awards in 2019 amounted to USD 8,150,000 and USD 5,783,000 for the CEO and CFO respectively, with no further performance conditions and phased vesting to 2021. These values include USD 393,000 vesting in 2020 for the CEO, and USD 356,000 for the CFO.

2020 IPO Cash Bonus awards to shares conversion

No new awards will be made under the pre-IPO incentive plans. As per shareholder approval at last year's AGM, vesting of the portion of the remaining cash payments equivalent to 200% of the Executive Directors' fixed salary was accelerated on the condition that the cash was used by the Executive Directors to purchase shares in the Company at a price of £4.10, which is equal to the share price at which equity was raised through an accelerated book building process.

This is considerably higher than the actual share price at the time of the transaction on 7 September 2020. The acquired shares will be subject to a holding period and released in October 2021 on the same terms and conditions as the relevant portion of the pre-IPO cash awards for which vesting was accelerated. However, the Executive Directors will be encouraged to retain their shares over a longer period of time, as the purchased shares will count towards the shareholding requirement of 300% of fixed salary. The conversion of awards to shares will enable the Executive Directors to meet their shareholding requirements earlier, thus enhancing the alignment of Executive Directors' interests with those of shareholders.

Details of the number of shares acquired by each Executive Director are set out below:

Executive Director	IPO cash award (2021 Tranche) to share conversion (Shares)
Simon Haslam	200,295
Rohit Malhotra	167,536

Figure 7: Executive Directors' shareholding and share interests (audited)

The DRP requires Executive Directors to hold shares equivalent in value to 300% of their fixed salary within a five-year period from their appointment date. The Executive Directors committed to purchasing shares in the Company at the prevailing market price using the accelerated portion of the MIP and IPO cash bonus awards, equal to 200% of fixed salary. This took place on 7 September 2020. The purchased shares will count towards the 300% shareholding requirement.

Additionally, in relation to the 2019 annual bonus payout, an award of deferred shares equal to 7.5% of maximum, or 15% of fixed salary, was made shortly after the 2020 AGM, and those shares also count towards the shareholding requirement.

				Unvested			
	Shareholding			With performance conditions	With performance conditions	Without performance conditions	Without performance conditions[2]
Executive Director[1]	Shareholding requirement (% of fixed salary)[1]	Shareholding requirement % met (of fixed salary)[2,3]	Shares beneficially owned	LTIP-2019	LTIP-2020	ADBP – shares	IPO cash bonus conversion to shares)[3]
Simon Haslam	300%	159%	50,926	145,479	–	15,683	200,295
Rohit Malhotra	300%	141%	20,000	95,803	240,554	9,226	167,536

1 For the purposes of the shareholding requirement, only the net number of unvested share awards not subject to performance conditions is included, in line with institutional investor guidelines.
2 The shareholding requirement calculation is based on annualised fixed salary.
3 The closing share price of £3.266 as at 31 December 2020 has been used for the purpose of calculating the current shareholding as a percentage of salary.

Payment to past Directors/payment for loss of office (audited)

There were no payments to past Directors or payments for loss of office in FY20 or FY19.

Figure 8: Performance and Executive Directors' remuneration

The graph below illustrates the Company's Total Shareholder Return ('TSR') performance against the FTSE 250 for FY20. The FTSE 250 was selected as the appropriate comparator as the Company is a constituent of the index. The graph shows the performance of a hypothetical £100 investment over that period. The remuneration data for the Executive Directors is set out in the table below the TSR chart.

Data sourced from DataStream from Refinitiv.

Total remuneration of Executive Directors

	Year	Total single figure remuneration (fixed pay) (USD'000)	Total single figure remuneration (variable) (USD'000)	Total single figure remuneration (USD'000)	Annual bonus payment (% of maximum)	LTIP vesting (% of maximum)
Simon Haslam	FY20	585	0	585	0.0%	n/a
	FY19 From 27/02/2019 (appointment date)	494	8,682	9,176	115%	n/a
Rohit Malhotra	From 02/06/2020 (appointment date)	288	0	288	0.0%	n/a

Annualised figures

	Year	Total single figure remuneration (fixed pay) (USD'000)	Total single figure remuneration (variable) (USD'000)	Total single figure remuneration (USD'000)	Annual bonus payment (% of maximum)	LTIP vesting (% of maximum)
Simon Haslam	FY19	584	8,779	9,363	115%	n/a
Rohit Malhotra	FY20	488	0	488	0.0%	n/a

Section 2: Annual Report on Remuneration continued

Percentage change in remuneration of Directors and employees

The table below shows the percentage change in the remuneration of Directors and the average UAE colleague for FY20.

	Salary or fees[1] (% change from FY19 to FY20)	Benefits[2] (% change from FY19 to FY20)	Bonus (% change from 2018/19 to 2019/20)
Executive Directors			
Simon Haslam	0.0%	9.1%	-100.0%
Rohit Malhotra	N/A	N/A	N/A
Non-Executive Directors			
Ron Kalifa	3.3%	0.0%	0.0%
Darren Pope	0.0%	0.0%	0.0%
Victoria Hull	-4.8%	0.0%	0.0%
Ali Mazanderani	N/A	N/A	N/A
Anil Dua	N/A	N/A	N/A
Habib Al Mulla	4.2%	0.0%	0.0%
Suryanarayan Subramanian	1.6%	0.0%	0.0%
Daniel Zilberman[3]	0.0%	0.0%	0.0%
Shayne Nelson[3]	0.0%	0.0%	0.0%
Aaron Goldman[3]	0.0%	0.0%	0.0%
Comparator group			
Average UAE Colleague[4]	6.0%	20.9%	-10.2%

1 The percentage changes have been calculated using the salary or fees, benefits and short-term incentives as set out in the single total figure table for FY19 and FY20. For Directors these reflect the actual amounts earned whilst they were on the Board for each year, and include the 25% fee reduction in 2020 where applicable. For Rohit, Ali and Anil no comparisons are available as they were appointed to the Board in FY20.
2 Gratuity has been excluded.
3 These individuals stepped down from the Board on 30 April 2020 which is prior to the date when fees were reduced. For comparison, fees have been annualised.
4 The CEO and CFO end of service gratuities have been excluded as they are not actually paid/received during the year. Average UAE Colleague data is based on methodology 'C' i.e. 2019 v/s 2018 for UAE. Gratuity is not included.

Indicative CEO pay ratio

Similar to the gender pay gap, the Company is exempt from the CEO pay ratio legislation as there are fewer than 250 employees in the UK. However, a CEO pay ratio is considered when determining senior remuneration, and is being disclosed voluntarily to provide information about the appropriateness of pay outcome, to consider wider workforce remuneration and to ensure transparency. The CEO's total pay, as per the FY20 single total figure remuneration, is compared to the total pay of the UAE-based employees as they represent the majority of our workforce and they share the same legal, tax and currency context for pay and benefits as the CEO. The calculation is based on methodology C of the regulations.

The table below discloses the CEO's total pay as compared to that of the UAE-based workforce at the 25th percentile, median and 75th percentile, and we will build on it each year accompanied by a narrative to explain any changes.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020 (excl. Pre-IPO incentives)	C	13:1	8:1	5:1

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019 (excl. Pre-IPO incentives)	A[1]	26:1	16:1	10:1

1 As committed in the 2019 DRR, 2019 figures have been restated using Methodology A, excluding pre-IPO incentives.

Relative importance of the spend on pay (audited)

The table below indicates how the earnings of Executive Directors compare with other financial disbursements.

	FY20[1] (USD'000)	FY19 (USD'000)
Distributions to shareholders by way of dividend[2]	**0**	0
Total tax contributions[3]	**6,058**	10,415
Overall spend on pay including Executive Directors[4]	**96,933**	96,744

1 Calculated on the same basis as the single total figure of remuneration on page 139.
2 Dividends to shareholders include interim and final dividends paid in each financial year.
3 As set out in the consolidated statement of cash flow (see note 24 of the financial statements for further information).
4 Employee costs includes wages and salaries, social security, pension and share-based costs at actual exchange rates (see note 20 of the consolidated financial statements for further information).

For every $1 spent on Executive Directors' remuneration by the Company in FY20, $0 was made in dividend payments, $6.9 was paid in tax and $111 was spent on employee costs.

Fees retained for external Non-Executive Directorships

Executive Directors may hold positions in other companies as Non-Executive Directors ('NEDs') and retain the fees. Neither Executive Directors held a NED position with another company in FY20 or FY19, and as such no fees for external appointments are being reported.

Non-Executive Directors' remuneration

Figure 9: 2020 Non-Executive Directors' single total figure table (audited)

The table below sets out the single total figure of remuneration for each Non-Executive Director in FY20.

Non-Executive Director	Year	Fees[1] (GBP'000)	Benefits[2] (GBP'000)	Annual bonus (GBP'000)	LTIP vested (GBP'000)	End of service gratuity (GBP'000)	Pre-IPO incentives (GBP'000)	Sub-Total (fixed pay) (GBP'000)	Sub-Total (variable pay) (GBP'000)	Total[3] (GBP'000)
Ron Kalifa	**FY20**	**375**	**12**	**N/A**	**N/A**	**N/A**	**N/A**	**387**	**0**	**387**
(Chairman)	From 13/03/2019 to 31/12/2019	363	12	N/A	N/A	N/A	N/A	376	0	376
Darren Pope	**FY20**	**129**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**129**	**0**	**129**
(Senior Independent Director)	From 13/03/2019 to 31/12/2019	129	N/A	N/A	N/A	N/A	N/A	129	0	129
Victoria Hull	**FY20**	**100**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**100**	**0**	**100**
	From 13/03/2019 to 31/12/2019	105	N/A	N/A	N/A	N/A	N/A	105	0	105
Habib Al Mulla	**FY20**	**75**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**75**	**0**	**75**
	From 29/03/2019 to 31/12/2019	72	N/A	N/A	N/A	N/A	N/A	72	0	72
Ali Haeri Mazanderani	**From 22/01/2020 to 31/12/2020**	**70**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**70**	**0**	**70**
Anil Dua	**From 22/01/2020 to 31/12/2020**	**66**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**66**	**0**	**66**
Suryanarayan Subramanian	**FY20**	**62**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**62**	**0**	**62**
	From 13/03/2019 to 31/12/2019	61	N/A	N/A	N/A	N/A	N/A	61	0	61
Aaron Goldman	**FY20**	**25**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**25**	**0**	**25**
	From 13/03/2019 to 31/12/2019	61	N/A	N/A	N/A	N/A	N/A	61	0	61
Daniel Zilberman	**FY20**	**25**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**25**	**0**	**25**
	From 13/03/2019 to 31/12/2019	61	N/A	N/A	N/A	N/A	N/A	61	0	61
Shayne Nelson	**FY20**	**25**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**25**	**0**	**25**
	From 13/03/2019 to 31/12/2019	61	N/A	N/A	N/A	N/A	N/A	61	0	61

1 2020 fees are based on actual amounts earned in the year and include the temporary 25% reduction in fees.
2 Relates to a payment for the purposes of obtaining private health insurance.
3 No other item of remuneration received in FY20 other than as disclosed in the table.

Section 2: Annual Report on Remuneration continued

Figure 10: Non-Executive Directors' shareholding (audited)

The NEDs do not participate in any of the Company's incentive arrangements. There is no shareholding requirement policy in place for NEDs.

The table below indicates the shareholding of the NEDs as at 31 December 2020, including those held by connected persons.

Non-Executive Director	Number of shares held as at 31 December 2020	Number of shares held as at 31 December 2019
Ron Kalifa	599,156	564,156
Darren Pope	8,824	0
Victoria Hull	66,319	0
Habib Al Mulla	0	0
Suryanarayan Subramanian	0	0
Ali Haeri Mazanderani	44,290	0
Anil Dua	0	0

Figure 11: Directors' agreements for service

Non-Executive Directors ('NEDs')

The appointments of each of the NEDs are for an initial term of three years from the date of appointment until the conclusion of the Company's AGM occurring approximately three years from that date, unless terminated by either party on three months' notice, in the case of the Independent NEDs, and one month's notice in the case of the Non-Independent NEDs. The appointment of each Independent Non-Executive Director is also subject to annual re-election at the general meeting of the Company.

Non-Executive Director	Title	Date of appointment	Notice period	Unexpired term[1]
Ron Kalifa	Independent Board Chair	13-Mar-19	3 months	1 year 4 months
Darren Pope	Senior Independent Non-Executive Director	13-Mar-19	3 months	1 year 4 months
Victoria Hull	Independent Non-Executive Director	13-Mar-19	3 months	1 year 4 months
Habib Al Mulla	Independent Non-Executive Director	29-Mar-19	3 months	1 year 4 months
Suryanarayan Subramanian	Non-Executive Director	13-Mar-19	1 month	1 year 4 months
Ali Haeri Mazanderani	Independent Non-Executive Director	22-Jan-20	3 months	2 years 4 months
Anil Dua	Independent Non-Executive Director	22-Jan-20	3 months	2 years 4 months

1 From January 2021.

Executive Directors

The Remuneration Committee's policy for setting notice periods for Executive Directors is that a six-month period will apply unless the Remuneration Committee determines that 12 months would be more appropriate in the circumstances. The Remuneration Committee may, in exceptional circumstances arising on recruitment, allow a longer period, which would in any event reduce to either six or 12 months following the first year of employment.

The Company can immediately terminate employment by making a payment in lieu of notice period, or in exceptional circumstances (e.g. misconduct). Post-termination restrictions can be applied for up to 12 months following the cessation of employment.

Executive Director	Title	Date of appointment	Notice period
Simon Haslam	Outgoing CEO	27-Feb-2019	6 months
Nandan Mer	Group Chief Executive Officer	1-Feb-2021	6 months
Rohit Malhotra	Group Chief Financial Officer	2-Jun-2020	6 months

Report on the Remuneration Committee

Remuneration Committee remit

The Remuneration Committee's Terms of Reference can be found on our website at (investors.networkinternational.ae/investors/corporate-governance). In summary, the Remuneration Committee makes recommendations to the Board regarding the Company's policy relating to Executive remuneration and its cost, giving full consideration to the matters set out in the Corporate Governance Code. It determines on the Board's behalf, the entire individual remuneration packages for each Executive Director, the Chair of the Board and the Executive Management Team. The Remuneration Committee meets at least five times each year and otherwise as the Chair of the Remuneration Committee requires.

Figure 12: Remuneration Committee composition and meetings

The table below indicates the number of meetings held during 2020 and Remuneration Committee member attendance.

Member	Member since	FY20 meetings	Number of meetings attended[1]	% of meeting attendance
Victoria Hull	13 March 2019	8	8	100%
Habib Al Mulla[2]	29 March 2019	5	5	100%
Ron Kalifa	13 March 2019	8	8	100%
Darren Pope[2]	13 March 2019	5	5	100%
Ali Haeri Mazanderani[3]	22 January 2020	8	7	88%

1 The FY20 meetings listed for each Remuneration Committee member reflect the number of meetings they were eligible to attend as members of the Remuneration Committee during the year. As and when required, Suryanarayan Subramanian has been asked to attend by invitation to provide advice and expertise.
2 Darren Pope and Habib Al Mulla left the Remuneration Committee on 2 June 2020 and attended all meetings to which they were invited.
3 Ali Mazanderani was unable to attend one of the meetings held during the period since joining the Remuneration Committee on 22 January 2021.

Figure 13: Remuneration Committee activity

The following table is a summary of the Remuneration Committee's activity during FY20. The Remuneration Committee typically meets a minimum five times a year. During FY20, the Remuneration Committee met eight times at scheduled meetings.

The agenda items discussed at the meetings are summarised below.

February 2020	› Update on the FY19 bonus outturn › Review of CEO/CFO remuneration for 2020 › Update on FY20 performance conditions › Update on DRR progress and review draft DRR › Review of FY20 DRP › Approval of Executive Directors' salary increases › Approval of FY20 annual bonus metrics › Approval of LTIP base awards for Executive Directors › Approval of cash to equity conversion › Update on shareholder engagement process
March 2020	› Update on shareholder consultation process › Update on 2020 LTIP ROCE approach › Approval of the DRR › Approval of amended LTIP rules › Approval of FY20 annual bonus targets › Consideration of FY20 LTIP targets › Approval of shareholders' letters and RNS › Approval of 2019 Annual Deferred Bonus › Approval of IPO bonus shares acquisition & dividends
June 2020	› Approval of the amended LTIP and ADBP rules › Approval of treatment of dividends related to deferred share awards › Approved NLT senior management & 'below NLT' Long-Term Incentive Strategy › Update on Board approach to employee engagement
August 2020	› Approval of the 2020 LTIP awards for CFO & NLT senior management. › Approval of the IPO bonus shares acquisition share price › Approval of Board approach to employee engagement › Approval of Remuneration Committee's approach to workforce engagement on Executive pay
October 2020	› Approval of 2020 LTIP targets › Approval of the retention proposal for NLT senior management team › Update on workforce engagement on Executive Pay Communications Plan › Update on DRR timeline › Approval of the CFO Director Fees & Tax Proposal › Update on Employee Engagement Survey & HR Response to COVID-19
December 2020	› Update on 2020 annual bonus approach › Update on 2020 annual Pay Review approach › Approval of the 2021 annual bonus measures and structure › Approval of the 2021 LTIP measures and structure › Revised update on DRR timeline › Approval of remuneration package for incoming CEO and MD Middle East › Approval of termination package for current CEO and MD Middle East

Section 2: Annual Report on Remuneration continued

Figure 14: Statement of voting

The table below sets out last year's voting outcomes including the Remuneration Policy which was approved by shareholders at the AGM on 30 April 2020.

	Votes "For"	Votes "For" %	Votes "Against"	Votes "Against" %	Votes Total	% of Issued Share Capital Voted	Votes "Withheld"
Remuneration Policy (Binding)	426,988,793	96.59%	15,089,568	3.41%	442,078,361	88.42%	10,890,205
Remuneration Report (Advisory)	426,177,846	99.07%	4,007,859	0.93%	430,185,705	86.04%	22,782,861

Remuneration Committee advisors and other attendees

The Remuneration Committee is authorised to obtain external advice from independent consultants where it considers it appropriate in carrying out its responsibilities. During FY20, PwC advised the Remuneration Committee on all aspects of the Remuneration Policy for the Executive Directors and members of the Executive Management Team, including the development of the policy prior to the IPO. PwC was appointed prior to listing following a selection process. PwC is a member of the Remuneration Consultants Group and the voluntary code of conduct of that body is designed to ensure objective and independent advice is given to remuneration committees. Fees of £144,108 were paid to PwC during the year in respect of remuneration advice received, accrued on a time and expenses basis. PwC provides other services to the Company, in relation to accounting, tax advice, reporting, internal audit and risk management. The Remuneration Committee is satisfied that no conflicts of interest in regards to advice provided to the Remuneration Committee exist. It is also satisfied that the members of PwC team do not have connections with the Company which might impair their independence. Allen & Overy LLP also provided advice on legal matters, such as the contractual terms of the incentive plan rules, and compliance with legal and regulatory requirements in the operation and reporting of incentive arrangements.

The Remuneration Committee also seeks internal support from the CEO, Chairman, Chief Risk Officer and Group Company Secretary, Group Head of Human Resources and Facilities, and Principal Reward Consultant as necessary and appropriate. All may attend the Remuneration Committee meetings by invitation, although none of them are present for any discussions on their own remuneration.

Victoria Hull
Chair of the Remuneration Committee
7 March 2021

This DRR has been prepared in accordance with the relevant provisions of The Companies Act 2006, The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, The Companies (Miscellaneous Reporting) Regulations 2018, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Listing Rules. Where required data has been audited by KPMG and this is indicated appropriately.

Directors' Report – Other Statutory Disclosures

The Directors present their report for the financial year ended 31 December 2020.

