network›

Network International Holdings Plc
Annual Report and Accounts 2022

Serving more customers. Better.

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

> “Network has experienced significant growth acceleration during 2022. This is the result of our fast-growing markets, an acceleration towards digital payments catalysed by the pandemic, and a revitalised strategic approach which is creating a more agile and effective business.
>
> We face the future with excitement knowing we have several growth levers available, supported by the scale, capabilities, people and trusted brand to fulfil our purpose: of helping the economies and customers we serve to grow and prosper.”

Nandan Mer
Group Chief Executive Officer

Strategic Report

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Visit investors.networkinternational.ae
to read our Annual Report

Delivering a growth focused strategy

Our growth ambition is supported by the multitude of opportunities open to us in our fast-growing markets.

ACCELERATE

Unlocking a new revenue opportunity in the Kingdom of Saudi Arabia

We have made good progress, signing four new customers in the year, which will supplement our existing revenues.

Read more p16

ACCELERATE

Building our capabilities across African markets

We are broadening our merchant reach across Africa by further enhancing our payment acceptance capabilities and enabling merchants in the SME sector to grow their business.

Read more p18

INNOVATE

Service innovation to expand our relationships with merchants in the UAE

We continue to innovate our products and services, ultimately improving the overall merchant experience and our competitive positioning.

Read more p20

A year in review

Financial highlights for the year ended 31 December 2022

Revenue

USD 438.4m
+24.5% y/y

2022	USD 438.4m
2021	USD 352.2m

Underlying EBITDA[1]

USD 178.6m
+24.5% y/y

2022	USD 178.6m
2021	USD 143.5m

Profit for the year

USD 80.1m
+41.6% y/y

2022	USD 80.1m
2021	USD 56.6m

Underlying basic EPS[1]

USD 15.7 cents
+35.3% y/y

2022	USD 15.7 cents
2021	USD 11.6 cents

Reported basic EPS

USD 14.5 cents
+39.4% y/y

2022	USD 14.5 cents
2021	USD 10.4 cents

Share buyback

USD 100m
share buyback programme launched, of which

USD 40.6m
repurchased by end Dec 22

Underlying free cash flow[1]

USD 81.9m
+32.3% y/y

2022	USD 81.9m
2021	USD 61.9m

Cash flow from operating activities

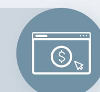
USD 119.2m
+130.8% y/y

2022	USD 119.2m
2021	USD 51.7m

Cash flow from operating activities for the comparative period has been restated to reflect the recent change in IFRS guidance.

Segment highlights

Merchant Services



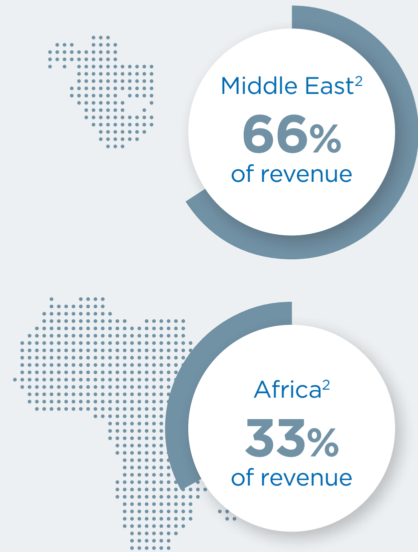
USD 183.3m
revenue
+41.4% y/y

70.9%
contribution margin[1]
+50 bps y/y

Outsourced Payment Services

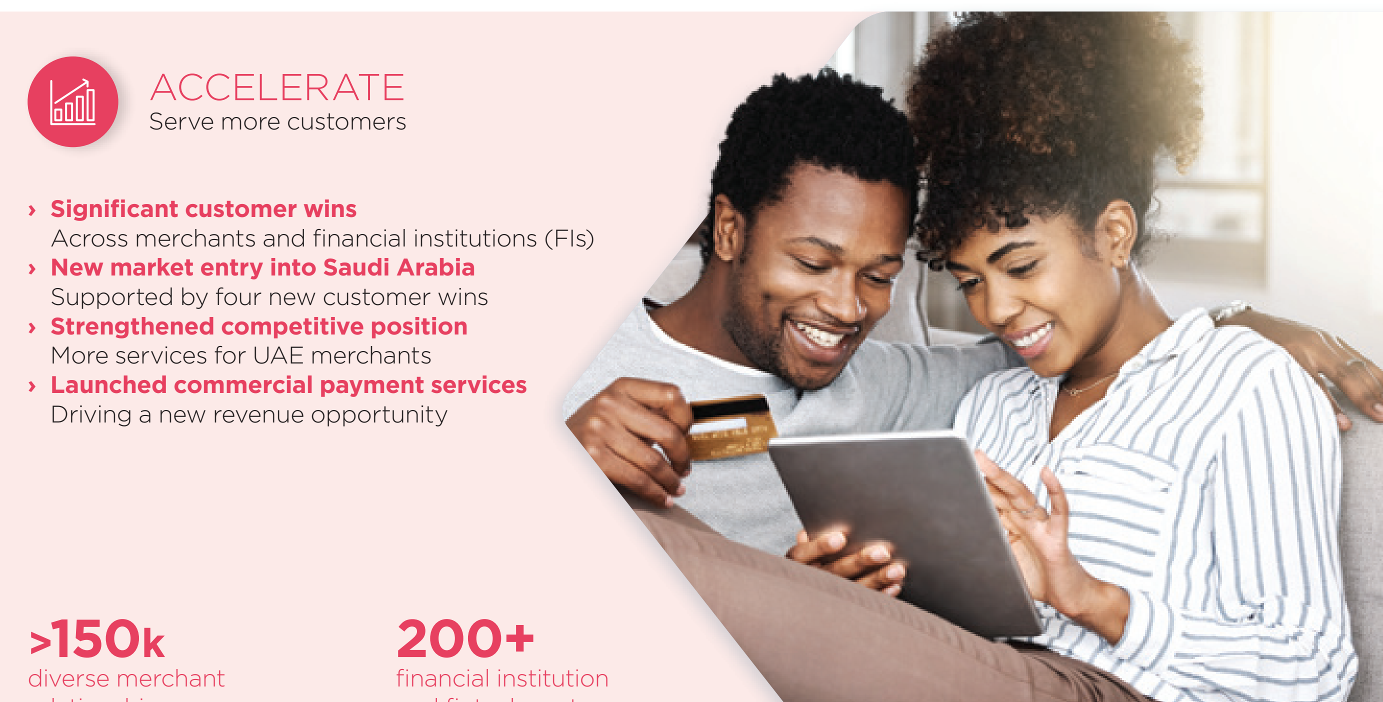
USD 242.5m
revenue
+13.3% y/y

70.6%
contribution margin[1]
+190 bps y/y



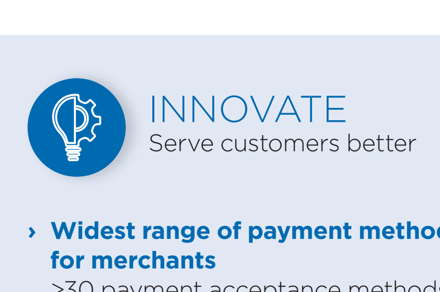
1 This is an Alternative Performance Measure (APM). See notes 4 and 5 of the consolidated financial statements for APM definitions and the reconciliations of reported figures to APMs.
2 Remaining percentage relates to 'Other revenue', which includes revenue relating to Mastercard strategic partnership.

Strategic highlights



ACCELERATE
Serve more customers

- **Significant customer wins**
  Across merchants and financial institutions (FIs)
- **New market entry into Saudi Arabia**
  Supported by four new customer wins
- **Strengthened competitive position**
  More services for UAE merchants
- **Launched commercial payment services**
  Driving a new revenue opportunity



>150k
diverse merchant relationships

Read more p14

200+
financial institution and fintech customers

INNOVATE
Serve customers better

- **Widest range of payment methods for merchants**
  >30 payment acceptance methods
- **Expanded value-added services**
  introduced >30 payment capabilities & value-added services
- **Strengthened online SME capabilities**
  Launched DPO Pay in the UAE
- **Strategic acquiring partnership**
  Expanded relationship with our largest customer, Emirates NBD

30+
value-added services for merchants and FIs

Read more p15

>18,000
SMEs and global enterprises enabled to accept online payments

Delivering with purpose to help the business prosper

Dear Shareholders,
Last year, I shared my excitement about Network's renewed strategy and the opportunity to raise the bar to deliver value for shareholders. Just over a year later, I am pleased to see the business delivering on this strategy with a profitable period of high growth. This is thanks to our improved execution, buoyed by economic growth in our markets and further structural acceleration towards digital payments. We hope this report demonstrates the significant progress we have made during the period and the strong momentum across the business.

Growth acceleration through the business

I continue to see improved business performance and progress under Nandan Mer's leadership, supported by the Executive Committee.
Our business has seen a significant step up in its growth trajectory through 2022, which is a result of multiple factors: i) resilient economic conditions and a strong rebound from the pandemic across many of our markets; ii) an acceleration away from cash towards digital payments, catalysed by both COVID-19 and government initiatives; and iii) a revitalised strategic approach which is creating a more agile and effective business, able to execute at pace and maximise growth opportunities.

We have made significant strategic progress during the year, having delivered positive results on several critical initiatives.

We have successfully established a presence in Saudi Arabia, launched direct-to-merchant services in Egypt and continued the integration of DPO Group, which has doubled the Group's e-commerce revenues. We have also established contract wins in the commercial payments space.

We reported financial results in line with guidance, demonstrating accelerated revenue growth of 24% year on year, and delivering margin expansion whilst also investing in new growth opportunities. Cash generation was strong having delivered underlying free cash flow of USD 82 million, which has supported balance sheet deleveraging and the ability to deliver further shareholder returns through the initiation of a USD 100 million share buyback programme.