Information included in the Strategic Report

As permitted by legislation, the following matters which would otherwise be required to be included in the Directors' Report have instead been included in the Strategic Report on pages 14 to 69:

Subject matter	Page reference
Likely future developments in the business	14
Research and development	36
Employment of disabled persons	61
Employee engagement	62
Relationships with suppliers, customers and others	28
Disclosures concerning greenhouse gas emissions	66
Diversity	60
Energy consumption and carbon emissions	66

Corporate Governance Statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the FCA's Disclosure Guidance and Transparency Rules can be found in the Corporate Governance Report on pages 90 to 112 and the Strategic Report on pages 1 to 89 (which are incorporated into this Directors' Report by reference) and in this Directors' Report.

Cautionary statement

This Annual Report has been prepared for and only for the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Disclosure of information under LR 9.8.4R

The information that fulfils the reporting requirements relating to the following matters can be found on the pages identified:

Subject matter	Page reference
Arrangements under which the employee benefit trust has waived or agreed to waive dividends/future dividends	151

Share capital

The structure of the issued share capital of the Company as at 31 December 2020 and information about the issue of shares during 2020 are set out in note 18 (on page 200) to the financial statements. The Company has one class of share: ordinary shares of £ 0.10 each.

Directors' Report – Other Statutory Disclosures continued

Issue and buy-back of shares

1. Issue of shares

The Directors were granted authority on 30 April 2020 to allot shares in the Company: (i) up to one third of the Company's issued share capital; and (ii) up to a further one third of the Company's issued share capital in connection with a rights issue.

The Directors were also granted authority on 30 April 2020 to disapply pre-emption rights. This authority disapplies pre-emption rights over 10% of the Company's issued share capital.

These authorities apply until the AGM to be held in 2021 or, if earlier, at the close of business on the date falling 15 months after the resolutions conferring them were passed on 30 April 2020. The Board currently intends to seek to renew these powers in line with relevant institutional guidelines at the 2021 AGM.

Pursuant to the authorities given by the shareholders at the AGM held on 30 April 2020, a further 50,000,000 ordinary shares of 10p each in the capital of the Company (representing approximately 10% of the then current issued ordinary shares of the capital of the Company) were issued on 31 July 2020 by way of a non-pre-emptive placing. The gross proceeds raised of approximately £205 million will be used predominantly to fund the acquisition of DPO Group for a total consideration of USD 288 million.

2. Buy-back of shares

The Company was granted authority on 30 April 2020 to purchase in the market up to 10% of its issued ordinary shares, subject to certain conditions laid out in the authorising resolution. This authority applies until the AGM to be held in 2021 or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it was passed on 30 April 2020. The Board currently intends to seek to renew this authority at the 2021 AGM.

The Directors did not exercise the authority to make market purchases of shares in the financial period under review.

Shareholder rights

The rights attaching to the ordinary shares are governed by the Company's Articles of Association and prevailing legislation. There are no specific restrictions on the size of a shareholding. Subject to applicable law and the Articles of Association, holders of ordinary shares are entitled to:

- receive all shareholder documents, including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
- participate in any distribution of income or capital.

Restrictions on voting

There are no specific restrictions on the shareholders' ability to exercise their voting rights, save and except in situations where the Company is legally entitled to impose such restrictions (usually where amounts remain unpaid on the shares after request, or the shareholder is otherwise in default of an obligation to the Company). Currently all issued shares are fully paid.

Shares held by the Company's employee benefit trust

The Company has established an employee benefit trust to hold shares for satisfying the awards made under its employee share plans. The Deed of Trust requires the trustees to abstain from voting on the shares held in trust at any general meeting of the Company.

Restrictions on the transfer of ordinary shares

Ron Kalifa, Chairman, has an interest in 564,156 ordinary shares in the Company that were acquired pursuant to the terms of the consultancy agreement entered into on 13 March 2019 between WP/GA and RMK Consulting Services Ltd., a company wholly owned by Mr Kalifa. Further details in respect of these shares and the consultancy agreement are disclosed in the Remuneration Report on page 146. The 564,156 shares held by RMK Consulting Services Ltd may not be transferred to any party during the period of three years following 10 April 2019 being the date when the shares were admitted to trading on the London Stock Exchange.

The transfer of ordinary shares is governed by the general provisions of the Company's Articles of Association and prevailing legislation. There are no restrictions on the transfer of the ordinary shares other than: (i) as set out in the consultancy agreement described in the preceding paragraph; (ii) as set out in the Articles of Association; and (iii) certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws and regulations, which prohibit the transfer of shares by Directors, officers and employees at certain times and otherwise require such individuals to obtain approval to deal in the ordinary shares in the Company in accordance with the Company's share dealing rules).

Notifiable interests in voting rights
At 31 December 2020, and updated as at 1 March 2021, the Company had been notified of the following interests in voting rights over the issued share capital of the Company:

	As at 31 December 2020		As of 1 March 2021		
Shareholder	Number of voting rights	% interest in voting rights	Number of voting rights	% interest in voting rights	Nature of Interest
The Capital Group Companies, Inc	67,510,165	12.27	83,684,865	15.22	Indirect
Mastercard UK Holdco Limited	49,950,000	9.08	49,950,000	9.08	Direct
Harding Loevner LP	30,942,257	5.63	25,572,878	4.65	Direct
Emirates NBD Bank PJSC	28,634,626	5.21	28,634,626	5.21	Direct
Wellington Management Group LLP	26,735163	4.86	26,735,163	4.86	Indirect

Information provided to the Company under the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

As at 1 March 2021, no Directors and/or their connected persons had an interest in 3% or more of the voting rights of the Company.

Dividends
In view of the ongoing COVID-19 situation, the Board took the prudent step (announced on 2 April 2020) of deferring the previously announced proposed final dividend in respect of 2019. No dividends were paid during the year. The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2020.

Directors' appointments
The names of the current Directors, the date on which each was appointed and the unexpired term of Service Contract for each Director are disclosed in the Remuneration Report on page 146.

The appointment and replacement of Directors is governed by the Company's Articles, the UK Corporate Governance Code, the UK Companies Act 2006 and related legislation. Directors may be appointed by the Board, on the recommendation of the Nomination Committee, or by the Company by ordinary resolution.

All Directors are subject to the election or re-election by shareholders at each Annual General Meeting.

Further information on the appointments to the Board is set out in the Corporate Governance Report on page 106.

Directors' conflicts of interest
Directors are under a duty to declare any conflict or potential conflict of interest that may arise from time to time. The Board considers and may authorise any conflict or potential conflict as appropriate. Directors with a conflict do not participate in the discussion or vote on the matter in question. More details on how the Directors' conflicts of interest are addressed are in the Governance Report at page 107.

Powers of the Directors
Subject to the Company's Articles of Association, the prevailing legislation and any directions by special resolution, the business and affairs of the Company are managed by the Directors. Details of the current authorities to issue and buy back shares are set out on page 150.

Qualifying third-party indemnity and Directors' and Officers' Liability Insurance
In accordance with its Articles of Association, the Company has granted a qualifying third-party indemnity, to the extent permitted by law, to each Director and the Group Company Secretary. The Company also maintains Directors' and Officers' Liability Insurance.

Directors' Report – Other Statutory Disclosures continued

Significant agreements (change of control)

The common terms agreement dated 10 May 2016 (amended on 18 March 2019 and 7 August 2019) for a term facility entered into by one of the subsidiaries of the Company and various lenders, to which the Company also acceded as a guarantor along with other Group companies, provides for the ability to individual lenders to cease funding further utilisation requests, and to seek repayment of all sums funded by them together with interest and other amounts payable, on 10 business days' notice in the event of (i) any person or group of persons acting in concert (other than ENBD and WP/GA) acquiring (directly or indirectly) equity share capital having the right to cast more than 30% of the votes capable of being cast in general meetings of the said subsidiary or the Company; or (ii) any sale of all or substantially all of the businesses or assets of the Network International Group.

The revolving credit facility agreement dated 31 October 2019 entered into by one of the subsidiaries of the Company and various lenders, to which the Company is also a signatory along with other Group companies as a guarantor, provides for the ability to individual lenders to cease funding further utilisation requests, and to seek repayment of all sums funded by them together with interest and other amounts payable, on 10 business days' notice in the event of (i) any person or group of persons acting in concert (other than ENBD and WP/GA) acquiring (directly or indirectly) equity share capital having the right to cast more than 30% of the votes capable of being cast in general meetings of the said subsidiary; or (ii) any sale of all or substantially all of the businesses or assets of the Network International Group.

In addition there are a number of agreements that take effect, alter, or terminate upon a change of control of the Company. None are considered to be significant in terms of the Group as a whole.

Compensation for loss of office

Information in respect of Directors' remuneration, including any contractual arrangements on termination of employment, is disclosed in the Remuneration Report on page 139.

Financial instruments

In relation to the use of financial instruments by the Company, information in respect of:

a) the financial risk management objectives and policies of the Company, and

b) the exposure of the Company to credit risk, liquidity risk, market risk and operational risk, is disclosed in the financial statements on pages 212 to 216.

Suppliers' payment policy

Terms of payment are agreed with individual suppliers prior to supply. The Group aims to pay its suppliers promptly, in accordance with terms agreed for payment, provided the goods or services have been provided in accordance with the agreed terms and conditions.

Future developments

An indication of likely future developments in the business of the Company are included in the Strategic Report on pages 14 to 19.

Branches outside the UK

The Company does not have any branches outside the UK. The Company has a number of subsidiary companies that are operating in different countries in which they have been incorporated.

Donations

In line with the Company's policy, no political donations were made, and no political expenditure was incurred during the year.

Details of the Group's charitable activities are included in the Strategic Report on page 68.

Amendment of Articles of Association

The Company's Articles of Association may be amended by special resolution of shareholders. The Company's Articles of Association adopted by shareholders with effect from 10 April 2019, being the date of the IPO and the admission of shares traded on the London Stock Exchange, are available on the Company's website.

Going Concern and Viability Statements

The statements required to be included in the Annual Report following UK Corporate Governance Code provisions 30 and 31 can be found on pages 155 to 158 respectively and are incorporated into this Directors' Report by reference.

Disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006, each person who is a Director of the Company as at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- the Director has taken all the steps that he or she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts and the Group and Parent Company financial statements in accordance with applicable law and practice.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year.

Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRS as adopted by the EU'). In addition the Group financial statements were also prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IFRS as issued by the IASB').

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- For the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ('IFRS as adopted by the EU'), and International Financial Reporting Standards as issued by International Accounting Standards Board ('IFRS as issued by the IASB');
- For the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- Assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration report and Corporate Governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report has been approved and is signed by order of the Board by:

Nandan Mer
Chief Executive Officer
7 March 2021

Registered Office:
Suite 1,
3rd Floor,
11-12 St James's Square,
London, SW1Y 4LB
United Kingdom

Registered number:
11849292

Viability statement

Viability statement
In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the Group's prospects over a period longer than the 12 months required by the Going Concern statement.

Viability timeframe:
The Directors have assessed the Group's viability over a period of three years from 31 December 2020. This period was selected as an appropriate timeframe based on the following rationale:

- This time horizon is captured by our business planning cycle and a period during which principal risks (particularly those of an operational nature over which we have more control) typically develop;
- The three-year period is also in line with long-term management incentive plan;
- The continuously innovating nature of the industry makes it difficult to predict with sufficient confidence how competition, customer demand delivery mechanisms and other risks will evolve beyond a three-year timeframe; and
- The continuing changing macroeconomic and political environment, globally and regionally, presents greater uncertainty into a forecasting period longer than three years.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period than three years, we believe that a three-year period presents shareholders with a reasonable degree of confidence, while providing a longer-term perspective.

Assessment of prospects:
The Group gets a significant portion of its recurring revenues through long-term contracts with its diversified portfolio of clients and aims at stable low to mid teen revenue growth strategy, as evidenced both by its past performance, resilience and the position it occupies in the market.

The key factors supporting the Group's prospects are:

- Long-term, loyal, blue-chip clients – Over the past 20 years, the Group has built long-standing and trusted relationships with many of the leading merchants, financial institutions and card issuers operating in the MEA region. The Group's clients, on the Merchant Solutions side, include more than 80,000 merchants, and on the Issuer Solution side, more than 200 leading financial institutions in its region of operations.
- Proprietary technology – The Group has developed its own independent, integrated, reliable and highly secure next generation technology platforms, Network One and Network Lite, which serve both our Issuer and Merchant Solutions business lines. Both principal platforms comprise core authorisation and card management systems from commercial off-the-shelf providers to benefit from leading international technologies, which have been fully integrated and tailored to the markets and regions in which the Group operates.
- Leadership position – We are the leading enabler of digital commerce across the Middle East and Africa ('MEA') region, which is the world's most underpenetrated payments market. The Group is the only pan-regional provider of digital payments solutions at scale, with presence across the entire payments value chain. The Group sits at the heart of the MEA payments ecosystem and operates a deeply entrenched network driving adoption of digital payments across the region.
- The Group's management team, which includes executives with regional and international experience, has been instrumental in developing the Group into a leading digital payments provider in the MEA region. The members of the Group's management team have extensive industry experience in the financial services, payments and technology sectors and a track record of execution at leading organisations regionally and internationally.

Assessment process and key assumptions

The Group's prospects are assessed primarily through its strategic and financial planning process. This includes preparation of a detailed Group budget based on zero based budgeting. This process is led by the Group's Chief Executive Officer and Chief Financial Officer, in conjunction with divisional and functional management teams. The Board participates fully in the annual process to review, challenge and approve the annual operating budget.

The output of the annual budget process is a set of objectives, and a clear explanation of the key assumptions and risks to be considered when agreeing the plan culminating into a detailed set of financial forecasts.

The Group also has a long-term strategy in place which helps drive the business forward. The strategy is reviewed and updated on a periodic basis. Detailed financial forecasts for a time horizon of three years are prepared, with the first year of the financial forecast forming the Group's operating budget in line with overall Group strategy.

Business plans for subsequent years are firmed up based on the detailed budget in line with the overall strategic plan. The operating budget is further updated through a rolling forecast process. Progress against financial budgets and key objectives are reviewed in detail on a monthly basis by Group's management team and the Board. Mitigating actions are taken whether identified through actual trading performance or through the rolling forecast process.

The latest budget (for 2021) was reviewed and approved by the Board in December 2020. This budget is based on Group's current position and its prospects over the forthcoming year, and in line with Group's stated strategy.

However, the proposed acquisition of DPO and specifically the proceeds from the equity raise to fund the acquisition, have been excluded from the scenario analysis, except for the DPO specific scenario, which has been used to illustrate the marginal impact of a poorly executed DPO acquisition on the Group's viability.

The Group's long-term prospects are guided by the following strategic priorities:

- Capitalise on structural market growth and regional adoption of digital payments
- Expand customer base
- Expand regional leadership position
- Leverage technology investment

The Group's financial forecasts are based on the following key assumptions:

- Organic revenue growth of high double digit in 2021 post expected recovery from COVID-19 pandemic;
- Improvement in EBITDA margin in 2021 over 2020 as the business continues to recover from the pandemic;
- Stable Capex spends on core business post completion of transformation programme;
- No dividend payment to the shareholders;
- No change in capital structure of the Group (except required for the acquisition of DPO);
- Further Revenue and EBITDA upside from growth accelerator opportunities, such as partnership with Mastercard, deeper geographic penetration in Saudi Arabia, large outsourcing opportunities and strategic M&A, which may require additional investment.

Assessment of viability

Although the output of the Group's strategic and financial planning reflects the management's best estimate of the future prospects of the business, the Group has also assessed the impact of severe yet possible scenarios. These scenarios are designed to explore the Group's resilience to the principal risks as set out in the ARA and combinations of correlated risks. The key scenarios tested can be summarised as:

1. Slowdown in card spends due to sluggish market conditions for various reasons including geo-political scenario and impact of COVID-19 pandemic for a longer period impacting both Merchant Solutions and Issuer Solution revenues
2. Data breaches
3. Loss of business/major clients
4. Technological interruption

Stress testing metrics	Slowdown in card spends due to slow market activity	Data breaches / cyber attack	Loss of business / major clients	Technological interruption
Principal Risks				
Cyber security	–	✓	–	✓
Technology resilience	–	✓	–	✓
Operational resilience	–	✓	–	✓
Strategy and Business	✓	✓	✓	✓
People	–	–	✓	–
Regulatory and Compliance	–	✓	✓	✓
Geo-political	✓	–	✓	–
Financial (Liquidity)	✓	–	✓	–
Fraud	–	✓	–	–
Credit	✓	–	–	–
Third party	–	✓	–	✓

The results of the stress testing demonstrate that, due to the Group's cash generation ability and ongoing availability of sufficient liquidity, Network will be able to withstand the impact of both each scenario individually as well as all the scenarios happening simultaneously. The mitigants considered as part of this stress testing include initiatives to be taken to reduce operating expenses, and to minimise capital expenditure. The Board assessed these mitigants as both achievable and proportionate to the stress considered.

While performing the above stress testing, some risks are outside the Group's control and the potential implications are difficult to predict (i.e. catastrophic risks due to any unforeseen geo-political scenarios or otherwise), and have not been considered in the scenario testing.

Viability Statement

Based on the results of their analysis, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2023.

Going Concern Statement

The Directors have adopted the going concern basis in preparing these consolidated 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. The COVID-19 pandemic has significantly impacted the performance of the Group throughout the period, and is discussed in detail in the 'COVID-19 response'.

In making this assessment, the Directors have considered a forecast period of more than 12 months (until June 2022), estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group based upon the known and expected impacts of COVID-19 as of now. The base forecast has been done based on the budget for 2021 approved by the Board. The base forecast excludes the impact of the acquisition of DPO and the proceeds of the equity raise to fund the acquisition.

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, the 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, the Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore our revenues for this business line are somewhat correlated to underlying transaction volumes, but have a greater resilience due to the card hosting and contractually fixed elements.

During the period, the Group has refinanced the syndicated term lending facility. The loan placement was considerably over subscribed by banks with both global and regional presence. The Group has additional committed revolving credit lines in place. The Group continues to have significant liquidity headroom to meet its financial obligations, as described in the 'Chief Financial Officer's Review' section in the Strategic Report. The Group's leverage ratio also remains below the maximum threshold prescribed under the financing facility agreement in the base case scenario as well as under the severe but plausible downside scenario as described below.

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 the COVID-19 pandemic on the economy. In the stress scenario, the Directors assumed slower economic recovery as compared to the base case forecast and assumed that recovery of financial performance to the level of 2019 could be delayed until mid-2022. The Group forecasted revenues for 2021 and 2022 under stress scenario assumptions are lower than they would have been prior to onset of the COVID-19 pandemic (2019 revenues: USD 335.4 million).

The costs do not go down in the same proportion as the decrease in revenues as a significant proportion of the Group's cost base is fixed in nature. This also impacts the headroom available in the Group's leverage ratio. However, with forecast operating cash flow generation and available and committed financing facilities as explained above, the leverage ratio remains below the threshold in the downside scenario.

Furthermore, the Directors further assessed and concluded that the proposed acquisition of DPO Group does not materially impact the headroom available in the Group's leverage ratio under the base case and the severe but plausible downside scenario.

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

Independent Auditor's Report to the Members of Network International Holdings Plc

1. Our opinion is unmodified

We have audited the financial statements of Network International Holdings plc ('the Company') for the year ended 31 December 2020 which comprise the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, Parent Company statement of financial position, Parent Company statement of changes in equity, and the related notes, including the accounting policies in note 2.

In our opinion:

› the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
› the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRS as adopted by the EU);
› the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
› the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Additional opinion in relation to IFRSs as issued by the IASB

As explained in note 2 (a) of the consolidated financial statements, the Group, in addition to complying with its legal obligation to apply international accounting standards in conformity with the requirements of the Companies Act, has also applied IFRSs as issued by the International Accounting Standards Board ('IASB').