Group Chief Executive Officer's Review p10

Sir Ron Kalifa OBE
Chairman

"Network has taken a major step forward in 2022. As a Board, we could not have delivered these results without the continued support of our colleagues, customers and shareholders."

Sir Ron Kalifa OBE
Chairman

Strong governance and leadership

Having made a number of changes to the Board in the prior year, the structure of our Board and Committees remained largely unchanged through 2022.

We have responded to shareholder feedback on a number of areas. The participation of female members of the Board has increased to 33% but there is more to do in this area and we are committed to further improving this ratio over time.

We would like to thank Suryanarayan Subramanian for his guidance and contribution to Network. Surya retired at the end of December 2022, having been a Director of Network since 2013 and a key contributor to the Group's growth journey from a privately owned business to a publicly listed company.

Corporate Governance Report p120

Minimising our environmental impact

The Board plays a significant role in developing and leading the ESG strategy. Alongside our values, ESG considerations are central to ensuring the business remains truly sustainable for all stakeholders. In 2021 we undertook a thorough review of our activities, developed a refreshed strategy and made a series of commitments to enhance our future actions and disclosures. In 2022, we are pleased to report considerable progress across many areas, particularly against our measurement of environmental KPIs.

ESG Strategy p38

Outlook

The Board remains highly supportive of the Executive Management Team and their strategic plan. One of the most exciting prospects for our business is the number of growth options available to us, whether that be in new markets or new business lines. The strength, depth and local knowledge of our management are what enables us to explore and capitalise on these opportunities, whilst continuing to ensure our core business remains resilient and delivers strong returns.

We are fortunate to be operating in markets that continue to see positive trends, although there are signs of more challenging economic indicators in some African markets. This growth is further enhanced by the transition from cash to digital payments, which remains at an early stage of adoption in our markets, and our strong competitive position. Given these factors, we expect strong revenue growth in the high teens for 2023.

Network has taken a major step forward in 2022. As a Board, we could not have delivered these results without the continued support of our colleagues, customers and shareholders. Their support remains key to our future success and the positive culture that drives our business. I am encouraged by the strong momentum across the Group, which will enable us to continue to deliver for all stakeholders.

Sir Ron Kalifa OBE
Chairman
8 March 2023

A purposeful transformation

Our purpose is clear – we enable sellers of goods and services to find more ways to trade and grow their businesses and we support financial institutions in providing inclusive digital payment solutions for all their customers. The Board continues to oversee the management team in their support of our major stakeholder groups.

Growing shareholder value

We have delivered financial results in line with guidance and initiated a USD 100 million share buyback programme, of which we repurchased c.USD 40 million in 2022.

Group Chief Financial Officer's Review p88

Supporting financial inclusion across the region

We have supported over 2,000 Micro SMEs with digital payment acceptance across Jordan and Africa; businesses which are crucial to the social and economic development of any economy.

Group Chief Executive Officer's Review p10

Making Network an even better place to work

We focused on training and development during 2022, more than doubling the number of employee training hours and launching new functional, technical and Executive Leadership Programmes.

ESG Strategy p38

Purpose: Helping businesses and economies prosper...

Our licence to win

A comprehensive payments
one-stop-shop

Unrivalled on-the-ground presence in
23 markets

Operating across two consumer payment business lines

Merchant Services
(42% of Group revenue[2])

We process over
USD 45bn
in payment volumes[1]
on behalf of over
150k
merchants

We provide merchants with online or offline ways to accept payments

We maintain direct relationships with merchant customers and Payment Service Providers (PSPs), enabling them to accept digital payments

We also provide value-added services including FX solutions, data analytics, merchant lending[3] and an e-commerce store builder

Creating value for all our stakeholders

Merchants
Enable sellers of goods and services to grow their businesses by simplifying payments

>150k
diverse merchant relationships

Colleagues
Achieve their professional aspirations and financial well-being

57%
engagement score

Consumers
Provide unconstrained low- cost ways to pay for goods and services

18.0m
customer credentials under management

1 TPV restated to align with new segment reporting, excludes volumes processed on behalf of financial institution processing customers which is now part of the Outsourced Payment Services business.
2 Remaining 3% relates to 'other revenue', which includes those relating to cash advance fees on withdrawals from ATMs, FX gains/losses and the revenue from the Mastercard strategic partnership.
3 Network does not provide lending directly. Lending is facilitated through a third-party bank partner.

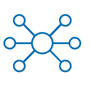
... by simplifying commerce and payments

Scale with services across
>50 countries

Trusted payments experts
>1,900 employees

Outsourced Payment Services
(55% of Group revenue[2])

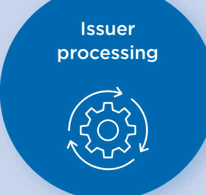
Digital payment networks and schemes



Acquirer processing

Where a financial institution (FI) maintains the relationship with the merchant, we provide processing and operational services to the FI

Issuer processing



We act as an outsourced service provider for FIs, fintechs and other payment credential issuing customers; managing and processing their consumer payment credentials and transactions

Value-added payment services

We also offer value-added services including advanced fraud solutions, data analytics, loyalty programmes, credit card controls and Easy Payment Plan options

Payment credential issuing institutions

We manage
18.0m
payment credentials and process
1.3bn
transactions on behalf of over
200
financial institution and fintech customers

FIs, fintechs, MNOs
Enable issuers to provide a range of payments solutions to their consumers

200+
financial institution and fintech customers

Governments
Support financial inclusion and economic growth

25%
MEA digital Tx as % of total Tx volume[4]

Shareholders
Deliver superior revenue growth and returns

15.7 cents[5]
Underlying basic EPS

14.5 cents
Reported basic EPS

Stakeholder Engagement p24

4 Source: Edgar, Dunn & Company 2021 data, reflects MEA transaction volumes.
5 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.

Succeeding in our fast-growing markets

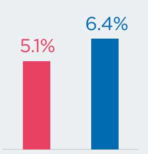
Economic performance remained strong across our key growth markets

We operate across many markets that are experiencing robust real GDP growth and an expansion in personal consumption expenditure, with the region rebounding strongly post pandemic.

2022 real GDP growth
2021–25 PCE growth CAGR forecast

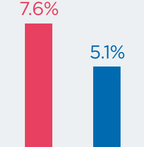
UAE

Economic conditions are strong; real GDP growth supported by the diversification of business revenue and its attractiveness as a tourist destination.



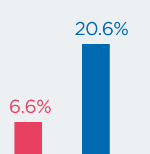
Saudi Arabia

Real GDP grew at its fastest pace in nearly a decade in 2022, driven by economic diversification and its business environment.



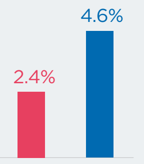
Egypt

Economic activity is robust, with performance driven by strong consumer demand and increased investments.



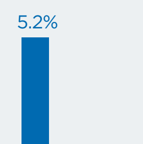
Jordan

Economic environment is strong, supported by an increase in exports and foreign investments.



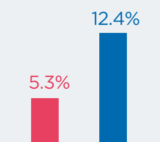
South Africa

Performance has been impacted by unreliable energy supply, high unemployment and rising interest rates.

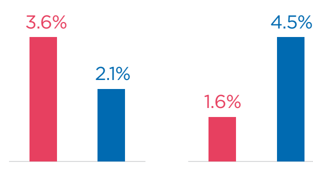


Kenya

Economic recovery remains strong, following political and economic reforms which have contributed to social development.



United Kingdom **United States**



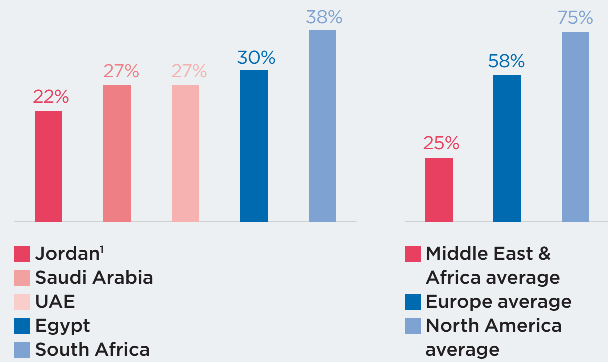
Network operates in MEA, US/UK data shown for comparison purposes.

Source: IMF country data, 2022 y/y real GDP growth estimate
PCE – Personal Consumption Expenditure, Edgar, Dunn & Company data.

We operate across high-growth markets which are experiencing an accelerating transition from cash to digital payments

Digital payments account for only 25% of transaction volumes[1] in the MEA region. The underlying value of digital transactions is expected to grow by a low-teens percentage[2] CAGR between 2021–2025.

Digital payments as a % of transaction volume[1] 2021



Source: Edgar, Dunn & Company, 2021 data.
1 Data for Jordan is 2020.

Evolution of the merchant payment acceptance infrastructure has accelerated across our markets

The ongoing improvement in the payments landscape is supportive to our strategy, to expand our merchant services in new markets across the MEA.

The strong growth in the number of point-of-sale devices, supported by a change in consumer behaviour, is complementary to our market leading direct-to-merchant offer in the UAE and Jordan, our recently launched Merchant Services in Egypt, and our existing presence in Africa, through DPO.

Point-of-sale devices per 1,000 inhabitants	2019	2021	2019–2021 CAGR
UAE	24.4	27.6	6%
Jordan	3.4	4.3	12%
Egypt	0.9	1.7	40%
Africa	1.2	4.1	84%

Source: Edgar, Dunn & Company, World Bank country population data.

1 Edgar, Dunn & Company, 2021 data, transaction volumes.
2 Edgar, Dunn & Company, transaction value, forecast for total non-cash payments excluding account to account.