In our opinion the Group financial statements have been properly prepared in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor by the Directors on 28 March 2019. The period of total uninterrupted engagement is for the two financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Materiality: Group financial statements as a whole	USD 3.0m (2019: USD 4.0m) 4.7% (2019: 4.3%) of normalised profit before tax	
Coverage	93.4% (2019: 88.0%) of Group profit before tax	
Key audit matters		**vs 2019**
Recurring risks	Revenue recognition on acquiring revenue	
	Alternative Performance Measures	
	Recoverability of parent's investment in subsidiary undertaking	
Event driven	Going Concern	

Independent Auditor's Report to the Members of Network International Holdings Plc
continued

2. Key audit matters: our assessment of risks of material misstatement
Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Revenue recognition – acquiring revenue – 64% of Merchant Solutions revenue of USD 109.4m (2019: 64% of Merchant Solutions revenue of USD 152.5m)
Refer to page 72 of Principal Risks and Uncertainties and page 115 of the Audit and Risk Committee Report.

The risk

Data capture: Acquiring revenue is recognised based on the value and nature of transactions processed and the rates agreed with merchants and other parties. The value of transactions is extracted from operational IT systems through which payments are processed. These operational IT systems are highly complex in nature.

Processing error (IT systems): There is a risk that these systems may not be configured correctly from the outset such that revenues are calculated incorrectly that data does not correctly flow through the operational IT systems, and that unauthorised changes may be made to any of these systems, which may result in the misstatement of revenue.

Processing error (finance processes): The output from the operational IT systems is used to calculate and record revenue balances. Accurate revenue recognition requires core finance processes accurately reporting on and reconciling the transactions as reported by the IT systems.

Our response

Our procedures included:

Control design: Testing IT controls relating to access to programs and data, program change and development and computer operations in order to address the risk of unauthorised changes being made to the operation of IT application controls.

Control design and operation: Testing the design, implementation and operating effectiveness of IT application controls, including controls around customer set up and changes to master data that are designed to ensure the appropriate rates are assigned to each merchant in the system based on signed contract terms.

Control re-performance: Testing the operating effectiveness of the manual controls over the reconciliation of transactions as reported by the IT systems.

Reperformance: On a sample basis vouching items recorded back to source data including:

- Agreeing key system inputs from which the revenue amounts are derived to the source documents to assess the data integrity of these inputs.
- Recalculating of the revenue to be recognised, disaggregated by merchant and scheme, based upon the key system inputs.
- Examining cash receipts from schemes and third-party confirmations.
- Reviewing customer complaints data to assess whether any recognised revenue amount is in dispute.

Assessing whether the Group's disclosures in respect of revenue recognition provide sufficient detail for users to understand the nature of transactions.

Our results
We found the revenue recognised in respect of acquiring revenue to be acceptable (2019: acceptable).

Alternative Performance Measures

Throughout the Annual Report and financial statements.

The risk

Presentation appropriateness
The Group has to comply with the ESMA Guidelines on Alternative Performance Measures ('APMs') that require equal prominence, consistency, clear definitions, and reconciliations to equivalent IFRS measures. An APM is any financial measure that is not extracted directly from the IFRS financial statements – for Network this includes items such as Underlying EBITDA, Underlying Net Income, Underlying EPS, and constant currency measures. In addition, where certain items are excluded from an APM (for example Specially Disclosed Items), there are criteria that need to be met.

There is a risk that the financial statement disclosures and other disclosures to the market (including in the front-half narrative) do not comply with these requirements.

Our response

Our procedures included:

Alternative Performance Measures: For each APM verifying that the requirements of the ESMA guidelines are met through challenging management and critically assessing disconfirming evidence (for example around these measures being balanced and presenting equally positive and negative results). We assessed that each APM was presented with a meaningful label, had a clear description and explanation and no more prominence than the IFRS equivalents.

Specially Disclosed Items ('SDIs'): In assessing the appropriateness of adjustments to the IFRS equivalents, we assessed whether each SDI was exceptional by nature, incidence or size, was not a recurring item and clearly described by management.

Our results
We found the presentation of the Alternative Performance Measures in the context of the Annual Report and financial statements to be acceptable (2019: acceptable).

Going concern

Refer to note 2 (d) to the consolidated financial statements and page 124 of the Audit and Risk Committee Report.

The risk

Disclosure quality
The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and Parent Company.

That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period to the end of June 2022.

The risks most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- The impact of COVID-19 restrictions affecting the Group's performance;
- Reduced consumer confidence leading to slowdown in card spends.

There are also less predictable but realistic second order impacts, such as the risks of technical and operational interruptions which impact the Group's ability to execute its strategy in the near to medium term.

The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.

Our response

Considering whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the Directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

Historical comparisons: considering the historical accuracy of the Group's cash flow forecasts and growth rates by assessing the accuracy of previous forecasts to actuals.

Sensitivity analysis: considering sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks individually and collectively.

Our sector experience: assessing and challenging the key assumptions in the forecasts used by the Directors by benchmarking these against external forecasts and our sector knowledge.

Assessing transparency:

- considering whether the going concern disclosure in note 2 (d) to the financial statements gives a full and accurate description of the Directors' assessment of going concern.

Our results
We found the going concern disclosure in note 2 (d) without any material uncertainty to be acceptable (2019: acceptable).

Independent Auditor's Report to the Members of Network International Holdings Plc
continued

Recoverability of Parent Company's investment in subsidiaries (USD 1,553 million)
Refer to page 221 (accounting policy) and page 224 (financial disclosures).

The risk	Our response
Low risk, high value The carrying amount of the Parent Company's investments in subsidiaries represents 100% of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	Our procedures included: **Tests of details:** Comparing the carrying amount of 100% of investments with the relevant subsidiaries' draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making. **Comparing valuations:** For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of the subsidiaries' profit. Comparing the carrying value of the investments to the market capitalisation of the Group. **Our results** We found the Group's assessment of the recoverability of the investment in subsidiaries to be acceptable (2019: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality

Materiality for the Group financial statements as a whole was set at USD 3.0m (2019: USD 4.0m), determined with reference to a benchmark of Group profit before tax, normalised to exclude reorganisation, restructuring and settlement, share-based compensation, and M&A and IPO related costs, and normalised by averaging over the last three years due to fluctuations in the business environment, as disclosed in note 4, of USD 64.3m (2019: normalised Group profit before tax of 92.4m), of which it represents 4.7%(2019: 4.3% of 2019 normalised Group profit before tax).

Materiality for the Parent Company financial statements as a whole was set at USD 1.5m (2019: USD 3.4m), determined with reference to Company total assets (2019: total assets), of which it represents 0.1% (2019: 0.2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to USD 2.25m (2019: USD 3.0m) for the Group and USD 1.13m (2019: USD 2.55m) for the Parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding USD 0.15m (2019: USD 0.2m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scope

Of the Group's 16 (2019: 16) reporting components, we subjected 7 (2019: 5) to full scope audits for Group purposes. The components within the scope of our work accounted for the following percentages of the Group's results:

	Group revenue	Group profit before tax	Group total assets
Audits for Group reporting purposes	97.6%	93.4%	96.6%

The remaining 2.4% (2019: 9.4%) of total Group revenue, 6.6% (2019: 12.0%) of total Group profit before tax and 3.4% (2019: 7.4%) of total Group assets is represented by 9 (2019: 11) reporting components, none of which individually represented more than 4% (2019: 6%) of any of the total Group revenue, Group profit before tax or total Group assets. For these residual components, we performed an analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materiality, which ranged from USD 0.75m to USD 2.55m (2019: USD 1.2m to USD 3.4m), having regard to the mix of size and risk profile of the Group across the components. The work on 6 (2019: 4) of the Group's 7 (2019: 5) components was performed by component auditors and the audit of the Parent Company was performed by the Group audit team. For those items excluded from normalised Group profit before tax, the component teams performed procedures on items relating to their components. The Group team performed procedures on the remaining excluded items.

On account of the travel restrictions in place during the performance of the audit, the Group team has not visited any component auditor and instead held virtual conference meetings with all component auditors (2019: the Group audit team visited 2 component locations in UAE and Jordan). At these meetings the Group team discussed the audit strategy, the ongoing audit efforts and focus areas, and the findings reported to the Group audit team were discussed in more detail. Any further work required by the Group team was then performed by the component auditor.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for a period up to the end of June 2022 ('the going concern period').

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2 (d) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period; and
- the related statement under the Listing Rules set out on page 175 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud , including the internal audit function, and the Group's channel for 'whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Considering remuneration incentive schemes and performance targets for Directors.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that the Issuer Solutions revenue is recorded in the incorrect period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

Independent Auditor's Report to the Members of Network International Holdings Plc
continued

We also identified a fraud risk related to Annual Report disclosures not being in line with ESMA Guidelines on Alternative Performance Measures ('APMs'), in response to possible pressures to meet profit targets.

Further detail in respect of Annual Report disclosures is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

› Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user, and those posted to unusual accounts.
› Performing controls and substantive testing at full scope components with Issuer Solutions revenue to verify that these have been recorded in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: anti-bribery, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report
The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly,we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report
Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability
We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the Viability Statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 155 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement, set out on page 155, under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

7. We have nothing to report on the other matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 153, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor’s Report to the Members of Network International Holdings Plc
continued

Auditor’s responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at **www.frc.org.uk/auditorsresponsibilities**.

9. The purpose of our audit work and to whom we owe our responsibilities
This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and the further matters we are required to state to them in accordance with the terms agreed with the Company, 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 and the Company’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Harper (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

7 March 2021

Consolidated Statement of Financial Position
as at 31 December

	Notes	2020 USD'000	2019* USD'000
Assets			
Non-current assets			
Goodwill	8	**262,609**	262,561
Intangible assets	8	**188,523**	186,499
Property and equipment	7	**50,285**	57,400
Investment in associate	9	**59,808**	54,432
Investment securities		**246**	246
Long-term receivables		**2,617**	2,533
Total non-current assets		**564,088**	563,671
Current assets			
Scheme debtors	10	**165,436**	185,268
Receivables and prepayments	11	**67,874**	88,496
Restricted cash	10, 12	**52,550**	54,029
Cash and cash equivalents	12	**398,781**	45,473
Total current assets		**684,641**	373,266
Total assets		**1,248,729**	936,937
Liabilities			
Non-current liabilities			
Borrowings	15	**369,025**	211,783
Other long-term liabilities	17	**21,584**	24,379
Deferred tax liabilities	24.2	**1,837**	1,788
Total non-current liabilities		**392,446**	237,950
Current liabilities			
Merchant creditors	10	**165,142**	167,167
Trade and other payables	14	**127,732**	127,453
Borrowings	15	**65,447**	165,661
Total current liabilities		**358,321**	460,281
Shareholders' equity			
Share capital	18	**71,557**	65,100
Share premium	18	**252,279**	–
Foreign exchange reserve	18	**(19,438)**	(20,115)
Reorganisation reserve	18	**(1,552,365)**	(1,552,365)
Other reserves	18	**4,773**	5,851
Retained earnings		**1,741,609**	1,742,096
Equity attributable to equity holders		**498,415**	240,567
Non-controlling interest		**(453)**	(1,861)
Total shareholders' equity		**497,962**	238,706
Total liabilities and shareholders' equity		**1,248,729**	936,937

* 2019 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) from discontinued operations to continuing operations in 2020.

The notes on pages 174 to 218 form part of these consolidated financial statements. These consolidated financial statements were approved and authorised for issue by the Board of Directors on 7 March 2021 and signed on its behalf by:

Nandan Mer
Director and Chief Executive Officer

Consolidated Statement of Profit or Loss
for the year ended 31 December

	Notes	2020 USD'000	2019* USD'000
Continuing operations			
Revenue	19	**284,844**	335,379
Personnel expenses	20	**(96,933)**	(96,744)
Selling, operating and other expenses	21	**(103,174)**	(106,424)
Depreciation and amortisation	7, 8	**(51,537)**	(46,817)
Share of profit of associate	9	**5,820**	5,299
Profit before interest and tax		**39,020**	90,693
Net interest expense	22	**(21,669)**	(24,844)
Write-off of unamortised debt issuance cost	15	**(6,721)**	–
Unrealised foreign exchange losses		**(328)**	(1,894)
Profit before tax		**10,302**	63,955
Taxes	24	**(4,704)**	(6,638)
Profit from continuing operations		**5,598**	57,317
Discontinued operations			
Loss from discontinued operations, net of taxes	16	**-**	(359)
Profit for the year		**5,598**	56,958
Attributable to:			
Equity holders of the Group		**6,155**	57,604
Non-controlling interest		**(557)**	(646)
Profit for the year		**5,598**	56,958
Earnings per share (basic and diluted) in USD cents	23	**1.2**	11.5
Earnings per share – Continuing operations (basic and diluted) in USD cents	23	**1.2**	11.6

* 2019 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) from discontinued operations to continuing operations in 2020.

The notes on pages 174 to 218 form part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income
as at 31 December

	2020 USD'000	2019 USD'000
Profit for the year	**5,598**	56,958
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation difference on foreign operations	**677**	3,160
Items that will never be reclassified to profit or loss		
Re-measurement of defined benefit liability	**(1,365)**	(1,692)
Net change in other comprehensive income	**(688)**	1,468
Total comprehensive income for the year	**4,910**	58,426
Attributable to:		
Equity holders of the Group	**5,467**	59,072
Non-controlling interest	**(557)**	(646)
Total comprehensive income	**4,910**	58,426

The notes on pages 174 to 218 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December

	Share capital	Share premium	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' equity
					USD'000				
As at 1 January 2020	65,100	–	(20,115)	(1,552,365)	5,851	1,742,096	240,567	(1,861)	238,706
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	6,155	6,155	(557)	5,598
Other comprehensive income for the year:									
Foreign currency translation differences	–	–	677	–	–	–	677	–	677
Re-measurement of defined benefit liability	–	–	–	–	(1,365)	–	(1,365)	–	(1,365)
Total other comprehensive income for the year			677	–	(1,365)	–	(688)	–	(688)
Total comprehensive income for the year	–	–	677	–	(1,365)	6,155	5,467	(557)	4,910
Issuance of new shares	6,457	258,280	–	–	–	–	264,737	–	264,737
Share issuance cost	–	(6,001)	–	–	–	–	(6,001)	–	(6,001)
Increase in statutory reverse	–	–	–	–	287	(287)	–	–	–
Purchase of treasury shares	–	–	–	–	–	(10,425)	(10,425)	–	(10,425)
Share-based payment	–	–	–	–	–	4,070	4,070	–	4,070
Increase in shareholding of subsidiary with non-controlling interest	–	–	–	–	–	–	–	1,965	1,965
As at 31 December 2020	71,557	252,279	(19,438)	(1,552,365)	4,773	1,741,609	498,415	(453)	497,962

The notes on pages 174 to 218 form part of these consolidated financial statements.

	Share capital	Share premium	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' equity
					USD'000				
As at 1 January 2019	1,559,796	6,184	(23,275)	(1,552,365)	7,543	195,028	192,911	(1,215)	191,696
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	57,604	57,604	(646)	56,958
Other comprehensive income for the year:									
Foreign currency translation differences	–	–	3,160	–		–	3,160	–	3,160
Re-measurement of defined benefit liability	–	–	–	–	(1,692)	–	(1,692)	–	(1,692)
Total other comprehensive income for the year	–	–	3,160	–	(1,692)	–	1,468	–	1,468
Total comprehensive income for the year	–	–	3,160	–	(1,692)	57,604	59,072	(646)	58,426
Capital reduction	(1,494,696)	(6,184)	–	–	–	1,500,880	–	–	–
Purchase of treasury shares	–	–	–	–	–	(12,821)	(12,821)	–	(12,821)
Share-based payment	–	–	–	–	–	1,405	1,405	–	1,405
As at 31 December 2019	65,100	–	(20,115)	(1,552,365)	5,851	1,742,096	240,567	(1,861)	238,706

The notes on pages 174 to 218 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 December

	Notes	2020 USD'000	2019* USD'000
Operating activities			
Profit for the year from operations		**5,598**	56,958
Adjustments for:			
Depreciation and amortisation	7,8	**51,537**	46,817
Write-off of unamortised debt issuance cost	15	**6,721**	–
Provision for expected credit losses	11	**2,183**	510
Net interest expense	22	**21,669**	24,844
Taxes	24	**4,704**	6,638
Foreign exchange losses and others		**358**	6,471
Loss on sale of assets		**–**	17
Share of profits from associate		**(5,820)**	(5,299)
Charge for share-based payment	17	**4,070**	1,405
Changes in long-term receivables and other liabilities		**656**	(4,986)
Interest paid		**(16,985)**	(21,300)
Taxes paid		**(6,058)**	(10,415)
Changes in working capital before settlement related balances[1]	11	**19,581**	(9,625)
Net cash flows before settlement related balances		**88,214**	92,035
Changes in settlement related balances[2]		**19,286**	40,391
Net cash flows from operating activities		**107,500**	132,426
Investing activities			
Purchase of intangible assets and property and equipment	4.6	**(50,064)**	(79,310)
Dividends received from associate	9	**–**	2,723
Sale of intangible assets and property and equipment		**585**	–
Interest received		**441**	1,093
Net cash flows from investing activities		**(49,038)**	(75,494)

* 2019 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) from discontinued operations to continuing operations in 2020.

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

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

The notes on pages 174 to 218 form part of these consolidated financial statements.

	Notes	2020 USD'000	2019* USD'000
Financing activities			
Proceeds from new borrowings		**415,000**	35,000
Repayment of borrowings		**(328,751)**	(44,918)
Purchase of treasury shares		**(10,425)**	(12,821)
Payment of debt issuance cost		**(6,676)**	(2,903)
Payment of lease liabilities		**(4,620)**	(4,394)
Issuance of subsidiary's capital to non-controlling interest		**1,965**	–
Proceeds from issuance of new shares		**264,737**	–
Payment of share issuance expenses		**(6,001)**	–
Net cash flows from financing activities		**325,229**	(30,036)
Net increase in cash and cash equivalents		**383,691**	26,896
Cash as part of held for sale		**–**	744
Effect of movements in exchange rates on cash held		**(169)**	405
Cash and cash equivalents at the beginning of the year		**(14,422)**	(42,467)
Cash and cash equivalents at the end of the year (refer (i) below)		**369,100**	(14,422)
Note (i): Cash and cash equivalents – as per consolidated statement of financial position	12	**398,781**	45,473
Bank overdraft	15	**(29,681)**	(59,895)
		369,100	(14,422)

* 2019 figures have been re-presented following the classification of Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) from discontinued operations to continuing operations in 2020.

The notes on pages 174 to 218 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Legal status and activities

Network International Holdings PLC (the 'Company') listed its shares on the London Stock Exchange on 12 April 2019. The principal activities of the Group are enabling payments acceptance at merchants, acquirer processing, switching financial transactions, hosting cards and processing payment transactions and providing end to end management services and digital payment services.

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

A Group reorganisation was done in 2019 prior to its listing on the London Stock Exchange to facilitate the process. The result of the application of the capital reorganisation was to present the consolidated financial statements of 2019 as if the Company had always owned the Group. A Group Reorganisation Reserve was created as a separate component of equity, representing the difference between the share capital of the Company at the date of the Group reorganisation and that of the previous top organisation of the Group, Network International LLC.

The principal steps of the Group reorganisation were as follows:

› On 27 February 2019, the Company was incorporated by Network International LLC for 100 ordinary shares of GBP 1 each.
› On 20 March 2019, Network International LLC transferred investment in Network International Holdings PLC to the shareholders.
› On 29 March 2019, the existing share capital of the Company comprising 100 shares of GBP 1 each was split 10:1 into 1,000 shares of GBP 0.10 each. Subsequently, on the same day, the Company issued 1,396 new shares of GBP 0.10 each for GBP 139 / USD 180. This was followed by a share consolidation resulting in total share capital comprising 100 shares of GBP 2.396 / USD 3.119592 each. The net effect of this restructuring of capital was to increase the nominal value per share to GBP 2.396 / USD 3.119592 for 100 shares outstanding.
› On 29 March 2019, the Company issued 499,999,900 shares to existing shareholders (254,999,949 to Emirates NBD PJSC and 244,999,951 to WP / GA) of par value GBP 2.396 / USD 3.119592 per share in exchange for acquiring the shares of the subsidiary (Network International Holding 1 Limited) and the shareholder's receivables from Network International Holding 1 Limited. This resulted in the creation of share capital of USD 1,559,795,688 and share premium of USD 6,183,530 (being the difference between the carrying value of the shareholder's receivable of USD 13,614,704 and the corresponding nominal value of shares issued of USD 7,431,174).
› On 1 April 2019, the Company undertook a capital reduction by reducing the nominal value of its shares in issue from GBP 2.396 / USD 3.119592 to GBP 0.1000 per share / USD 0.1302 and cancellation of share premium created above.