Change in consumer behaviour is driving the use of payment credentials[3] across our markets

Consumers are using their credentials more frequently as a result of changing spending behaviours, with the shift to digital payments accelerating as consumers become more comfortable with the electronic method of payments. This is further supported by the development of the payments infrastructure in our regions.

We are seeing strong growth in the number of transactions per card across our key markets

This trend is aligned with our strategy to expand our Outsourced Payment Services business in existing and new markets, supported by the increased use of credentials and therefore the number of transactions processed. We are also focused on providing additional solutions beyond traditional payment methods to credential issuing institutions, including digital wallets.

Transactions per card, market data	2019	2021	2019–2021 CAGR
South Africa	65	94	20%
UAE	30	50	29%
Saudi Arabia	46	129	67%
Egypt	3	22	179%

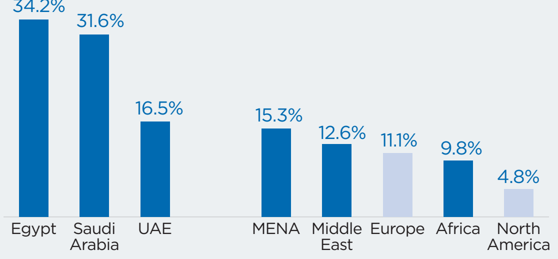
Source: Edgar, Dunn & Company. Annual card transaction volumes divided by the number of cards.

Continued shift away from cash payments is also driving growth in the value of card transactions in the Middle East and Africa

The value of digital payment transactions is expected to grow ahead of the total number of credentials in the Middle East and North Africa, supported by an increase in the average spend per credential, with consumers using credentials more frequently.

The increase in card transaction value is supportive to our strategy of expanding our Outsourced Payment Services business with consumers using their payment credentials more frequently. It also supports our strategy within Merchant Services as we i) enter new markets; ii) enhance our digital offering; iii) expand payment type availability; and iv) develop sector specific solutions, as consumers spend more with their existing payment credential.

Edgar, Dunn: Growth forecast for card transaction value[4] (CAGR 2021–2026)



Government initiatives are paving the way for significant growth in digital payments

United Arab Emirates

- Introduction of a 'National Instant Payments Platform' (IPP) to enable bank to bank transfers across multiple use cases, including person to person and business to consumer instant payments.
- Roll out of the UAE Domestic Card Scheme to lower the cost of electronic payments.
- Promotion of cross-border payments by connecting the payment systems of central banks across the GCC.

Saudi Arabia

- Mandating the presence of point-of-sale devices at retail outlets to further reduce cash transactions.
- Introducing an open banking framework, enabling third parties with access to a bank's systems and customer data to create new products and services – providing financial institutions with the opportunity to innovate.
- Maturing the fintech industry, with the Kingdom aiming to become a global fintech centre, targeting over 500 active fintechs by 2030 vs the c.150 currently.

Egypt

- 2030 Vision includes the digitisation of the country's payments infrastructure through the e-payments act, where all government transactions and the payment of salaries of public workers are to be carried out digitally.
- Recently introduced an Instant Payment Network, enabling customers to make electronic payments instantly, at any time, through the Central Bank's 'InstaPay' app – allowing the transfer of funds between accounts, 22 million Meeza cards[5] and 27 million mobile wallets[6].

3 Credentials relates to consumer payment methods e.g. cards, digital wallets amongst others.
4 Edgar, Dunn & Company growth forecast for card transaction value.
5 Egypt Central Bank.
6 https://www.wamda.com/2022/03/egypt-launches-digital-payments-instapay

Celebrating new wins and strong strategic delivery

Our growth ambition is supported by the multitude of opportunities open to us in our fast-growing markets across the Middle East and Africa. At the centre of this ambition is our purpose: to help businesses and economies prosper by simplifying commerce and payments – for merchants, financial institutions (FIs) and, ultimately, the consumers they serve. To support our ambition, we are delivering a strategy which both accelerates growth and innovates across our services and capabilities.

New business: record levels of merchant and FI signings

Merchant signups:

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

FI wins:

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

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

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

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

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

New value-added services increase merchant loyalty

- Enabled faster sign up of merchants having launched fully automated digital onboarding.
- Launched sector specific solutions. Including a fully integrated payments platform tailored to the hospitality industry in partnership with FreedomPay, providing merchants with a unified view of transactions across front desk reservations, restaurants, bars, theme parks and spas. We have also launched Foodics Pay for SMEs in the food and beverage space, reducing costs for merchants by unifying tasks such as single receipts, daily settlements and chargeback support on a single app.
- Developed our e-commerce payment services through 'buy online and return in-store' and rolling out a series of e-commerce plugins for SME merchants which provide online stores, shopping carts, FX support and search engine optimisation.
- More lending options for SMEs; having expanded our lending partners in the UAE and launched lending for the first time in Jordan, in partnership with Sanadcom.

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

Our ambition

Be the **fastest growing** and **most innovative** customer-centric payments company in the Middle East and Africa.