The capital reduction resulted in the creation of distributable reserves of USD 1,507,767,530. The difference in the GBP/USD foreign exchange rate between the date of share issuance and capital reduction resulted in the creation of a foreign exchange difference of USD 6,888,000, which would be considered as a realised loss and hence, has been netted off against the Company's retained earnings on the consolidated statement of financial position.

During the year, the Group has increased its share capital. For details, please refer to note 18 of these consolidated financial statements.

2. Basis of preparation

(a) Statement of compliance

These Group financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These Group financial statements were also prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Included within these consolidated financial statements are alternative performance measures ('APM') which are disclosed in note 4.

(b) Basis of measurement
The consolidated 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, and financial assets at fair value through profit or loss, which are measured at fair value.

(c) Functional and presentation currency
Items included in the financial 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 Company's functional currency is GBP.

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

(d) Going concern
The Directors have adopted the going concern basis in preparing these consolidated 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. The COVID-19 pandemic has significantly impacted the performance of the Group throughout the period, and is discussed in detail in the 'COVID-19 response'.

In making this assessment, the Directors have considered a forecast period of more than 12 months (until June 2022), estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group based upon the known and expected impacts of COVID-19 as of now. The base forecast has been done based on the budget for 2021 approved by the Board. The base forecast excludes the impact of the acquisition of DPO and the proceeds of the equity raise to fund the acquisition.

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, the 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 by the COVID-19 pandemic. In Issuer Solutions, the Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore our revenues for this business line are somewhat correlated to underlying transaction volumes, but have a greater resilience due to the card hosting and contractually fixed elements.

During the period, the Group has refinanced the syndicated term lending facility. The loan placement was considerably over subscribed by banks with both global and regional presence. The Group has additional committed revolving credit lines in place. The Group continues to have significant liquidity headroom to meet its financial obligations, as described in the 'Chief Financial Officer's Review' section in the Strategic Report. The Group's leverage ratio also remains below the maximum threshold prescribed under the financing facility agreement in the base case scenario as well as under severe but plausible downside scenario as described below.

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 the COVID-19 pandemic on the economy. In the stress scenario, the Directors assumed slower economic recovery as compared to the base case forecast and assumed that recovery of financial performance to the level of 2019 could be delayed until mid-2022. The Group forecasted revenues for 2021 and 2022 under stress scenario assumptions are lower than they would have been prior to onset of the COVID-19 pandemic (2019 revenues: USD 335.4 million).

The costs do not go down in the same proportion as the decrease in revenues as a significant proportion of the Group's cost base is fixed in nature. This also impacts the headroom available in the Group's leverage ratio. However, with forecast operating cash flow generation and available and committed financing facilities as explained above, the leverage ratio remains below the threshold in the downside scenario.

Furthermore, the Directors further assessed and concluded that the proposed acquisition of DPO Group does not materially impact the headroom available in the Group's leverage ratio under the base case and the severe but plausible downside scenario.

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

2. Basis of preparation continued

(e) New standards and interpretations

New standards and interpretations that are effective.

The following amendments and interpretations apply for the first time in 2020, but do not have any significant impact on the consolidated financial statements.

- Amendments to IFRS 3: clarify the definition of business
- Amendments to IFRS 7, 9 and IAS 39: addressing issues affecting financial reporting in the period leading up to IBOR reform
- Amendments to IAS 1 and IAS 8: update the definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards:
  - Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to the revised Conceptual Framework.

(f) Accounting judgements and estimates

The preparation of consolidated financial statements requires Directors to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting judgements

Accounting judgements made by the Directors in the process of applying the Group's accounting policies, that have the most significant effect on the amounts recognised in the consolidated financial statements, are as follows:

i. Specially Disclosed Items

The Directors have exercised their judgement to identify one-off items, either income or expense in nature, and has separately disclosed these items as Specially Disclosed Items ('SDIs') in the notes to the consolidated financial statements. The Directors consider the following key criteria when exercising their judgement to classify any items as SDI:

- Whether the item being considered is material and represents a one-off / exceptional event that needs to be disclosed separately as an SDI; and
- Will it aid the user of the financial statements in understanding the activities taking place across the Group by enhancing the comparability of information between reporting periods.

The Directors classified these items under SDIs to compute underlying metrics (referred as alternative performance measures in the Annual Report and notes to the consolidated financial statements) to assess the Group's underlying performance on a day-to-day basis, developing budgets and measuring performance against those budgets and in determining management remuneration. For further details on Specially Disclosed Items, please refer to note 4 of these consolidated financial statements.

Critical accounting estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Impairment review of goodwill and non-financial assets

Impairment testing requires the Directors to assess whether the carrying value of assets or a cash generating unit ('CGU') can be supported by their recoverable amount (i.e. the greater of value in use or its fair value less costs to sell). An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Goodwill
The Group performs an impairment assessment at least on an annual basis, and more regularly if impairment indicators exist. This requires an estimation of the recoverable amount of the CGUs to which the goodwill is allocated.

The Group has identified Africa and Jordan as two separate CGUs of the Group. The key assumptions considered by the Group in identifying Africa and Jordan as CGUs included the following:

- The CGUs considered by the Group are the smallest units that include the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
- Africa and Jordan are the two separate units of the Group to which goodwill has been allocated.

The recoverable amount of an asset or CGU is based on its value in use which is calculated by estimating the future cash flows and discounting them to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset or CGU.

More details of the assumptions, recoverable amount and sensitivity analysis are provided in note 8.1 of these consolidated financial statements.

Non-critical judgements and estimates
Following are the accounting judgements and estimates that have been exercised and applied in these consolidated financial statements, but do not have a significant effect on the amounts recognised in these consolidated financial statements. The brief description of these accounting judgements and estimates and the rationale of not considering these critical judgements and estimates is as follows:

i. Held for sale classification
The Directors classified Mercury Payments Services LLC ('Mercury', a subsidiary of the Group) operations as discontinued operations in 2018 and 2019 and considered this as a critical accounting judgement. As at 31 December 2020, management has reassessed its classification in line with IFRS 5 and classified it under continuing operations (for details, please refer to note 16 of these consolidated financial statements) and therefore believes that classification of Mercury is no longer a critical judgement area in preparing the consolidated financial statements.

ii. Employee benefits
Employee benefits were considered a significant estimate in 2019. During the year, the Directors have reassessed and concluded that the sensitivity of changing the relevant assumptions used in estimating the employee benefits obligations is not expected to cause a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year. Accordingly, the Directors have classified employee benefits as a non-critical estimate.

The Group's net obligation in respect of defined benefit plans is calculated as the present value of the defined benefit obligation at the end of the reporting period. The present value of the net defined benefit pension obligation is dependent on a number of factors that are determined on an actuarial basis, using a number of assumptions. These assumptions include salary increments, discount rates, and retirement age and mortality rates. The Group's employee benefits obligation as at 31 December 2020 amounted to USD 12.8 million (2019: USD 10.9 million) as disclosed in note 17.1 under other long-term liabilities.

The following are the principal actuarial assumptions at the reporting date:

	31 December 2020
Discount rate p.a.	1.75%
Pre-retirement non-death/disability termination rate p.a.	14.5% until end-2020 going down by 0.5% each year to an ultimate rate of 12.5% p.a. from 2024 onward
Salary escalation rate p.a.	3.50%
Involuntary termination rate p.a.	Nil
Retirement age	60

2. Basis of preparation continued

Non-critical judgements and estimates continued

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as follows:

	(+) 0.5 percentage	(-) 0.5 percentage
Discount rate p.a.	**2.25%**	**1.25%**
+ / (-) in defined benefit obligation (in USD'000)	(402)	429
Salary escalation rate p.a.	**4.00%**	**3.00%**
+ / (-) in defined benefit obligation (in USD'000)	432	(410)
Voluntary exit rate	Withdrawal rate 9.5% until end-2020 going down by 0.5% each year to an ultimate rate of 7.5% p.a. from 2024 onward	Withdrawal rate 19.5% until end-2020 going down by 0.5% each year to an ultimate rate of 17.5% p.a. from 2024 onward
+ / (-) in defined benefit obligation (in USD'000)	831	(552)

iii. Revenue recognition

The Group has certain non-transaction based project related revenue. The management applied judgement in measuring the progress of the project through an internal process to recognise revenue based on the completion of the project. The project related revenue (where the Group applies its judgement in measuring the completion status of the project) is only 2% (2019: 3%) of the total Group's revenue and hence the Directors do not consider this as a critical accounting judgement that has most significant effect in preparing these consolidated financial statement.

iv. Impairment of loans and receivables

The Group is following the Simplified approach under the IFRS 9 provisioning model for estimating the impairment of financial assets, under which the Group measures the loss allowance at an amount equal to full lifetime expected credit losses.

The Group applies a provision matrix which uses historical loss experience for each trade receivables segment and adjusts the historical loss rates for current conditions, and reasonable and supportable forecasts of future economic conditions. The Group has considered receivables outstanding for more than 180 days as default under IFRS 9. The expected credit loss recognised during the year amounted to USD 2.2 million (2019: USD 0.5 million).

Please refer to note 11 of these consolidated financial statements for the details of the provision made during the year.

The Directors have assessed the sensitivity of the various estimates used in computing the provision including considering changing probability of default ('PD') and macroeconomic factors used in the model and concluded that a reasonable possible change in assumptions would not have a material impact.

v. Taxes

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves estimation and judgement in respect of certain matters particularly on recognising deferred tax assets and uncertain tax position. Judgement and estimation involved in deferred tax mainly relates to the carried forward tax losses, based on management's assessment that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity against which these tax losses can be set off in the future. Judgement and estimation involved in current tax accruals relates to uncertain tax position until a conclusion is reached with the relevant tax authority or through a legal process.

In the Directors' view, both the recognition of deferred taxes and corporate tax accruals is not considered a critical judgement or estimate for these consolidated financial statements and it does not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

vi. Intangible assets and property and equipment – estimation of useful life

Intangible assets (excluding goodwill) and property and equipment represents 15.1% (2019: 19.9%) and 4.0% (2019: 6.1%) of the Group's total assets, respectively. Intangible assets and property and equipment are amortised / depreciated on a straight-line basis in the consolidated statement of profit or loss over their estimated useful lives (except for leased assets which are depreciated over the shorter of the lease term and their useful lives), from the date that they are available for use.

The useful life of these intangible assets and property and equipment depends on management's estimate of the period over which economic benefit will be derived from the asset. Directors assess the useful lives for these assets when they are acquired, based on their prior experience with similar assets and after considering the impact of other relevant factors such as any expected changes in technology. In the Directors' view, if any of these estimates related to useful life of intangible assets and property and equipment are revised during the year ending 31 December 2020, this is not expected to result in material adjustment to the carrying values of intangible assets. Hence estimates related to the useful life of the intangible assets and property and equipment are not considered critical for the purpose of the consolidated financial statements.

3. Accounting policies

Except as described in note 2 (e), the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

During the year, the Group has reclassified unrealised foreign exchange losses amounting to USD 0.3 million (2019: USD 1.9 million) from selling, operating and other expenses to a separate line item in the consolidated statement of profit or loss, after profit before interest and tax. Accordingly, prior year figures have been reclassified. An unrealised foreign exchange loss arises due to the volatility in the Group's foreign currency denominated assets and liabilities and is typically immaterial in amount. Therefore, the Group believes that presenting this as a separate line item after profit before interest and tax is more appropriate classification for the user of the consolidated financial statements.

Furthermore, the Group no longer classifies unrealised foreign exchange losses as Specially Disclosed Items (SDIs), as explained further in note 4.

The accounting policies below describe the basis of consolidation and foreign currencies accounting policies that relates to the consolidated financial statements as a whole. The other specific accounting policies are described in the note to which they relate.

(a) Basis of consolidation

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration paid by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred or assumed and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Any goodwill that arises is tested annually for impairment.

i. Subsidiaries

Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement in the entity and has the ability to affect those returns through its powers over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Accounting policies continued

(a) Basis of consolidation continued

iii. Non-controlling interests

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Parent Company. Non-controlling interests are measured at their proportionate share of the subsidiaries' identifiable net assets. They are presented as a separate item in the consolidated financial statements.

iv. Loss of control

On a loss of control, the Group de-recognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or in accordance with Group accounting policy for financial instruments depending on the level of influence retained.

(b) Foreign currencies

i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective profit and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the consolidated statement of profit or loss, except for investment securities designated at fair value through other comprehensive income, where the exchange translation is recognised in the consolidated statement of other comprehensive income.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions or an appropriate average rate. Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ('foreign exchange reserve') in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in associate or joint venture that includes a foreign operation retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

4. Alternative performance measures

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

4.1 Specially Disclosed Items

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

Certain items that were previously reported as SDIs have been reconsidered and the Directors are no longer reporting them as SDIs. These items are 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 years ended 31 December 2020 and 2019.

	2020	2019	2019 Reclassification[4]	2019 Previously reported
	USD'000	USD'000	USD'000	USD'000
Items affecting EBITDA				
Reorganisation, restructuring and settlements	**–**	–	2,132	2,132
Share-based compensation[1]	**10,445**	10,679	–	10,679
M&A and IPO related costs[2]	**7,696**	16,111	–	16,111
Other one-off items	**–**	–	1,894	1,894
Total SDIs affecting EBITDA	**18,141**	26,790	4,026	30,816
Items affecting net income				
Amortisation related to IT transformation	**–**	–	10,735	10,735
Amortisation of acquired intangibles[3]	**4,204**	4,202	–	4,202
Total SDIs affecting net income	**4,204**	4,202	10,735	14,937
Total SDIs	**22,345**	30,992	14,761	45,753

1 Includes charge for the year in relation to the Management Incentive Award Plan, IPO Cash Bonus, and Long Term Incentive Plan, all of which were specific one-off payments relating to the listing.
2 These are one–off expenses incurred in relation to proposed acquisition of DPO (2019: expenses related to the Initial Public Offering including fees paid to various advisors).
3 Amortisation charge on the intangible assets (acquired under business combination) recognised in the Group's consolidated statement of financial position as part of the Group's acquisition of Emerging Market Payments Services ('EMP') in 2016.
4 Specially Disclosed Items: below items are no longer classified as SDIs.
a) Reorganisation, restructuring and settlements: these expenses are not material in the period, nor are they anticipated to be material in future periods. The Group no longer believes it is necessary to report such items separately, and they are therefore classified within underlying expenses.
b) Unrealised foreign exchange (gains/losses): arise mainly in relation to FX volatility. As these are not material in the current or prior periods, and are expected to remain immaterial in future periods, the Group no longer believe it is necessary to report separately as an SDI.
c) Amortisation related to IT transformation: The IT transformation was a historic one-off capital investment project that included the development of a new technology and card management platform, the Group's proprietary payment gateway, and a significant upgrade to the switching system. Following completion of the project, and in response to shareholder feedback regarding the classification of this item, amortisation related to the IT transformation has now been classified within underlying depreciation and amortisation.

4.2 Underlying EBITDA

Underlying EBITDA is defined as earnings from continuing operations before interest, taxes, depreciation and amortisation, write-off of unamortised debt issuance cost, unrealised foreign exchange losses, share of depreciation of associate and Specially Disclosed Items affecting EBITDA. The table below presents a reconciliation of the Group's reported profit from continuing operations to underlying EBITDA for each of the years ended 31 December 2020 and 2019.

	2020	2019
	USD'000	USD'000
Profit from continuing operations	**5,598**	57,317
Depreciation and amortisation	**51,537**	46,817
Write-off of unamortised debt issuance cost	**6,721**	–
Net Interest expense	**21,669**	24,844
Unrealised foreign exchange losses	**328**	1,894
Taxes	**4,704**	6,638
Share of depreciation from associate	**3,863**	4,222
Specially Disclosed Items affecting EBITDA	**18,141**	26,790
Underlying EBITDA	**112,561**	168,522

4. Alternative performance measures continued

4.3 Underlying EBITDA margin excluding share of associate

Underlying EBITDA margin excluding share of 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 associate divided by the revenue.

	2020 USD'000	2019 USD'000
Revenue	**284,844**	335,379
Underlying EBITDA	**112,561**	168,522
Share of EBITDA of associate	**(9,683)**	(9,521)
Underlying EBITDA before share of associate	**102,878**	159,001
Underlying EBITDA margin excluding share of associate	**36.1%**	47.4%

4.4 Underlying net income

Underlying net income represents the Group's profit from continuing operations adjusted for write-off of unamortised debt issuance cost 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 from continuing operations to underlying net income for each of the years ended 31 December 2020 and 2019.

	2020 USD'000	2019 USD'000
Profit from continuing operations	**5,598**	57,317
Write-off of unamortised debt issuance cost	**6,721**	–
Specially Disclosed Items affecting EBITDA (refer to note 4.1)	**18,141**	26,790
Specially Disclosed Items affecting net income (refer to note 4.1)	**4,204**	4,202
Underlying net income	**34,664**	88,309

4.5 Underlying earnings per share ('EPS')

The Group's underlying EPS is defined as the underlying net income (as explained above) divided by the weighted average numbers of ordinary shares at the end of the relevant financial year.

	2020	2019
Underlying net income (USD'000)	**34,664**	88,309
Weighted average number of shares ('000)	**520,833**	500,000
Underlying EPS (USD cents)	**6.7**	17.7

4.6 Capital expenditure

The table below provides the split of total capital expenditure into the IT transformation programme, growth and maintenance capital expenditure for 2020 and 2019. Growth and maintenance capital expenditure collectively are referred to as core capital expenditure (ex. IT transformation).

	2020 USD'000	2019 USD'000
Total capital expenditure	**46,470**	84,265
Core capital expenditure	**46,470**	45,662
of which is maintenance capital expenditure	**21,038**	25,725
of which is growth capital expenditure	**25,432**	19,937
IT transformation capital expenditure	**–**	38,603

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

	2020 USD'000	2019 USD'000
Total capital expenditure	46,470	84,265
Goods and services received in the current period, but yet to be paid		
Transformation capital expenditure	–	(7,296)
Growth and maintenance capital expenditure	(12,639)	(12,959)
Goods and services received in the previous period, and paid in the current period		
Transformation capital expenditure	7,296	8,711
Growth and maintenance capital expenditure	8,937	6,589
Total consolidated capital expenditure spend (as per cash flows)	50,064	79,310

4.7 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, core 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.

	2020 USD'000	2019 USD'000
Underlying EBITDA	112,561	168,522
Changes in working capital before settlement related balances	19,581	(9,625)
Taxes paid	(6,058)	(10,415)
Core capital expenditure	(46,470)	(45,662)
Specially Disclosed Items affecting EBITDA	(18,141)	(26,790)
Adjustment for share of EBITDA of associate, less dividend	(9,683)	(6,798)
Underlying free cash flow	51,790	69,232

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

	2020 USD'000	2019 USD'000
Net cash inflows from operating activities	107,500	132,426
Less: Cash flows included in the statutory cash flows but not in the underlying free cash flow		
Changes in settlement related balances, long-term receivables and other liabilities	(19,942)	(35,405)
Charge for share-based payment	(4,070)	(1,404)
Add: Cash flows included in the statutory cash flows but not in the underlying free cash flow		
Dividends received from associate	–	2,723
Interest paid	16,985	21,300
Others*	(2,213)	(4,746)
Underlying free cash flow before capital expenditure	98,260	114,894
Core capital expenditure	(46,470)	(45,662)
Underlying free cash flow	51,790	69,232

* Others include provision for expected credit losses, foreign exchange gains and losses, and loss from discontinued operations.

4.9 Underlying effective tax rate

The Group's underlying effective tax rate is defined as the underlying taxes as a percentage of the Group's underlying net income before tax. The underlying effective tax rate for the Group for 2020 and 2019 was 11.9 % and 7.0%, respectively.

	2020 USD'000	2019 USD'000
Underlying net income before tax	39,368	94,947
Taxes	4,704	6,638
Underlying effective tax rate	11.9%	7.0%

5. Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (Network 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. 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.

31 December 2020

Statement of profit or loss	Middle East	Africa	Non-attributable	Total
		USD'000		
Revenue	198,224	80,020	6,600*	284,844
Contribution	129,934	54,314	6,600	190,848
Contribution margin (%)	65.5%	67.9%	–	67.0%
Central functions costs	–	–	(95,019)	(95,019)
Specially Disclosed Items affecting EBITDA	–	–	(18,141)	(18,141)
Depreciation and amortisation	–	–	(51,537)	(51,537)
Share of profit of associate	–	–	5,820	5,820
Net interest expense	–	–	(21,669)	(21,669)
Taxes	–	–	(4,704)	(4,704)
Profit from continuing operations	129,934	54,314	(178,650)	5,598

* USD 6.6 million (2019: Nil) relates to the revenue derived from solutions developed as part of the Mastercard strategic partnership.

Statement of financial position	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

31 December 2019

Statement of profit or loss	Middle East	Africa	Non-attributable	Total
		USD'000		
Revenue	244,833	90,546	–	335,379
Contribution	178,429	63,964	–	242,393
Contribution margin (%)	72.9%	70.6%	–	72.3%
Central functions costs	–	–	(85,286)	(85,286)
Specially Disclosed Items affecting EBITDA	–	–	(26,790)	(26,790)
Depreciation and amortisation	–	–	(46,817)	(46,817)
Share of profit of associate	–	–	5,299	5,299
Net interest expense	–	–	(24,844)	(24,844)
Taxes	–	–	(6,638)	(6,638)
Profit from continuing operations	178,429	63,964	(185,076)	57,317

Statement of financial position	Middle East	Africa	Non-attributable	Total
		USD'000		
Current assets	227,521	28,975	116,770	373,266
Non-current assets	42,321	2,108	519,242	563,671
Total assets	269,842	31,083	636,012	936,937
Current liabilities	205,167	10,357	244,757	460,281
Non-current liabilities	11,722	–	226,228	237,950
Total liabilities	216,889	10,357	470,985	698,231

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

Africa
Under the Africa region, the Group's key sub-markets are North Africa, sub-Saharan Africa and Southern Africa.

(i) North Africa
One of the most significant markets in North Africa is Egypt. The Group currently provide services to several of Egypt's leading financial institutions, for both their Merchant Acquiring and Issuer Solution needs. North Africa contributed 47% of the total Africa revenue in 2020 (2019: 47%).

(ii) Sub-Saharan Africa
One of the most significant markets in sub-Saharan Africa is Nigeria where the Group has an established presence serving several of Nigeria's leading financial institutions, mainly providing Issuer Processing services. Sub-Saharan Africa contributed 36% of the total Africa revenue in 2020 (2019: 32%).

(iii) Southern Africa
The significant market in Southern Africa is South Africa, where the Group provides retail processing services. South Africa contributed 17% of the total Africa revenue in 2020 (2019: 21%).

Major customer
The Group's major customer is Emirates NBD PJSC and its subsidiaries whose revenue accounts for approximately 21.4% (2019: 18.1%) of the total Group revenue (refer to note 13).

All of the revenue of Emirates NBD PJSC comes from Issuer Solutions and is included under the Middle East segment.

Please refer to note 19 for the split of revenues by business lines (i.e. Merchant and Issuer Solutions).

6. Business combination and disposals
6.1 Network International Investment Pte. Ltd.
On 29 October 2012, the Group through its subsidiary Network International Investment Pte. Ltd., ('NIIPL') entered into an agreement to purchase 75% shareholding of TimesOfMoney Private Limited ('ToM') for a consideration of USD 49.2 million. For the remaining 25%, the Group entered into a call-put option agreement with the buyer, which the Group had exercised in 2015 and acquired the remaining stake at a consideration of USD 21.7 million. The stake was acquired in 2016.

The Group disposed of ToM in various stages and the last part of the business (software business division) was disposed of in November 2018.

There has been no acquisition or disposal during the year.

6.2 Mercury Payments Services LLC (Mercury)
On 13 November 2016, the Group entered into an agreement with First Abu Dhabi Bank (previously known as National Bank of Abu Dhabi PJSC ('NBAD')) to form a limited liability company, Mercury Payments Services LLC. Mercury operates the 'Mercury' payment scheme in UAE which is a domestic payment card network that permits members to issue cards on network and to acquire transactions on such network and offers other Value Added Services.

6. Business combination and disposals continued

6.2 Mercury Payments Services LLC ('Mercury') continued

During 2018 and 2019, the Group classified Mercury as discontinued operations and after reassessment classified it in continuing operation as at 31 December 2020 in line with the guidance of IFRS 5. Please refer to note 16 for details on discontinued operations.

6.3 Network International Investment Holding Limited (previously known as Emerging Markets Payments Holding (Mauritius) Limited)

On 1 March 2016, the Group entered into an agreement to purchase 100% shareholding of Network International Investment Holding Limited for a consideration of USD 255.8 million. The Group had recognised goodwill amounting to USD 260.1 million (refer to note 8 for details).

6.4 DPO Group (3G Direct Holdings Limited)

On 28 July 2020, the Group entered into an agreement to acquire 100% stake in 3G Direct Pay Holdings Limited ('DPO' or 'DPO Group'), the leading, high-growth online commerce platform in Africa, for a total consideration of approximately USD 288 million (the 'Transaction'). The consideration will be funded through the proceeds from an equity placing representing 10.0% of the Company's existing issued share capital, USD 50 million vendor consideration shares issued to Apis Growth Fund I, managed by Apis Partners ('Apis'), and USD 13 million consideration shares issued to the DPO co-founders.

As of 31 December 2020, the transaction is subject to customary closing conditions including regulatory and anti-trust approvals. Accordingly, these consolidated financial statements have not consolidated the DPO financial statements.

7. Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct employee cost, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of profit or loss as incurred.

Depreciation

Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives are as follows:

	Years
Leasehold improvements	3 – 10
Furniture and fixtures	3 – 10
Office equipment	3 – 5
Building	20 – 50
Computer hardware	3 – 10

Depreciation methods, useful lives and residual values are reassessed at the reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. The differences are included in the consolidated statement of profit or loss.

Capital work in progress ('CWIP')

Capital work in progress for property and equipment and intangible assets represent spends related to the assets that are under development and are classified as such until the completion of the development work and are ready for use. Once put to use, these assets are amortised in line with the applicable Group accounting policy.

	Land and building	Right of use asset	Leasehold improvement, furniture and fixtures	Computer and office equipment	Capital work In progress ('CWIP')	Total
2020			USD'000			
Cost						
Balance as at 1 January 2020	**5,729**	**17,410**	**5,846**	**142,795**	**6,167**	**177,947**
Additions	**–**	**–**	**347**	**2,307**	**8,002**	**10,656**
Disposals	**(72)**	**–**	**(206)**	**(2,319)**	**–**	**(2,597)**
Transfers from CWIP	**–**	**–**	**7**	**7,853**	**(7,860)**	**–**
Transfers from intangibles	**–**	**–**	**–**	**324**	**–**	**324**
Transfers to intangibles	**–**	**–**	**–**	**–**	**(528)**	**(528)**
Right of use asset additions during the year	**–**	**1,227**	**–**	**–**	**–**	**1,227**
Derecognition of right of use assets	**–**	**(984)**	**–**	**–**	**–**	**(984)**
Effects of change in foreign exchange	**144**	**37**	**30**	**(451)**	**(32)**	**(272)**
As at 31 December 2020	**5,801**	**17,690**	**6,024**	**150,509**	**5,749**	**185,773**
Accumulated depreciation and impairment						
Balance at 1 January 2020	**741**	**4,949**	**4,155**	**107,434**	**3,268**	**120,547**
Charge for the year	**157**	**–**	**668**	**14,648**	**–**	**15,473**
Disposals	**(72)**	**–**	**(201)**	**(2,239)**	**–**	**(2,512)**
Depreciation on right of use asset	**–**	**2,400**	**–**	**–**	**–**	**2,400**
Effects of change in foreign exchange	**25**	**(89)**	**–**	**(356)**	**–**	**(420)**
Balance as at 31 December 2020	**851**	**7,260**	**4,622**	**119,487**	**3,268**	**135,488**
Carrying value	**4,950**	**10,430**	**1,402**	**31,022**	**2,481**	**50,285**
2019						
Cost						
Balance as at 1 January 2019	5,729	9,917	4,169	127,086	12,962	159,863
Additions	–	–	1,519	6,587	7,614	15,720
Disposals	–	–	(23)	(2,701)	–	(2,724)
Transfers from CWIP	–	–	112	11,873	(11,985)	–
Transfers to intangibles	–	–	–	–	(1,319)	(1,319)
Transfers from intangibles	–	–	45	–	–	45
Right of use asset additions during the year	–	6,563	–	–	–	6,563
Effects of change in foreign exchange	–	930	24	(50)	(1,105)	(201)
As at 31 December 2019	5,729	17,410	5,846	142,795	6,167	177,947
Accumulated depreciation and impairment						
Balance at 1 January 2019	684	1,858	3,559	96,005	3,268	105,374
Charge for the year	57	–	582	14,779	–	15,418
Disposals	–	–	(17)	(2,690)	–	(2,707)
Depreciation on right of use asset	–	3,004	–	–	–	3,004
Effects of change in foreign exchange	–	87	31	(660)	–	(542)
Balance as at 31 December 2019	741	4,949	4,155	107,434	3,268	120,547
Carrying value	4,988	12,461	1,691	35,361	2,899	57,400

8. Intangible assets and goodwill

Goodwill

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

Acquired intangibles

At the date of acquisition of a subsidiary or associate, intangible assets that are deemed separable and that arise from contractual or other legal rights are capitalised and included within the net identifiable assets acquired. These intangible assets are initially measured at fair value, which reflects market expectations of the probability that the future economic benefits embodied in the asset will flow to the Group, and are amortised on the basis of their expected useful lives.
At each reporting date, these assets are assessed for indicators of impairment. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, the asset is written down immediately.

The estimated useful lives are as follows:

	Years
Customer relationships	6 – 7
Brands	Indefinite

Other intangible assets

Except for goodwill and acquired intangible assets, all other intangible assets are amortised on a straight-line basis in the consolidated statement of profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

	Years
Computer software	4 – 10

Computer software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment loss (if any).

Subsequent expenditure on software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortisation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the consolidated statement of profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, staff salaries, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in the consolidated statement of profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Capital work in progress ('CWIP')

Please refer to note 7 for the CWIP Group accounting policy.

2020	**Goodwill**	**Computer software**	**Customer contracts**	**Brands**	**CWIP**	**Total**
			USD'000			
Cost						
Balance as at 1 January 2020	**262,561**	**233,284**	**32,397**	**2,780**	**56,998**	**588,020**
Additions	**–**	**1,887**	**–**	**–**	**33,927**	**35,814**
Disposal/Utilisation	**–**	**(718)**	**–**	**–**	**(357)**	**(1,075)**
Transfers from CWIP	**–**	**34,428**	**–**	**–**	**(34,428)**	**–**
Transfers from property and equipment	**–**	**–**	**–**	**–**	**528**	**528**
Transfers to property and equipment	**–**	**(30)**	**–**	**–**	**(294)**	**(324)**
Effects of change in foreign exchange	**48**	**(206)**	**–**	**–**	**70**	**(88)**
As at 31 December 2020	**262,609**	**268,645**	**32,397**	**2,780**	**56,444**	**622,875**
Amortisation and impairment						
Balance at 1 January 2020	**–**	**81,022**	**19,086**	**–**	**38,852**	**138,960**
Charge for the year	**–**	**29,460**	**4,204**	**–**	**–**	**33,664**
Disposal/Utilisation	**–**	**(576)**	**–**	**–**	**–**	**(576)**
Effects of change in foreign exchange	**–**	**(305)**	**–**	**–**	**–**	**(305)**
Balance as at 31 December 2020	**–**	**109,601**	**23,290**	**–**	**38,852**	**171,743**
Carrying value	**262,609**	**159,044**	**9,107**	**2,780**	**17,592**	**451,132**

2019	Goodwill	Computer software	Customer contracts	Brands	CWIP	Total
			USD'000			
Cost						
Balance as at 1 January 2019	262,307	162,313	32,397	3,214	59,773	520,004
Additions	–	6,125	–	–	62,420	68,545
Disposal/Utilisation	–	(284)	–	(434)	–	(718)
Transfers from CWIP	–	63,497	–	–	(63,497)	–
Transfers from property and equipment	–	1,319	–	–	–	1,319
Transfers to property and equipment	–	–	–	–	(45)	(45)
Effects of change in foreign exchange	254	314	–	–	(1,653)	(1,085)
As at 31 December 2019	262,561	233,284	32,397	2,780	56,998	588,020
Amortisation and impairment						
Balance at 1 January 2019	–	56,935	14,777	433	38,852	110,997
Charge for the year	–	24,086	4,309	–	–	28,395
Disposal/Utilisation	–	(285)	–	(433)	–	(718)
Effects of change in foreign exchange	–	286	–	–	–	286
Balance as at 31 December 2019	–	81,022	19,086	–	38,852	138,960
Carrying value	262,561	152,262	13,311	2,780	18,146	449,060

8. Intangible assets and goodwill continued

8.1 Impairment testing

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

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

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

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

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

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

Goodwill is not deductible for tax purposes.

During the year, impairment testing of goodwill was done based on CGU. For this purpose, management considered two CGUs based on their geographical location, namely Jordan and Africa business.

Jordan and Africa CGU

The goodwill relates to cash generating units of Jordan and Africa arising mainly from the acquisition of Network International Investment Holding Limited (previously known as Emerging Markets Payments Holding (Mauritius) Limited and Network International Payment Services (S.A.E.)). The goodwill of Network International Investment Holding Limited is allocated to Jordan and Africa.

During the year, the impairment testing resulted in Nil impairment for Jordan and Africa CGUs (2019: Nil).

For 2020, the recoverable amount for Jordan (USD 209.1 million) and Africa (USD 549.1 million) has been calculated based on the CGUs' value in use. The carrying value of Jordan and Africa amounted to USD 53.4 million and USD 387.7 million respectively. It was determined by discounting the future cash flows expected to be generated. The calculation of the value in use was based on the following key assumptions:

a) Management has estimated the revenue growth, underlying EBITDA and level of working capital needed to support the business. The estimates are based on past experience and expectations of future changes in the market including the impact of the pandemic caused by COVID-19.

b) Cash flows are projected based on past experience, actual operating results and future business plan for five years based on declining revenue growth rate. The forecast period is based on the Group's long-term perspective with respect to the operation of each CGU.

c) Discount rate used for Jordan and Africa business CGU was 12.1% and 14.8% respectively.

d) In determining the recoverable amounts for the CGUs the terminal growth rate is 3%.

The key assumptions described above may change as economic and market conditions change. The Group estimates that possible changes in these assumptions are not expected to cause the recoverable amount to decline below the carrying amount.

For 2019, the recoverable amount was calculated using the Group CGUs' fair value less cost to sell. The fair values are based on 2020 forecast EBITDA and peer companies' EBITDA multiples. The average EBITDA multiple used was '17.6'.

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

	Goodwill		Indefinite life intangible assets	
	2020	2019	**2020**	2019
	USD'000	USD'000	**USD'000**	USD'000
Jordan	**30,647**	30,647	**2,780**	2,780
Africa	**231,962**	231,914	**–**	–
	262,609	262,561	**2,780**	2,780

Sensitivity analysis

The Directors have done the sensitivity analysis by changing the underlying assumptions used to determine the recoverable amount of the two CGUs. The Directors noted that changing the discount rate (to 10% and 16%) and terminal growth rate (to 2.5% and 3.5%), individually and together, would not cause the carrying amount of the CGU to be higher than the recoverable amount.

9. Investment in associate

The Group's interest in equity-accounted investee comprises its interest in associate. Interest in an associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment.

	Transguard Cash LLC	
Name and nature of investment	Associate	
Ownership	50%	
Place of incorporation	United Arab Emirates	
	2020	2019
	USD'000	USD'000
As at 1 January	**54,432**	51,856
Share of profits	**5,820**	5,299
Dividends received	**–**	(2,723)
Fair value reserve (re-measurement of defined benefit liability)	**(444)**	–
As at 31 December	**59,808**	54,432
Cash and cash equivalents	**24,043**	8,228
Other current assets	**22,057**	23,672
Non-current assets	**49,814**	51,319
Current liabilities	**17,409**	15,969
Non-current liabilities	**4,515**	4,013
Net assets (100%)	**73,990**	63,237
Total revenue	**91,556**	100,948
Total expenses	**(79,915)**	(90,350)
Net profit (100%)	**11,641**	10,598

10. Scheme debtors and merchant creditors

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.

	2020	2019
	USD'000	USD'000
Scheme debtors	**165,436**	185,268
Restricted cash	**52,550**	54,029
Merchant creditors	**(165,142)**	(167,167)
Settlement balances on-hold*	**(51,688)**	(53,245)
Other merchant creditors	**(113,454)**	(113,922)
Settlement related working capital balances	**52,844**	72,130

* Represents the off-set balance to restricted cash.

10. Scheme debtors and merchant creditors continued

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.

11. 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 provision (if any). Provisions are presented net with the related receivable on the consolidated statement of financial position.

	2020 USD'000	2019 USD'000
Trade receivables	49,820	74,084
Chargeback receivables	2,048	2,191
Prepaid expenses	7,669	8,235
Advance taxes	5,717	4,096
Security deposits	1,562	1,154
Other receivables	7,052	3,783
	73,868	93,543
Less: Provision for impairment	(5,994)	(5,047)
	67,874	88,496

The movements in the provision for impairment are as follows:

	2020 USD'000	2019 USD'000
As at 1 January	5,047	6,444
Charge during the year	2,183	510
Amounts written off	(1,236)	(1,805)
Amounts reversed	–	(102)
As at 31 December	5,994	5,047

Below is the change in working capital before settlement related balances:

	2020 USD'000	2019 USD'000	2020 vs 2019
Trade receivables & chargeback receivables			
(Net of provisions for expected credit losses)	**45,874**	71,228	**25,354**
Prepayments and other receivables	**22,000**	17,268	**(4,732)**
Trade and other payables	**(127,732)**	(127,453)	**279**
	(59,858)	(38,957)	**20,901**
Items excluded*			
Capital expenditure accrual (refer note 14)	**–**	–	**3,595**
Provisions for expected credit losses (refer above)	**–**	–	**(2,183)**
Other movements	**–**	–	**(2,732)**
Working capital before settlement related balances	**–**	–	**19,581**

* These items are excluded as they are either shown separately in the statement of cash flows or are non-cash in nature.

12. Cash and cash equivalents and restricted cash

12.1 Cash and cash equivalents

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

	2020 USD'000	2019 USD'000
Cash and cash equivalents	**398,781**	45,473

12.2 Restricted cash

Restricted cash largely includes amounts payable for deferred settlements of transactions to merchants and other third parties that have been withheld in accordance with their contractual rights or otherwise remained unpaid not in ordinary course of business and are eventually payable on demand or as mutually agreed. The breakdown of restricted cash is as follows:

	2020 USD'000	2019 USD'000
Settlement balances on-hold	**51,689**	53,245
Cash collaterals and collaterals against bank guarantees	**861**	784
	52,550	54,029

13. Related party balances and transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include associates, parent, subsidiaries, and key management personnel or their close family members. The terms and conditions of these transactions have been mutually agreed between the Group and the related parties. Key management personnel consists of the Network Leadership Team. Management believes that the terms and conditions of these transactions are comparable with those that could be obtained from third parties.