Our strategy

Medium-term objective

20%+
revenue CAGR

45–50%
underlying EBITDA margin[2]

Further growth opportunities also available, supported by investment

"We accelerated revenue growth to 24.5% y/y in 2022, having also achieved margin expansion whilst investing in new opportunities. This is the result of our revitalised strategic approach which is creating a more agile and effective business, supported by strong economic growth across our markets and continued acceleration towards digital payments."

Nandan Mer
Group Chief Executive Officer

2 This is an Alternative Performance Measure (APM). See note 4 of the consolidated financial statements for APMs definition.

- Enhanced data analysis dashboards for merchants in the UAE, having introduced self-service capabilities. We have also brought more data insights to merchants in Jordan through our SmartView report, providing SMEs with in-depth actionable information on their businesses.

New services for FIs are diversifying revenue streams

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

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

In its first full year of ownership and integration as part of Network, DPO has delivered considerable value to our business. DPO has provided us with direct-to-merchant services across Africa for the first time, alternative payment acceptance capabilities and enabled us to take new online payment services to our merchants in other markets.

DPO has added revenue of USD 31.5 million to the Group in 2022 and whilst still a young business, has transitioned quickly into profitability with an underlying EBITDA margin of c.20% (constant FX, excluding exceptional items).

DPO operates across 21 high growth African markets, with the majority of the business based in South Africa. On a pro forma basis[2], 2022 Total Processed Volume (TPV) grew 29.6% y/y and revenue increased 27.0% y/y in constant FX. Whilst growth in markets outside South Africa remains strong, South Africa is experiencing more challenging macro-economic conditions, high inflation and rising interest rates, which is negatively impacting consumer spending. Set against this backdrop, DPO has focused on delivering new capabilities and services which are accelerating merchant onboarding and expanding our reach across sectors. Real-time onboarding has been rolled out across 19 countries; new payment methods have been added, including Airtel money in three markets and account-to-account payments in multiple markets; and sector specific partnerships have also been signed in the travel and airline industries.

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

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

The Kingdom of Saudi Arabia represents a new market for Network. It is the largest economy in the Middle East and offers a dynamic payments landscape, supported by the government's Vision 2030 to achieve c.70% digital payments participation. Real GDP growth in the Kingdom is growing at its fastest pace in almost a decade, supported by diversification of the economy. We see the market as a USD 50 million revenue opportunity in the medium-long term and 2022 marked our entry to the processing market. We have completed our technology deployment on-soil in line with budget and signed four new FIs, bringing total customer numbers to six in total and providing a solid underpin to our revenue target. In the future, further investment would enable us to access an additional revenue opportunity through merchant payment services. We have already taken the first steps towards this opportunity, having successfully received a Major Payment Institution Category licence from the Saudi Central Bank[3].

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

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

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

1 API – Application Programming Interface.
2 DPO was acquired on 28 September 2021, therefore DPO TPV and revenue are not presented in the Q1-Q3 2021 base. Pro forma data is presented for information only, comparing 12 months of DPO in 2022 to 12 months in 2021.
3 Licences will be granted upon satisfaction of a number of customary conditions which Network is in the process of addressing before the expected date of launch/grant of licence.

ESG: good progress on our newly launched framework

Our ESG strategy is focused on where we can have the most impact in the regions in which we operate.

Supporting financial inclusion

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

Promoting responsible business practices

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

Building a well-trained, inclusive and diverse working environment

Our key focus areas include employee training, engagement and diversity. As a result of the programmes launched in 2022, employee training hours have more than doubled and female representation at the Senior Manager level has improved to 33% (2021: 25%) as highlighted on page 53. Whilst employee engagement saw a reduction in the year to 57% (2021: 65%), this was influenced by some integration and restructuring measures at newly acquired DPO, as well as initiatives to increase productivity.

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

Minimising our environmental impact

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

Capital allocation: a growth focused framework

Our capital allocation policy is prioritised towards initiatives that will support revenue and profit growth. Firstly, to undertake investment through organic opportunities which will accelerate growth, such as our entry to the Saudi Arabian market or the launch of merchant services in Egypt. We will also continue to look at disciplined potential acquisitions, focusing on three areas that include in-market consolidation, accelerating new market entries or obtaining new products and capabilities. We aim to maintain leverage at a long-term average level of 1–2x net debt: underlying EBITDA, and where appropriate, will also deliver shareholder returns. Given our ongoing balance sheet deleveraging and strong cash generation, we took the decision to initiate a USD 100 million share buyback programme during the year. We repurchased a total value of USD 40.6 million during 2022 and the programme is currently ongoing.

Conclusions: a revitalised business with a high growth outlook

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

Nandan Mer
Group Chief Executive Officer
8 March 2023

A focused growth strategy

ACCELERATE
Serve more customers

Key initiatives

Faster sign-up of merchants and financial institutions

Why: Enhances the customer experience; increases conversion rates and reduces costs.

How: Investment in automated, digital and self-service onboarding.

Grow the merchant base

Why: Scale drives improved returns on fixed investment through operating leverage.

How: Improve the market competitiveness of our offer by introducing more ways to accept payments, more payment methods and sector specific solutions.

Access new revenue pools

Why: Provides incremental growth opportunities that are complementary to, and scale, our existing revenue base.

How: Enter new markets across the Middle East and Africa; or provide new business lines and services in existing markets.

Key progress:

- Launched automated 60-minute onboarding for merchants in the UAE.
- Now have over 150 APIs[1] in place to accelerate the onboarding of merchants and financial institutions, whilst also simplifying the integration of new capabilities.
- Launched automated, real-time onboarding in 19 African markets through DPO.

- Rolled out our SME focused 'Tap-on-Phone' offering, enabling merchants to accept payments through their smart phone, at a lower cost, without the need of a payment terminal.
- Launched 'DPO Pay' to UAE merchants, a cost-effective online payment solution, providing SME merchants with a webstore and payment checkout.
- Launched an omni-channel platform tailored to the hospitality industry, in partnership with FreedomPay, to provide merchants with a unified view of transactions.

- Completed our on-soil technology deployment and market launch for processing services in the Kingdom of Saudi Arabia.
- More than doubled the number of outsourced payment services customers in the Kingdom of Saudi Arabia, having signed four new customers in the year.
- Launched direct-to-merchant services to SMEs in Egypt, having received our Payment Facilitator and Payment Services License.

Future focus

- Further enhance digital onboarding in regions outside of the UAE, including Egypt, Jordan and DPO markets in Africa.
- Introduce further APIs to automate the onboarding of partners.

- Win merchants in strategic focus areas across SME and e-commerce.
- Cross-sell and launch 'Tap-on-Phone' to DPO merchants in South Africa.
- Expand our range of payment methods that are locally and globally relevant, including instant payments.
- Scale the direct-to-merchant opportunity in Egypt.

- Secure new financial institution customers and expand our offering in the Kingdom of Saudi Arabia.
- Enhance our service delivery through local resources, including the on-soil deployment of our technology platforms.
- Continued development of our Unified Commerce services.

Further growth opportunities, above our financial objectives, would be supported by…

New markets

Winning large financial institution and multi-market customers

1 API – Application Programming Interface.

2 Network does not provide lending directly. Lending is facilitated through a third-party bank partner.

Our medium to long-term targets

20%+
revenue CAGR

45–50%
underlying EBITDA margin[3]

INNOVATE
Serve customers better

Key initiatives

Harness the power of partnerships

Why: Enhances our customer proposition and further enriches our capabilities for a lower investment.

How: Enter partnerships with high quality providers of adjacent products and value-added services in key growth areas.

Add new revenue streams to every transaction

Why: Integrate more deeply and extract greater value by channelling more products through our customer portfolio.

How: Investment in the delivery of adjacent value-added services, either proprietarily or via partnerships.

Be the e-commerce champion in the region

Why: Enhance volume and revenue growth by capturing a higher share of this fast-growing channel.

How: Expand our e-commerce capabilities across the Group and scale DPO to retain its market leading position across Africa, providing the widest range of online payment services for merchants.

Key progress:

- Deepened our relationship with major customer Emirates NBD through a new strategic acquiring partnership.
- Collaborated with Brighterion, Mastercard's artificial intelligence arm, to provide new fraud mitigating services; and launched 3D Secure 2.0 biometric authentication fraud checking capabilities.
- Launched several sector specific UAE Merchant Solutions through partnerships with FreedomPay in the hospitality sector, Foodics in the food and beverage space and Ezetap within the supermarket industry.
- Became the first to offer Buy Now Pay Later (BNPL) solutions to merchants across the UAE and Jordan through our partnerships with Zoodpay and Tabby.

- Introduced SME lending[2] for Jordan merchants in partnership with Sanadcom and expanded merchant lending[2] in the UAE through an additional partnership with RAKBANK.
- Expanded our fraud solutions in partnership with FICO, to include real-time credit-based analysis and approvals.
- Enhanced merchant reporting dashboards in the UAE with self-service capabilities; rolled out SmartView reports in Jordan, providing SME merchants with data insights and actionable business information.
- Launched a white labelled mobile wallet solution to support the issuance of virtual cards, management and remittance services.

- Added new payment methods for all DPO merchants in South Africa and Nigeria, including account-to-account transfers.
- Integrated DPO merchants with the Xero accounting system, enabling them to accept payments and invoice customers via a secure payment link.
- Rolled out multiple e-commerce plugins for SME merchants including i) WooCommerce – allowing merchants to create an online store, cart and checkout in 48 hours, and ii) Magento 2.0, providing merchants with FX support and search engine optimisation.
- Introduced omni-channel transaction views for N-Genius™ customers through our Unified Commerce offering.

Future focus

- Further expand our suite of value-added services across merchant lending, loyalty and sector specific solutions.
- Broaden our partnership with Mastercard and further enrich our capabilities through schemes.