Transguard Cash LLC

Transactions for the year (refer to note 9) – there are no receivable / payable balances as at 31 December 2020 and 2019.

	2020 USD'000	2019 USD'000
Directors' remuneration		
Directors' remuneration during the year *	**1,577**	2,363
End of service benefits (two Executive Directors)	**44**	31
Key management personnel remuneration **		
Salaries and allowances	**4,391**	4,006
Terminal and other benefits	**11,124**	13,504

* Directors' remuneration includes the cash component of Pre-IPO incentive.
** Key management personnel remuneration includes remuneration for two Executive Directors whose salaries are also included in Directors' remuneration above.

13. Related party balances and transactions continued

In 2020, Emirates NBD PJSC is not a related party as its shareholding has been reduced to less than 10%. Details of the related party transactions and balances for the year ended 31 December 2019 are as follows:

	2019 USD'000
Emirates NBD PJSC Group	
Transactions for the year	
Revenue	60,714
Expenses	7,399
Net interest expense	1,981
Balances as at 31 December	
Receivable balances	18,603
Bank balance	73,873
Prepaid amounts included under:	
Long-term receivables	2,326
Receivables and prepayments	1,078
Overdraft facility	(51,204)
Performance and other guarantees (refer to note 30)	7,506

14. Trade and other payables

	2020 USD'000	2019 USD'000
Accrued expenses	**44,194**	33,717
Staff benefits		
Current portion of share-based payment liability	**9,403**	7,224
Provision for bonus and sales incentives	**2,236**	11,539
Terminal and other benefits	**3,590**	819
Unpaid capital expenditure	**19,428**	23,023
Merchant deposits	**4,934**	5,448
Unclaimed balances	**6,325**	5,946
Tax and other related liabilities	**14,327**	15,123
Interest payable	**3,683**	1,918
Deferred income (refer to note below)	**5,356**	6,895
Other liabilities	**14,256**	15,801
	127,732	127,453

Deferred income relates to the Group contractual liabilities for the project related revenues (refer to note 19 and note 2(f)).

15. Borrowings

The Group's total borrowings amounted to USD 434.5 million (2019: USD 377.4 million).

During the period, the Group refinanced the syndicated debt facility with a syndicate of 16 banks who have both a global and regional presence. The refinancing was conducted for the purposes of providing the Group with a larger facility and increased liquidity to fund growth accelerator projects, as well as for general corporate purposes. The new facility carries similar interest rates and the same financial covenants as the prior facility.

The facility is for USD 525 million and replaced the Group's USD 350 million term financing facility, which had a drawn down balance of USD 289 million on 31 December 2019. The new facility consists of both AED and USD tranches of conventional financing and one USD tranche of Islamic financing facility. The facility carries a quarterly 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 the 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. Principal repayments will commence in 2022.

The revolving credit facility was availed in November 2019, syndicated with three banks for general corporate funding purposes and carries an applicable interest period coupon rate of LIBOR plus a leverage linked margin, currently at 2.10% (2019: 1.85%). During the year, the Group has drawn an additional USD 40 million which was subsequently repaid. This has been classified as a current liability.

The table below provides a breakdown of the borrowings:

	2020 USD'000	2019 USD'000
Term loan		
Principal outstanding	**375,000**	288,744
Unamortised debt issue cost	**(6,134)**	(7,814)
Net amount included in borrowings	**368,866**	280,930
Revolving credit facility	**35,000**	35,000
Lease liability	**925**	1,619
Bank overdraft (for working capital)	**29,681**	59,895
Total	**434,472**	377,444
Split into:		
a) Term loan		
› Non-current portion (a)	**368,866**	210,930
› Current portion (b)	**–**	70,000
Sub Total	**368,866**	280,930
b) Revolving credit facility		
› Current portion (b)	**35,000**	35,000
Sub Total	**35,000**	35,000
c) Lease liability		
› Non-current portion (a)	**159**	853
› Current portion (b)	**766**	766
Sub Total	**925**	1,619
Bank overdraft (for working capital) (b)	**29,681**	59,895
Total	**434,472**	377,444
As per consolidated statement of financial position		
Non-current borrowings (a)	**369,025**	211,783
Current borrowings (b)	**65,447**	165,661
Total	**434,472**	377,444

16. Discontinued operations and assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

The key criteria for held for sale classification is the commitment from the appropriate level of management to sell the asset, and an active programme to locate a buyer and complete the plan within 12 months from the date of classification except for the extension period allowed under IFRS 5 as mentioned below.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Assets and liabilities held for sale comprises assets and liabilities that are classified as held-for sale or distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held for sale or held for distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies.

Following are the components that the Group classified as discontinued operations in prior years.

a) Acquiring operation with Ahli United Bank B.S.C. ('AUB') – the Group closed its Merchant Acquiring services in Bahrain (through AUB) in 2019 and therefore, does not have any assets or liabilities relating to this business in the Group's consolidated statement of financial position as at 31 December 2019 and 31 December 2020.

b) Mercury Payments Services LLC ('Mercury') – Mercury was classified as discontinued operation in the 2018 and 2019 Group financial statements as the Group's Board made a strategic decision to divest the scheme operation of the Group. Management remains committed to the disposal of Mercury and is exploring various opportunities. However, the disposal process has been delayed due to the niche nature of the asset and disruption as a result of the pandemic. Therefore, the Group was not able to conclude the sale during the year and has accordingly classified Mercury as continuing operations and prior year figures have been reclassified in line with the criteria under IFRS 5.

Below are the profit or loss, cash flows and assets and liabilities position of the Group's discontinued operations.

Loss from discontinued operations

During the year, discontinued operation resulted in Nil loss (2019: USD (0.4) million relating to AUB).

Cash flows used in discontinued operations

During the year, discontinued operation resulted in Nil cash (2019: USD (0.7) million relating to AUB).

Assets and liabilities held for sale

As at the reporting date, discontinued operation resulted in Nil assets and liabilities held for sale (2019: Nil).

17. Other long-term liabilities

	Notes	2020 USD'000	2019 USD'000
Staff benefits	17.1	**12,836**	13,353
Lease liabilities for right of use assets	25.2	**8,748**	11,026
		21,584	24,379

17.1 Staff benefits

	2020 USD'000	2019 USD'000
Employee end of service benefits (refer a)	**12,836**	10,870
Share-based compensation (refer b)	**–**	2,483
	12,836	13,353

a) Employee end of service benefits
The Group's employee end of service benefits include gratuity benefit scheme, defined contribution plans and UAE pension fund (on behalf of its UAE national employees), in line with laws of the local jurisdiction where the Group operates in (i.e. mainly UAE, Jordan and Africa).

Pensions are provided by way of a contribution to a personal pension scheme or cash allowance in lieu of pension benefits. End of Service Gratuity is provided to non-UAE nationals as a lump sum cash payment following the end of service, based on the length of service. The charge and the liability recognised for gratuity schemes are calculated through actuarial valuation carried out by the external qualified actuary valuer, using the Projected Unit Credit ('PUC') actuarial method. Under UAE law, there is no requirement to invest these contributions to any assets for the purpose of settling these obligations, and accordingly there are no associated plan assets.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in the consolidated statement of profit or loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in the consolidated statement of other comprehensive income.

The Group's employee benefits obligation as at 31 December 2020, included in 'employee end of service benefits' above, amounted to USD 12.8 million (2019: USD 10.9 million). The details of the assumptions used and the sensitivity analysis are disclosed under note 2 (f) 'Accounting judgements and estimates'.

b) Share-based compensation
The Group currently operates the following share-based compensation plans:

› Management Incentive Award Plan ('MIP') and IPO Cash Bonus
› Long Term Incentive Plan ('LTIP')

MIP and IPO cash bonus are cash settled share-based payment plans, whereas LTIP is an equity-settled share-based payment.

Key features and accounting policy with respect to Group Incentive Plans are as below:

Cash-settled share-based payment
The accounting treatment of cash-settled share-based payment plans are dependent upon fulfilment of any of the following conditions that determine whether the Group has received the services that entitle the employees to receive cash (or any other assets) of the entity, under a share-based payment arrangement:

› Service conditions
› Performance conditions
› Period of employment

In such incentive plans vesting conditions are either service conditions or performance conditions. Service conditions require the employee to complete a specified period of service. Performance conditions require the employee to complete a specified period of service and specified performance targets. Award payments vest when the associated vesting conditions are satisfied and the Group recognises the cost associated with such incentive plans in the consolidated statement of profit or loss.

The period over which cost needs to be recognised will commence from the grant date and will continue till such periods over which the employees render associated services or meet the conditions of the plan. The total liability of the grants vested at a reporting date is fair valued. Subsequently the fair value of the liability is re-measured at each reporting date and the date of settlement. Any change in fair value is recognised within the consolidated statement of profit or loss in that period, for any catch up element.

17. Other long-term liabilities continued

Equity-settled share-based payment

Equity-settled share-based payment transactions, in which the Group receives services as consideration for equity instruments of the parent entity (including shares or share options).

For equity-settled share-based payment transactions, the Group measures the services received, and the corresponding increase in equity, directly, at the fair value of the services received. If the fair value cannot be estimated reliably, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Group measures the fair value of the equity instruments granted, because it is typically not possible to estimate reliably the fair value of employee services received. The fair value of the equity instruments granted is measured at grant date.

For services measured by reference to the fair value of the equity instruments granted, all non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments.

However, vesting conditions that are not market conditions are not taken into account when estimating the fair value of the shares or options at the relevant measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition (other than a market condition).

The fair value of equity instruments granted should be based on market prices, if available, and to take into account the terms and conditions upon which those equity instruments were granted. In the absence of market prices, fair value is estimated, using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

The Group has calculated the fair value of the equity instruments granted by applying well-established principles of financial analysis, adapted as appropriate to meet the requirements of valuing individual incentive plans. For the valuation of the plan with only non-market conditions, the Black-Scholes model has been used whereas, for the valuation of the incentive plan with market condition, the Monte-Carlo model has been used to compute the fair value of the equity instruments.

After the vesting date and a corresponding increase in equity, no subsequent adjustment to total equity shall be made. The Group will not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised. However, a transfer within equity is allowed, i.e. a transfer from one component of equity to another.

Below are the key features of Group incentive plans:

Management Incentive Award Plan and IPO Cash Bonus

Network International LLC, a subsidiary of the Group, operates the following incentive plans.

– Network International LLC Management Incentive Award Plan ('MIP Plan')

MIP Plan is a pre-existing phantom share incentive cash settled plan. The MIP awards have been made to 33 members of the Group's management, including the Chief Executive Officer. Each award entitles participants to receive a cash payment that is calculated by reference to the offering price of the Group at Admission as determined by the Remuneration Committee acting in good faith. The Network International LLC MIP acts as a retention tool in respect of the Group's senior management participants as the continued vesting of the existing awards and payment in respect of the part of the existing awards which have vested are conditional upon the participant remaining employed within the Group.

– Network International LLC IPO Cash Bonus

Network International LLC has awarded eight members of the Group's management (Grantees), including the Chief Executive Officer, cash bonus awards (Cash Bonus Awards) subject to and conditional upon the listing. Grantees are entitled to receive a cash payment which is calculated by reference to the offering price of the Group at Admission as determined by the Remuneration Committee acting in good faith. The Cash Bonus Awards are subject to time vesting. 50% of the Cash Bonus Awards will vest on listing. One sixth of the Cash Bonus Awards will subsequently vest on each of the first two anniversaries of the listing and a one sixth of the Cash Bonus Awards will subsequently vest on the date which is 30 months after listing.

The aggregate amount that has been allocated to the eligible employees for the MIP Plan and IPO Cash Bonus amounted to USD 33.2 million which will be paid to the employees in tranches. As at 31 December 2020, the Group has recorded a liability of USD 9.4 million (2019: USD 9.7 million) based on the net present value of the vesting condition and accordingly recognised a charge of USD 6.8 million (2019: 10.0 million) in the consolidated statement of profit or loss.

Long Term Incentive Plan ('LTIP')

The Group has established a long-term equity-settled share-based incentive plan (Network International Holdings Long Term Incentive Plan 'LTIP Plan') which is awarded to the eligible employees and subject to the condition specified under the LTIP Plan rules through three grants.

The key features of grants 1 and 3 are as follows:

› Under the grants, the plan is rolled out to select eligible employees of the Group.
› The awards under these grants will normally vest on the third anniversary of the date of grant, unless an event occurs before then which causes the award to vest under the rules of the LTIP Plan.
› Multiple performance conditions apply to the award (including market and non-market), and the award may only vest to the extent that the performance conditions have been satisfied.

Under grant 2, the plan is rolled out to all the employees of the Group based on meeting some eligibility criteria, as an incentive in recognition of the efforts to support the listing of the Group. The award vesting is subject only to the participant's continued employment with the Group.

Below are the details of three grants:

Particulars	Date of grant	Grant date share price	Vesting condition	Contractual life of options
Grant 1	17 May 19	GBP 5.3	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
Grant 2	24 October 19	GBP 5.25	Service condition only	1.5 years
Grant 3	13 March 20	GBP 4.33	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
	19 August 20	GBP 4.08		

Details of number of shares to be vested under grants 1 and 3 for the achievement of performance conditions:

	CAGR		
Awards vesting	**Adjusted EPS**	**Revenue**	**Relative TSR**
Weighting	**(50%)**	**25%**	**25%**
0%	less than 12% compound growth p.a.		below median performance
25%	12% compound growth p.a.		company achieves median positioning relative to the comparator Group
100%	16.5% compound growth p.a.		company achieves upper quartile positioning relative to the comparator Group

Note: For all the elements of the award vesting is subject to a share price underpin of GBP 4.35 at the end of vesting period.

Detail of the valuation assumptions:

			Grant 3	
Description	**Grant 1**	**Grant 2**	**13 March 2020**	**19 August 2020**
Valuation model	Black-Scholes and Monte-Carlo model	Black-Scholes	Black-Scholes and Monte-Carlo model	
Risk free interest rate	0.69% p.a.	0.51% p.a.	0.69% p.a.	0.006% p.a.
TSR comparator group	Constituents of the FTSE 250 at the time of grant	–	Constituents of the FTSE 250 at the time of grant	
Dividend equivalent	0% (assumed participants entitled to dividends or dividends equivalents)	3% assumed dividend yield	0% (assumed participants entitled to dividends or dividends equivalents)	

17. Other long-term liabilities continued

Long Term Incentive Plan ('LTIP') continued

At the date of the awards granted, the Group has calculated the fair value of all the grants to recognise a charge amounting to USD 4.1 million (2019: 1.4 million) in the consolidated statement of profit or loss for the year ended 31 December 2020 with a corresponding increase in equity.

Below is the breakdown of all share-based compensation plans mentioned above under current and non-current liabilities.

			Liability USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
MIP Plan and IPO Cash Bonus	Cash settled	Vesting conditions as per the scheme	**9,403**	9,707	**6,800**	9,994

			Cumulative P&L charge USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
LTIP – Grant 1 ,2 and 3	Equity settled	Service and / or performance conditions	**5,475**	1,405	**4,070**	1,405

Below is the current and non-current portion of the LTIP:

	2020 USD'000	2019 USD'000
Non-current portion	–	2,483
Current portion (included under note 14)	**9,403**	7,224
	9,403	9,707

18. Share capital and reserves

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

	2020 USD'000	2019 USD'000
Issued and fully paid up		
550,000,000 shares of GBP 0.10 each (2019: 500,000,000 shares of GBP 0.10 each)	**71,557**	65,100

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 the following:

Foreign exchange reserves amounted to USD (19.4) million (2019: USD (20.1) million), include the cumulative net change due to changes in value of subsidiaries' functional currency to USD from the date of the previous reporting period to the date of the current reporting period.

Reorganisation reserves amounted to USD (1.5) billion (2019: USD (1.5) billion, include the reserve created as part of restructuring undertaken by the Group in 2019.

Other reserves include statutory reserve amounting to USD 7.5 million (2019: USD 7.3 million) and fair value reserve amounting to USD (2.7) million (2019: USD (1.4) million). Statutory reserve is the reserve representing a proportion of profit that is required to be maintained in subsidiary companies based on the local regulatory laws of the respective countries in which the Group operates.

19. Revenue

Merchant Solutions

Under Merchant Solutions, the Group provides a broad range of technology-led payment solutions to its merchants through a full omnichannel 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 Solutions 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 Solutions 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 Solutions 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 revenue:** includes revenue generated through a combination of: (a) a Gross Merchant Service Charge ('MSC'), charged to the merchant on the total processed volume ('TPV'); (b) a fee per transaction processed and billed; (c) a fee per card hosted and billed; and (d) fees for the provision of Value Added Services including foreign exchange services. The revenue is reported on a net basis, i.e. after the deduction of interchange and scheme fees paid to the card issuer and payment schemes, respectively. The transactional based revenue is recognised at a point in time in line with the Group accounting policy.

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

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

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

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

› Project related revenue, where the Group provides services to develop or enhance the tangible / intangible assets which are short term in nature; 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 revenue is as follows:

	2020 **USD'000**	2019 USD'000
Merchant Solutions	**109,415**	152,955
Issuer Solutions	**165,011**	177,572
Other revenue	**10,418**	4,852
	284,844	335,379

20. Personnel expenses

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

	2020 USD'000	2019 USD'000
Salaries and allowances	**71,965**	63,647
Bonus and sales incentives	**3,787**	11,498
Share-based compensation*	**10,870**	11,398
Terminal and other benefits**	**10,311**	10,201
	96,933	96,744
Total number of employees	**1,309**	1,309

* Share-based compensation includes charge for management incentive award plan ('MIP') and IPO Cash Bonus, amounting to USD 6.8 million (2019: USD 10.0 million) and LTIP Plan charge amounting to USD 4.1 million (2019: USD 1.4 million). Refer to note 17 for details.

** Social security cost and pension cost amounted to USD 1.4 million (2019: USD 1.1 million) and USD 0.2 million (2019: USD 0.2 million) respectively.

21. Selling, operating and other expenses

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

	2020 USD'000	2019 USD'000
Technology and communication cost	**44,288**	42,358
Third-party cost	**23,518**	26,786
Legal and professional fees	**22,102**	24,762
Provision for expected credit losses	**2,183**	510
Other general and administrative expenses	**11,083**	12,008
	103,174	106,424

21.1 Auditor remuneration

The details of Group's auditor remuneration are as follows:

	2020 USD'000	2019 USD'000
Total fees to the Group's auditor for the audit of the Group's Annual Report and Accounts	**786**	779
Total fees to the Group's auditor for other services:		
Review of half yearly financial information	**159**	113
Other non-audit services – IPO related	**–**	902
Other non-audit services	**46**	38
	991	1,832

22. Net interest expenses

Interest expenses comprise interest expense on borrowings and lease liabilities. All borrowing costs are recognised in the consolidated statement of profit or loss using the effective interest method. Interest income comprises 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 expenses is as follows:

	2020 USD'000	2019 USD'000
Interest on term loan facility	**12,935**	16,800
Interest on revolving credit facility	**1,837**	200
Interest on bank overdrafts	**3,780**	2,800
Amortisation of debt issuance cost	**1,642**	4,504
Other interest expense	**1,916**	1,833
Interest income	**(441)**	(1,293)
	21,669	24,844

23. Earnings per share ('EPS')

Basic earnings / (loss) 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 / (loss) 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 diluted earnings per share is based on earnings of USD 6.2 million (2019: USD 57.6 million), USD 6.2 million for continuing operations (2019: USD 57.9 million) and nil for discontinued operations (2019: USD (0.4) million).

During the year the Company issued 50.0 million new ordinary shares and earnings per share is computed on weighted average number of 520.8 million shares (2019: 500,000,000 million shares). For 2019, there was no change in the number of shares used in the calculation of weighted average number of shares in issue because the principles of reverse acquisition were applied in accordance with IAS 33, following the Group reorganisation in April 2019 prior to the Group's listing on the London Stock Exchange. For details on the Group reorganisation, please refer to note 1.

There is no change in the basic and diluted ('EPS'). The diluted earnings per share have been calculated after considering potential dilutive options for the Group's scheme for employee share-based payments.

The profit attributable to the equity holders for the year ended 31 December 2020 is based on weighted average number of 520,833,333 shares (2019: 500,000,000 shares).

	2020 USD cents	2019 USD cents
Earnings per share (basic and diluted)	**1.2**	11.5
Earnings per share – Continuing operations (basic and diluted)	**1.2**	11.6
Earnings per share – Discontinued operations (basic and diluted)	**–**	(0.072)

24. Taxes

Taxes comprise current and deferred tax. Current tax and deferred tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Goodwill is not deductible for tax purposes.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

24. Taxes continued

Deferred tax continued

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

24.1 Taxes

The tax expense recognised in the consolidated statement of profit or loss is as follows:

	2020 USD'000	2019 USD'000
Deferred tax expense / (benefit)	**17**	(725)
Current tax expense	**4,327**	5,984
Adjustment for prior periods	**360**	1,379
Tax expenses	**4,704**	6,638

24.2 Deferred tax liability

	2020 USD'000	2019 USD'000
Balance as at 1 January	**1,788**	2,324
Deferred tax expense / (benefit)	**17**	(725)
Effects of change in foreign exchange	**32**	189
Balance as at 31 December	**1,837**	1,788

24.3 Reconciliation of effective tax

	2020 USD'000	2019 USD'000
Profit before tax from continuing operations	**10,302**	63,955
Tax using the Company's domestic tax rate*	**–**	–
Effect of tax rates in foreign jurisdictions	**6,649**	8,617
Tax effect of:		
Non-deductible expenses	**638**	1,345
Tax-exempt income	**–**	(123)
Other allowable deduction	**(608)**	(1,260)
Tax incentives / rebates	**(2,266)**	(2,665)
Carry forward losses	**(84)**	–
Deferred tax expense / (benefit)	**17**	(725)
Adjustment for prior periods	**360**	1,379
Other adjustments	**(2)**	70
Income tax expense	**4,704**	6,638

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

24.4 Reconciliation of deferred tax

	Balance at 1 Jan	Recognised in P&L	Recognised in OCI	Balance at 31 Dec
2020				
Deferred tax asset				
Provisions and other items	**1,294**	**(32)**	**–**	**1,262**
Deferred tax liability				
Property and equipment and intangibles	**(600)**	**15**	**–**	**(585)**
Foreign exchange differences	**(2,482)**	**–**	**(32)**	**(2,514)**
Balance as at 31 December	**(1,788)**	**(17)**	**(32)**	**(1,837)**
2019				
Deferred tax asset				
Provisions and other items	500	794	–	1,294
Deferred tax liability				
Property and equipment and intangibles	(465)	(135)	–	(600)
Foreign exchange differences	(2,359)	66	(189)	(2,482)
Balance as at 31 December	(2,324)	725	(189)	(1,788)

25. Leases

Overview

The Group early adopted IFRS 16 in 2018 using the modified retrospective approach.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision making rights that are relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - The Group has the right to operate the asset; or
  - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Accounting policy for the lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

25. Leases continued

Accounting policy for the lessee continued

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a charge in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other payables' in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected to take exemption for certain lease contracts that have either a lease term of 12 months or are low-value. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group leases offices to carry out its operations in different locations. Information about leases for which the Group is a lessee is presented below:

25.1 Right of use assets

	2020 USD'000	2019 USD'000
Balance as at 1 January	**12,461**	8,059
Additions during the year	**1,227**	6,563
Depreciation charge for the year	**(2,400)**	(3,004)
Derecognition of right-of-use assets	**(984)**	–
Effect of change in foreign exchange	**126**	843
Balance as at 31 December	**10,430**	12,461

25.2 Lease liabilities

	2020 USD'000	2019 USD'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**3,871**	3,976
One to five years	**10,510**	11,691
More than five years	**3,184**	5,092
Total undiscounted lease liabilities at 31 December	**17,565**	20,759
Current	**2,301**	2,048
Non-current (refer to note 17)	**8,748**	11,026
Discounted lease liabilities included in the statement of financial position at 31 December	**11,049**	13,074

25.3 Amounts recognised in the consolidated statement of profit or loss

	2020 USD'000	2019 USD'000
Interest expense on lease liabilities	**1,843**	1,714
Depreciation of right of use assets	**2,400**	3,004

The expense relating to leases of low-value assets and short-term lease assets that are not a part of the above right of use assets and lease liabilities (as the Group has availed exemption of short-term lease and low-value assets under IFRS 16) amounted to USD 0.1 million (2019: USD 0.1 million).

Accounting policy for the lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

The Group leases out its point of sales ('POS') terminals. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The rental income recognised by the Group as at 31 December 2020 was USD 6.4 million (2019: USD 6.2 million).

26. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Equity			
	Lease liability for right of use asset USD'000	ATM lease liability USD'000	Term loan & revolving credit facility USD'000	Retained earnings USD'000	Share capital & premium USD'000	Non-controlling interest	Total USD'000
2020							
Opening balance	13,074	1,619	315,930	(12,821)	65,100	–	382,902
Acquisition of loan	–	–	415,000	–	–	–	415,000
Repayment of loan	–	–	(328,751)	–	–	–	(328,751)
Payment of debt issuance cost	–	–	(6,676)	–	–	–	(6,676)
Issuance of new shares	–	–	–	–	258,736	–	258,736
Payment of lease liabilities	(3,934)	(686)	–	–	–	–	(4,620)
Purchase of treasury shares	–	–	–	(10,425)	–	–	(10,425)
Issuance of subsidiary's capital to non-controlling interest	–	–	–	–	–	1,965	1,965
Total changes from financing cash flows	9,140	933	395,503	(23,246)	323,836	1,965	708,131
The effect of changes in foreign exchange rates	(177)	–	–	–	–	–	(177)
Liability related changes							
Recognition of lease liabilities under IFRS 16	1,227	–	–	–	–	–	1,227
Derecognition of lease liability	(984)	–	–	–	–	–	(984)
Amortisation of debt issuance cost		–	1,642	–	–	–	1,642
Write-off of unamortised debt issuance cost	–	–	6,721	–	–	–	6,721
Interest expense	1,843	73	–	–	–	–	1,916
Interest paid	–	(81)	–	–	–	–	(81)
Total liability related changes	2,086	(8)	8,363	–	–	–	10,441
Closing balance	11,049	925	403,866	(23,246)	323,836	1,965	718,395
Current portion	2,301	766	35,000	–	–	–	–
Non-current portion	8,748	159	368,866	–	–	–	–
2019							
Opening balance	8,102	2,271	324,247	–	1,565,980	–	1,900,600
Acquisition of loan	–	–	35,000	–	–	–	35,000
Repayment of loan	–	–	(44,918)	–	–	–	(44,918)
Payment of debt issuance cost	–	–	(2,903)	–	–	–	(2,903)
Capital reduction					(1,500,880)	–	(1,500,880)
Payment of lease liabilities	(3,748)	(646)	–	–	–	–	(4,394)
Purchase of treasury shares	–	–	–	(12,821)	–	–	(12,821)
Total changes from financing cash flows	4,354	1,625	311,426	(12,821)	65,100	–	369,684
The effect of changes in foreign exchange rates	443	–	–	–	–	–	443

	Liabilities			Equity			
	Lease liability for right of use asset USD'000	ATM lease liability USD'000	Term loan & revolving credit facility USD'000	Retained earnings USD'000	Share capital & premium USD'000	Non-controlling interest	Total USD'000
Liability related changes							
Recognition of lease liabilities under IFRS 16	6,563	–	–	–	–	–	6,563
Amortisation of debt issuance cost	–	–	4,504	–	–	–	4,504
Interest expense	1,714	114	–	–	–	–	1,828
Interest paid	–	(120)	–	–	–	–	(120)
Total liability related changes	8,277	(6)	4,504	–	–	–	12,775
Closing balance	13,074	1,619	315,930	(12,821)	65,100	–	382,902
Current portion	2,048	766	105,000	–	–	–	–
Non-current portion	11,026	853	210,930	–	–	–	–

27. Financial instruments

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI ('FVTOCI'), or through profit or loss ('FVTPL'); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets: whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows or whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on specified date that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise to cash flows on specified date that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to designate the instrument under the classification of FVTOCI with subsequent changes in fair value being recorded in other comprehensive income. This election is made on an investment-by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

27. Financial instruments continued

Recognition and measurement

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at fair value through other comprehensive income ('FVTOCI') are carried at fair value. After initial measurement, the Group presents fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses in respect of equity investment securities designated as FVTOCI to the consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition of financial instruments

The Group derecognises financial assets when the contractual right to the cash flows from the financial assets expires, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Impairment

During the year, the Group has applied the ECL model in accordance with IFRS 9 as disclosed in note 2 (f).

Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Fair value hierarchy

The Group measures the fair value using the following fair value hierarchy that reflects the significance of inputs used in making these measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Accounting classifications and fair values

	Carrying value			Fair value			
As at 31 December 2020 **USD'000**	**Financial assets**	**Financial liabilities**	**Total carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value							
Investment securities	**246**	**–**	**246**	**246**	**–**	**246**	**–**
Financial assets not measured at fair value							
Scheme debtors	**165,436**	**–**	**165,436**	**165,436**	**–**	**165,436**	**–**
Receivables and prepayments	**67,874**	**–**	**67,874**	**67,874**	**–**	**67,874**	**–**
Restricted cash	**52,550**	**–**	**52,550**	**52,550**	**52,550**	**–**	**–**
Cash and cash equivalents	**398,781**	**–**	**398,781**	**398,781**	**398,781**	**–**	**–**
Long-term receivables	**2,617**	**–**	**2,617**	**2,617**	**–**	**2,617**	**–**
	687,258	**–**	**687,258**	**687,258**	**451,331**	**235,927**	**–**
Financial liabilities not measured at fair value							
Merchant creditors	**–**	**165,142**	**165,142**	**165,142**	**–**	**165,142**	**–**
Trade and other payables	**–**	**127,732**	**127,732**	**127,732**	**–**	**127,732**	**–**
Borrowings – Current	**–**	**65,447**	**65,447**	**65,447**	**–**	**65,447**	**–**
Other long-term liabilities	**–**	**21,584**	**21,584**	**21,584**	**–**	**21,584**	**–**
Borrowings – Non-current	**–**	**369,025**	**369,025**	**369,025**	**–**	**369,025**	**–**
	–	**748,930**	**748,930**	**748,930**	**–**	**748,930**	**–**

	Carrying value			Fair value			
As at 31 December 2019 **USD'000**	Financial assets	Financial liabilities	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Investment securities	246	–	246	246	–	246	–
Financial assets not measured at fair value							
Scheme debtors	185,268	–	185,268	185,268	–	185,268	–
Receivables and prepayments	88,496	–	88,496	88,496	–	88,496	–
Restricted cash	54,029	–	54,029	54,029	54,029	–	–
Cash and cash equivalents	45,473	–	45,473	45,473	45,473	–	–
Long-term receivables	2,533	–	2,533	2,533	–	2,533	–
	375,799	–	375,799	375,799	99,502	276,297	–
Financial liabilities not measured at fair value							
Merchant creditors	–	167,167	167,167	167,167	–	167,167	–
Trade and other payables	–	127,453	127,453	127,453	–	127,453	–
Borrowings – Current	–	165,661	165,661	165,661	–	165,661	–
Other long-term liabilities	–	24,379	24,379	24,379	–	24,379	–
Borrowings – Non-current	–	211,783	211,783	211,783	–	211,783	–
	–	696,443	696,443	696,443	–	696,443	–

28. Risk management
The Group has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management Framework.

The Group is committed to embedding a strong risk culture to support good governance and sound risk management practice. The Board and management play a key role in directing and influencing this by ensuring:

- that a risk based approach is used during key decision making;
- consistent tone from the top and clear responsibilities for risk identification and challenge;
- employees have risk management accountability and escalate issues on a timely basis;
- our incentive structures promote a risk aware culture to effectively manage risk and remunerate employees accordingly; and
- we adopt a culture of 'learning from our mistakes' to foster continuous improvement of processes and controls.

The importance of risk culture is reinforced in the Group's policies and standards and the Code of Conduct, to which all employees receive annual training as part of the attestation process.

Our risk governance model operates on the three lines of defence concept which ensures effective risk management, risk oversight and assurance. The First Line of Defence comprises all employees engaged in revenue generating and customer facing areas of the Group including support functions. Employees are responsible for identifying the risks within their respective activities and for the effective management of those risks through the development of appropriate policies, standards and controls. Employees are accountable for performing their activities within stated risk appetites and risk tolerance limits established by the Second Line of Defence and for escalating and reporting risk events to the Second Line. The Second Line of Defence is responsible for translating the risk appetite and strategy approved by the Board into actionable risk limits, policies and programmes under which the First Line activities are to be performed. The Second Line is also responsible for monitoring the performance of the First Line against these limits, policies and programmes. The Third Line of Defence comprises the Group Internal Audit function ('GIA'). They provide independent assurance to the Board and management over the effectiveness of governance, risk management and control.

There are a number of priority areas that are vital to establishing a robust and sustainable risk assessment system for the Group, key to which is the process that we have in place. Further detail on the seven step risk management reporting process is outlined below:

1. Risk Identification
2. Inherent Risk Assessment
3. Existing Controls
4. Residual Risk Assessment
5. Action Planning
6. Risk Monitoring and Reporting
7. Oversight

Credit risk
Credit risk is a risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations, and arises principally from the Group's scheme debtors, receivables and cash and cash equivalents held with banks.

The Group's principal exposure to credit risk for its Merchant Solutions business is the risk of chargebacks by card issuers and penalties from payment schemes where the merchant is unable to settle the sum due. The Group seeks to mitigate such risk in part by creating reserve balances for merchants with a higher risk profile. The Group is also subject to credit risk for the receivables due from the payment schemes for its acquiring business and to banks and financial institutions for its Issuer Solutions business.

As part of the Group's Issuer Solutions business, the Group provides card issuance, hosting, transaction processing and other Value Added Services to various financial institutions. Some of these financial institutions also rely on the Group's principal membership with various payment schemes to issue credit and debit cards as affiliate banks of the Group which results in counterparty risk arising through possible non-payment of settlement funds. To mitigate this risk, wherever possible, the Group conducts transactions with reputed financial institutions only and seeks to hold reserve balances on a case by case basis as well.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its counterparties, including the default risk of the industry and the country in which counterparties operate.

A vast majority of the Group counterparties have been transacting with the Group for over four years. Management has established a process under which each new counterparty is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of receivables.

At 31 December, the maximum exposure to credit risk (net of provisions) by geographic region is as follows:

	2020 **USD'000**	2019 USD'000
Middle East	**615,849**	307,748
Africa	**55,527**	53,395
	671,376	361,143

The maximum exposure to credit risk (net of provisions) by type of counterparty is as follows:

	2020 **USD'000**	2019 USD'000
Schemes	**165,436**	185,268
Banks	**495,370**	170,032
Others	**10,570**	5,843
	671,376	361,143

	2020 **USD'000**	2019 USD'000
Not credit impaired (0-180 days)	**672,532**	358,276
Credit impaired (181 days and above)	**4,838**	7,914
Less: Loss allowances	**(5,994)**	(5,047)
	671,376	361,143

Exposure to credit risk is monitored on an ongoing basis. Cash is placed with good credit rating banks. Major bank ratings are as follows:

Name of the bank	**2020** **USD'000**	**Rating**	**Agency**
Emirates NBD PJSC	**158,412**	P-2	Moody's
Standard Chartered Bank	**13,428**	P-1	Moody's
Arab African International Bank	**2,329**	B	Capital Intelligence
Citibank N.A.	**260,272**	P-1	Moody's

Name of the bank	2019 USD'000	Rating	Agency
Emirates NBD PJSC	73,873	P-2	Moody's
Standard Chartered Bank	11,439	P-1	Moody's
Arab African International Bank	4,434	B	Capital Intelligence

28. Risk management continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by cash or other financial assets. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's business and reputation. The Group maintains adequate working capital facilities for various Group entities with reputable banks in respective countries. A significant part of the Group's short-term liquidity requirements arises out of its settlement requirements pertaining to its direct acquiring business, where it typically makes payments to settle with merchants in advance of receiving payment from the schemes for the payment amount incurred on the card. In particular, in the UAE, the Group generally receives payments from the card issuing banks and payment schemes one business day after it has remitted funds to the merchants and these receivables are recorded on its balance sheet as scheme debtors. Since the Group's settlement amount with merchants is based on the total amount of the card transaction less merchant discount and settlement fees, its acquiring payment cycle can result in temporary, but significant, liquidity requirements for which it principally uses its revolving credit facility.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payment and exclude the impact of netting agreements.

31 December 2020		Contractual cash flows					
USD'000	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Merchant creditors	**165,142**	**165,142**	**165,142**	**–**	**–**	**–**	**–**
Trade and other payables	**127,732**	**145,936**	**39,455**	**106,481**	**–**	**–**	**–**
Borrowings – Current	**65,447**	**67,086**	**31,089**	**35,997**	**–**	**–**	**–**
Other long-term liabilities	**21,584**	**26,530**	**–**	**–**	**16,701**	**6,645**	**3,184**
Borrowings – Non-current	**369,025**	**412,709**	**–**	**–**	**50,244**	**348,763**	**13,702**
Total	**748,930**	**817,403**	**235,686**	**142,478**	**66,945**	**355,408**	**16,886**

31 December 2019		Contractual cash flows					
USD'000	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Merchant creditors	167,167	167,167	167,167	–	–	–	–
Trade and other payables	127,453	129,381	48,473	80,908	–	–	–
Borrowings – current	165,661	177,818	63,493	114,325	–	–	–
Other long-term liabilities	24,379	39,961	–	–	27,142	7,727	5,092
Borrowings – non-current	211,783	230,872	–	–	230,872	–	–
Total	696,443	745,199	279,133	195,233	258,014	7,727	5,092

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to market risk arises from:

› Equity price risk
› Currency risk
› Interest rate risk

Equity price risk

Equity price risk arises from the change in fair value of equity investments. The Group's investment in securities classified as investment in fair value through profit or loss is exposed to equity price risk. With the change of 100 basis point in the price, keeping other factors constant, the price of the securities would increase / (decrease) by USD 2,460 only.

Interest rate risk

The Group's long-term indebtedness and revolving line of credit for acquiring settlement needs and other working capital requirements are held at a variable rate of interest. The interest rates for these credit facilities are based on a fixed margin plus a market rate of interest. Interest rate changes do not affect the market value of such debt but could impact the amount of the Group's interest payments and accordingly the Group's future earnings and cash flows.

At the reporting date, the interest profile of the Group's interest bearing financial assets and liabilities are as follows:

	2020 USD'000	2019 USD'000
Fixed rate instruments		
Financial assets	**50**	22
Financial liabilities	**7,242**	8,052
Variable rate instruments		
Financial assets	**129**	46,283
Financial liabilities	**427,230**	369,392

Currency risk

The Group is exposed to foreign exchange rate risk as a result of its foreign operations as well as transactions in currencies other than AED which is the Group's functional currency. A substantial portion of the Group's revenue (95.4% of 2020 revenue and 96.2% of 2019 revenue) is either incurred in US dollars or currencies pegged to the US dollar, including the AED. The Group's foreign operations are principally in Egypt, Nigeria, Jordan and South Africa whose functional currencies are the Egyptian Pound, Nigerian Naira, Jordanian Dinar and South African Rand respectively. Translation of foreign operations is recognised under 'other comprehensive (loss) / income', whereas the translation effect of transactions and balances in foreign currencies is reflected in the consolidated statement of profit or loss of the respective period. In addition, as part of the Group's role as a Merchant Acquirer, it may settle with merchants in currencies other than those in which it receives funds from payment schemes. Although the Group settles such transactions using the spot market rates, it is subject to a certain degree of currency risk and it recognises any such gains or losses in the income statement.

At 31 December 2020	USD USD'000	AED USD'000	EGP USD'000	JOD USD'000	Others USD'000	Total USD'000
Total financial assets						
Scheme debtors	7,215	150,513	1,681	4,858	1,169	165,436
Receivables and prepayments	15,916	35,175	5,916	10,021	846	67,874
Restricted cash	44,207	–	323	–	8,020	52,550
Cash and cash equivalents	273,931	105,519	6,949	4,539	7,843	398,781
Long-term receivables	–	2,496	10	111	–	2,617
Investment securities	246	–	–	–	–	246
	341,515	293,703	14,879	19,529	17,878	687,504
Total financial liabilities						
Merchant creditors	46,293	107,173	1,701	1,948	8,027	165,142
Trade and other payables	14,150	93,568	8,180	10,495	1,339	127,732
Borrowings – current	38,016	21,115	–	6,316	–	65,447
Other liabilities	–	14,004	7,045	–	535	21,584
Borrowings – non-current	284,668	84,357	–	–	–	369,025
	383,127	320,217	16,926	18,759	9,901	748,930
Net position	(41,612)	(26,514)	(2,047)	770	7,977	(61,426)

28. Risk management continued

Currency risk continued

At 31 December 2019	USD USD'000	AED USD'000	EGP USD'000	JOD USD'000	Others USD'000	Total USD'000
Total financial assets						
Scheme debtors	15,529	157,205	2,631	9,903	–	185,268
Receivables and prepayments	18,357	55,025	6,932	7,068	1,114	88,496
Restricted cash	53,773	–	234	–	22	54,029
Cash and cash equivalents	9,224	20,422	6,379	1,782	7,666	45,473
Long-term receivables	–	2,325	98	110	–	2,533
Investment securities	246	–	–	–	–	246
	97,129	234,977	16,274	18,863	8,802	376,045
Total financial liabilities						
Merchant creditors	57,480	105,175	1,583	127	2,802	167,167
Trade and other payables	11,907	93,862	8,307	9,135	4,242	127,453
Borrowings – current	68,258	90,971	–	6,432	–	165,661
Other liabilities	2,483	13,947	7,717	–	232	24,379
Borrowings – non-current	96,875	114,908	–	–	–	211,783
	237,003	418,863	17,607	15,694	7,276	696,443
Net position	(139,874)	(183,886)	(1,333)	3,169	1,526	(320,398)

Sensitivity analysis

As USD is pegged with AED and JOD, the table below calculates the effect of a reasonably possible movement of the USD currency rate against the various currencies, with all other variables held constant, on the profit or loss (due to the fair value of currency sensitive monetary assets and liabilities).

Assumed change from year end exchange rates	EGP 1%	Others 1%
2020 – USD'000 + / (-)	**(20)**	**80**
2019 – USD'000 +/ (-)	(13)	15

Operational risk

Operational risk is the risk of direct or indirect losses arising from a variety of incidents with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks.

The Group has implemented an Operational Risk Management Policy which is aligned to the Enterprise Risk Management Framework to identify, assess, manage and monitor its operational risks across all business processes.

Operational risk management practices are embedded in the organisation risk culture through the application of the following operational risk management processes. These processes are guided (as deemed appropriate) by the seven step risk management reporting process outlined above in the risk management section.

› Risk Assessment ('RA')
› Risk and Control Self-Assessment ('RCSA')
› Key Risk Indicators ('KRIs')
› Incident and Loss Management ('ILM')

Capital management

The Board of Directors monitors the Group's performance in relation to its long-term business plan and its long-term profitability objectives.

There were no changes in the Group's approach to capital management during the year. The Group has complied with all externally imposed capital requirements.

The Group's key objectives on capital management are as follows:

- to comply with all the regulatory requirements in markets we operate in;
- to maintain a strong capital base with optimum capital structure so as to maintain investor, creditor and market confidence;
- to provide adequate funds to meet requirements of future growth; and
- to optimise returns for shareholders.

The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital (the Group defines this as shareholders' equity).

29. Group entities

Company name	Registered address	2020
Direct subsidiaries of Network International Holdings PLC (the ultimate parent entity)		
Network International Holding 1 Limited	Unit GV-00-03-01-BC-10-0, Level 1, Gate Village Building 3, Dubai International Financial Centre, P O Box 9275, Dubai, United Arab Emirates	100%
Network International Holding 2 Limited	Unit GV-00-03-01-BC-10-0, Level 1, Gate Village Building 3, Dubai International Financial Centre, P O Box 9275, Dubai, United Arab Emirates	100%
Indirect subsidiaries of the ultimate parent entity		
Network International LLC *	Level: 101-201 – Emirates NBD – AL Barsha (2), P O Box 4487, Dubai UAE	49%
Mercury Payments Services LLC	Level: 101-201 – Emirates NBD – AL Barsha (2), P O Box 4487, Dubai UAE	70%
Diners Club (UAE) LLC	Level: 101-201 – Emirates NBD – AL Barsha (2), P O Box 4487, Dubai UAE	100%
Network International Investment Pte. Ltd.	112, Robinson Road, # 05-01, Singapore 068902	100%
Network International Investment Holding Limited	Les Cascades, Edith Cavell Street, Port-Louis, Mauritius	100%
Network International Services (Mauritius) Limited	Les Cascades, Edith Cavell Street, Port-Louis, Mauritius	100%
Network International Payments Services Nigeria Limited	11th Floor, Heritage Place, 21 Lugard Avenue, Ikoyi, Lagos, Nigeria	100%
Network International Payment Services Proprietary Limited	Black River Park, North Park Block B, 2nd Floor, Office 1 & 2, 2 Fir Street, Observatory, 7925, South Africa	100%
Network International Services Limited Jordan	Abdul Raheem Al-Wakeed St Building No. 43 Shmeisani Amman, Jordan	100%
Network International Payment Services (S.A.E.)	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	99.9%
Network International Egypt Company (S.A.E.)	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	98%
Egyptian Smart Cards Company	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	99.9%
Diners Club Services Egypt (S.A.E.)	55 Kods Sharif Street, Mohandessin, Giza, Egypt	98%
Network International Arabia Limited	Building Number: 3074, Prince Mohammed Bin Abdulaziz Road, Level 29, Tower B, Olaya Towers, P O Box: 15870, Postal Code: 11454, Riyadh, Saudi Arabia	100%
NI Payment Services (Ghana) Ltd.	GL-144-8556, Number 7, Airport road, Airport Liberation Rd ACCRA La Dade-Kotopon Greater ACCRA P O Box CT 6217, Cantonments-ACCRA Ghana	100%
Associate of Network International LLC		
Transguard Cash LLC	B Wing, 1st Floor, Dubai Airport Free Zone	50%

* 51% shareholding of Network International LLC is owned by Leaf Holding Limited (a company registered under Dubai International Financial Centre, Dubai) which is a local sponsor as per the requirements of UAE laws.

30. Contingencies and commitments

	2020 USD'000	2019 USD'000
Performance and other guarantees	**13,358**	8,399
Commitments	**6,384**	3,155
	19,742	11,554

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

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

31. Subsequent events

Except for the below, there was no subsequent event identified until the date of the issuance of these consolidated financial statements.

On 27 September 2020, the UAE issued Federal Decree-Law No. (26) of 2020 ('New Decree') amending certain provisions of Federal Law No. (2) of 2015 on Commercial Companies. The New Decree came into force partially on 2 January 2021, and repealed the existing Foreign Direct Investment law. Once fully enacted on 27 March 2021, the foreign ownership restrictions will be abolished, allowing foreign investors to hold 100% of the share capital of their onshore companies in UAE, subject to exceptions for certain strategic commercial activities / sectors.

The above change is relevant to the Group's existing structure in relation to one of the Group entities in UAE, i.e. Network International LLC which is 51% owned by Leaf Holding Limited (a company registered under Dubai International Financial Centre, Dubai) which is a local sponsor. The Group will evaluate the impact of the above change on the Group's financial statements once the New Decree is fully enacted.

Network International Holdings PLC Statement of Financial Position

as at 31 December

	Note	2020 USD'000	2019 USD'000
Assets			
Non-current assets			
Investment in subsidiaries	6	**1,553,158**	1,553,158
Total non-current assets		**1,553,158**	1,553,158
Current assets			
Other receivables		**303**	147
Cash and cash equivalents		**259,913**	–
Total current assets		**260,216**	147
Total assets		**1,813,374**	1,553,305
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Due to a related party	7	**26,433**	5,486
Other payables		**7,228**	2,042
Total current liabilities		**33,661**	7,528
Total liabilities		**33,661**	7,528
Shareholders' equity			
Share capital	8	**71,557**	65,100
Share premium		**252,279**	–
Retained earnings		**1,455,877**	1,480,677
Total shareholders' equity		**1,779,713**	1,545,777
Total liabilities and shareholders' equity		**1,813,374**	1,553,305

The notes on pages 221 to 225 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 7 March 2021 and signed on its behalf by:

Nandan Mer
Director and Chief Executive Officer

Network International Holdings PLC
Statement of Changes in Equity
For the year ended 31 December

	Share capital USD'000	Share premium USD'000	Retained earnings USD'000	Total shareholders' equity USD'000
As at 1 January 2020	**65,100**	**-**	**1,480,677**	**1,545,777**
Total comprehensive loss for the year	**-**	**-**	**(18,445)**	**(18,445)**
Purchase of treasury shares	**-**	**-**	**(10,425)**	**(10,425)**
Share-based payment	**-**	**-**	**4,070**	**4,070**
Issuance of new shares	**6,457**	**258,280**	**-**	**264,737**
Share issuance cost	**-**	**(6,001)**	**-**	**(6,001)**
As at 31 December 2020	**71,557**	**252,279**	**1,455,877**	**1,779,713**

	Share capital USD'000	Share premium USD'000	Retained earnings USD'000	Total shareholders' equity USD'000
As at 27 February 2019	65,100	–	1,500,880	1,565,980
Total comprehensive loss for the period	–	–	(8,787)	(8,787)
Purchase of treasury shares	–	–	(12,821)	(12,821)
Share-based payment	–	–	1,405	1,405
As at 31 December 2019	65,100	–	1,480,677	1,545,777

The notes on pages 221 to 225 form part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation

Network International Holdings PLC (the 'Company') was incorporated on 27 February 2019. The Company was incorporated as part of a reorganisation to facilitate the listing of Network International Group (Network International Holdings PLC and its subsidiaries 'the Group') on the London Stock Exchange. The Company's accounts are prepared based on FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'). No profit and loss account is presented for the Company as permitted by section 408 of the Companies Act 2006. The net loss after tax for the Company was USD 18.4 million (2019: USD 8.8 million) for the year ended 31 December 2020.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, and presentation of a cash flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Network International Holdings PLC, which the Company is consolidated in. We expect to continue to take advantage of this disclosure exemption for the foreseeable future. The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value.

The Company listed its shares on the London Stock Exchange on 12 April 2019.

The principal steps of the Group reorganisation were as follows:

- On 27 February 2019, the Company was incorporated by Network International LLC for 100 ordinary shares of GBP 1 each.
- On 20 March 2019, Network International LLC transferred investment in Network International Holdings PLC to the shareholders.
- On 29 March 2019, the existing share capital of the Company comprising 100 shares of GBP 1 each was split 10:1 into 1,000 shares of GBP 0.10 each. Subsequently, on the same day, the Company issued 1,396 new shares of GBP 0.10 each for GBP 139 / USD 180. This was followed by a share consolidation resulting in total share capital comprising 100 shares of GBP 2.396 / USD 3.119592 each. The net effect of this restructuring of capital was to increase the nominal value per share to GBP 2.396 / USD 3.119592 for 100 shares outstanding.
- On 29 March 2019, the Company issued 499,999,900 shares to existing shareholders (254,999,949 to Emirates NBD PJSC and 244,999,951 to WP / GA) of par value GBP 2.396 / USD 3.119592 per share in exchange for acquiring the shares of the subsidiary (Network International Holding 1 Limited) and the shareholders' receivables from Network International Holding 1 Limited. This resulted in the creation of share capital of USD 1,559,795,688 and share premium of USD 6,183,530 (being the difference between the carrying value of the shareholders' receivable of USD 13,614,704 and the corresponding nominal value of shares issued of USD 7,431,174).
- On 1 April 2019, the Company undertook a capital reduction by reducing the nominal value of its shares in issue from GBP 2.396 / USD 3.119592 to GBP 0.1000 per share / USD 0.1302 and cancellation of share premium created above.

The capital reduction resulted in the creation of distributable reserves of USD 1,507,767,530. The difference in the GBP/USD foreign exchange rate between the date of share issuance and capital reduction resulted in the creation of a foreign exchange difference of USD 6,888,000, which would be considered as a realised loss and hence, has been netted off against the Company's retained earnings on the consolidated statement of financial position.

2. Functional and presentation currency

The Company's functional currency is British Pound ('GBP'). The Company's financial statements have been presented in United States Dollar ('USD') to align with the Group presentation currency. All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

3. Going concern

The Company acts as the ultimate holding company of Network International Group (the 'Group'). The Group has made a profit of USD 5.6 million (2019: USD 57.0 million) with cash inflow from operating activities of USD 107.5 million (2019: USD 132.4 million) for the year and has a net asset position of USD 498.0 million as at 31 December 2020 (2019: 238.7 million). Furthermore, the Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its banking facilities.

3. Going concern continued

The Directors have adopted the going concern basis after assessing the principal risks and having considered the impact of COVID-19 on Group financial performance including under a base case and a severe but plausible downside scenario. 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 the COVID-19 pandemic on the economy.

The Directors have, based on the assessment, the Group's and the Company's future business plan and other due considerations, a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

4. Significant accounting policies

a. Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. Given the impact of COVID-19 on the Group's financial performance, management has considered whether there are any impairment indicators. Based on the management assessment, including sufficient liquidity and positive net current asset position of the Company and the Group and the temporary impact of COVID-19, management concludes that there are no such impairment indicators.

b. Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends payable to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

c. Financial instruments

Non-derivative financial instruments comprise other receivables and other payables due to a related party.

i. Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit & loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through OCI ('FVOCI') – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of 31 December 2020, the Company's financial assets include other receivables and cash and cash equivalents. All these financial assets are measured at amortised cost.

Financial liabilities

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

As of 31 December 2020, the Company's financial liabilities include other payables and due to a related party. All these financial liabilities are measured at amortised cost.

iii. Derecognition of financial instruments

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In cases where the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

d. Share-based compensation

The Company currently operates the following share-based compensation plans for its Group entity employees:

› Long Term Incentive Plan ('LTIP')

The LTIP is an equity-settled share-based payment. The Company's accounting policy with respect to this incentive plan is as follows:

Equity-settled share-based payment

Equity-settled share-based payment transactions, in which the Company receives services as consideration for equity instruments of the parent entity (including shares or share options).

For equity-settled share-based payment transactions, the Company measures the services received, and the corresponding increase in equity, directly, at the fair value of the services received. If the fair value cannot be estimated reliably, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the equity instruments granted, because it is typically not possible to estimate reliably the fair value of employee services received. The fair value of the equity instruments granted is measured at grant date.

For services measured by reference to the fair value of the equity instruments granted, all non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments. However, vesting conditions that are not market conditions are not taken into account when estimating the fair value of the shares or options at the relevant measurement date. Instead, vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition (other than a market condition).

The fair value of equity instruments granted should be based on market prices, if available, and take into account the terms and conditions upon which those equity instruments were granted. In the absence of market prices, fair value is estimated, using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

The Company has calculated the fair value of the equity instruments granted by applying well-established principles of financial analysis, adapted as appropriate to meet the requirements of valuing individual incentive plans. For the valuation of the plan with only non-market conditions, the Black-Scholes model has been used, whereas, for the valuation of the incentive plan with market conditions, the Monte-Carlo model has been used to compute the fair value of the equity instruments.

After vesting date and a corresponding increase in equity, no subsequent adjustment to total equity shall be made. The Company will not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised. However, a transfer within equity is allowed, i.e. a transfer from one component of equity to another.

Notes to the financial statements continued

5. Critical accounting estimates and judgements

The preparation of financial statements requires Directors to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. During the year, management has not applied any accounting estimates and judgements that are critical for the preparation of the Company's financial statements.

6. Investment in subsidiaries

	2020 **USD'000**	2019 USD'000
Investment in Network International Holding 1 Limited	**1,553,158**	1,553,158
Investment in Network International Holding 2 Limited*	**–**	–
	1,553,158	1,553,158

* As at 31 December 2020, the investments in Network International Holding 1 Limited (as above) and Network International Holding 2 Limited (USD 100) comprises 100% of their ordinary share capital.

The Directors have assessed whether the Company's fixed asset investments require impairment. In making this assessment, the relationship between the Company's market capitalisation and the carrying value of its investments has been considered, in addition to the disruption attributable to the COVID-19 pandemic and the effect of this on future trading. The assessment did not result in any impairment in 2020 (2019: Nil).

7. Due to a related party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include associates, parent, subsidiaries, and key management personnel or their close family members. The terms and conditions of these transactions have been mutually agreed between the Group and the related parties. Key management personnel consists of the Network Leadership Team.

	2020 **USD'000**	2019 USD'000
Network International LLC	**26,433**	5,486

8. Share capital

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

	2020 **USD'000**	2019 USD'000
Issued and fully paid up		
550,000,000 shares of GBP 0.10 each (2019: 500,000,000 shares of GBP 0.10 each)	**71,557**	65,100

On 31 July 2020, the Company has 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.

9. Share-based compensation

The Company has established a long-term equity-settled share-based incentive plan (Network International Holdings Long Term Incentive Plan 'LTIP Plan') which is awarded to the eligible employees and subject to the condition specified under the LTIP Plan rules through three grants.

The key features of grants 1 and 3 are as follows:

- Under the grants, the plan is rolled out to select eligible employees of the Group.
- The awards under these grants will normally vest on the third anniversary of the date of grant, unless an event occurs before then which causes the award to vest under the rules of the LTIP Plan.
- Multiple performance conditions apply to the award (including market and non-market), and the award may only vest to the extent that the performance condition have been satisfied.

Under grant 2, the plan is rolled out to all the employees of the Group based on meeting some eligibility criteria, as an incentive in recognition of the efforts to support the listing of the Group. The award vesting is subject only to the participant's continued employment with the Group.

Below are the details of both grants:

Particulars	Date of grant	Grant date share price	Vesting condition	Contractual life of options
Grant 1	17 May 19	GBP 5.3	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
Grant 2	24 Oct 19	GBP 5.25	Service condition only	1.5 years
Grant 3	13 March 20	GBP 4.33	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
	19 August 20	GBP 4.08		

Details of number of shares to be vested under grants 1 and 3 for the achievement of performance conditions:

	CAGR		Relative TSR
Awards vesting	**Adjusted EPS**	**Revenue**	
Weighting	**(50%)**	**25%**	**25%**
0%	less than 12% compound growth p.a.		below median performance
25%	12% compound growth p.a.		company achieves median positioning relative to the comparator Group
100%	16.5% compound growth p.a.		company achieves upper quartile positioning relative to the comparator Group

Note: For all the elements of the award vesting is subject to a share price underpin of GBP 4.35 at the end of vesting period.

Detail of the valuation assumptions:

			Grant 3	
Description	**Grant 1**	**Grant 2**	**13 March 2020**	**19 August 2020**
Valuation model	Black-Scholes and Monte-Carlo model	Black-Scholes	Black-Scholes and Monte-Carlo model	
Risk free interest rate	0.69% p.a.	0.51% p.a.	0.69% p.a.	0.006% p.a.
TSR comparator group	Constituents of the FTSE 250 at the time of grant	–	Constituents of the FTSE 250 at the time of grant	
Dividend equivalent	0% (assumed participants entitled to dividends or dividends equivalents)	3% assumed dividend yield	0% (assumed participants entitled to dividends or dividends equivalents)	

At the date of the awards granted, the Company has calculated the fair value of all the grants to recognise a charge amounting to USD 4.1 million (2019: USD 1.4 million) in the statement of profit or loss for the year ended 31 December 2020 with a corresponding increase in equity.

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