- Introduce more enterprise data analytics and dashboards for large and multi-market merchants.
- Scale loyalty solutions to support the sign-up and retention of merchants.
- Launch new value-added services to support merchant needs in security and loyalty.

- Enhance Unified Commerce services to provide a single centralised view of transactions, across online and offline payment channels.
- Scale DPO's presence rapidly in markets outside South Africa to diversify the revenue base.
- Deploy DPO's capabilities in markets outside of the UAE, including Jordan, Egypt and the Kingdom of Saudi Arabia.

Enabling new payment flows across business-to-business, person-to-person or account-to-account payments

Would also require further operational and capital investment beyond our financial guidance objectives

3 This is an Alternative Performance Measure (APM). See note 4 of the consolidated financial statements for APMs definition.

ACCESS NEW REVENUE POOLS

Unlocking a new revenue opportunity in the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia (KSA) is the largest economy in the Middle East, offering a dynamic payments landscape, supported by 'Saudi Vision 2030' to have c.70% digital payments penetration by 2025.

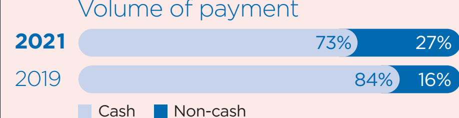
Real GDP in KSA is expected to grow at its fastest pace in almost a decade

Up c.8% year-on-year in 2022[1], supported by the diversification of the economy, which is expected to improve the overall business environment. Consumer spending remains resilient, and is expected to grow at a c.5% CAGR between 2021–2025[2]. KSA also has a fast-growing and relatively young population, with 57% of individuals under the age of 35.

In 2021, non-cash payments accounted for 27% of transaction volumes[3] in KSA.

The number of card transactions has more than tripled in the Kingdom, as the overall volumes of point-of-sale transactions reached USD 5.2 billion in 2021, compared to USD 1.6 billion in 2019[4], with e-commerce growing by over 7x between 2021 and 2019[5].

Percentage use of payment means by consumers



Source: Digital as a % of transaction volumes, 2021, Edgar, Dunn & Company data.

USD 5.2bn
overall point-of-sale transaction volumes[4]

57%
of KSA population is under 35 years old

A year of good progress, with new customer wins providing a solid underpin to our medium to long-term financial targets

We made significant progress on our market entry and strengthened our presence in KSA

- Deployed our on-soil technology platform and established connections with both the domestic (Saudi payments/MADA) and international schemes
- Established our local office and sales team through local talent
- Strengthened our relationships with local regulators and regional stakeholders
- Won four new customers, taking our processing customers to six in total, with a healthy future pipeline in place
- Approved to receive a Major Payment Institution category licence from the Saudi Central Bank, enabling us to provide direct-to-merchant services in the future[7]

We are in a strong position to provide outsourced payment processing services to financial institutions and fintechs given our local presence, scale and history of digital payments across the region.

The introduction of government initiatives has promoted digital payments in the region, some of which include:

- Promotion of financial inclusion and an improvement of the digital payments' infrastructure through partnerships with payment providers and banks.
- Government mandate that all retail outlets must have a point-of-sale device installed.
- Increase in the limit on contactless payments to SAR 300 (vs SAR 100 previously).
- Launch of mobile payments such as Apple Pay and MADA pay.
- Enablement of new payment acceptance methods including QR code and E-wallets.
- Introduction of initiatives to make Saudi Arabia a global fintech centre, with the government targeting over 500 active fintechs by 2030 vs the c.150 at the end of 2022[6].

Sources:
1 IMF country data, 2022 y/y real GDP growth.
2 Personal Consumption Expenditure (PCE) growth, Edgar, Dunn & Company.
3 Edgar, Dunn & Company data, 2021.
4 SAMA 2021 data, usage of payments by consumers – point-of-sale transaction estimates include Debit (MADA), Credit and Prepaid payment cards.
5 E-commerce growth, SAMA statistical bulletin.
6 Fintech Saudi 2021/22 Annual Report.
7 Licences will be granted upon satisfaction of a number of customary conditions which Network is in the process of addressing before the expected date of launch/grant of licence.

Sources/interesting reads:
https://www.spa.gov.sa/viewstory.php?lang=en&newsid=2291861
IMF – Saudi Arabia at a glance (https://www.imf.org/en/News/Articles/2022/08/09/CF-Saudi-Arabia-to-grow-at-fastest-pace).

GROW THE MERCHANT BASE

Building our capabilities across African markets

We are broadening our merchant reach across Africa by further enhancing our payment acceptance capabilities and enabling merchants in the SME sector to grow their businesses.

DPO has supported the doubling of Network's e-commerce revenue and enabled us to introduce new services to our existing merchants

DPO has given us direct-to-merchant presence across 21 markets in Africa, with a significant runway for growth, where digital payments are expected to grow by 30% CAGR between 2021–2025[1].

Strong financial performance at DPO during 2022

- TPV[2] USD 4.3 billion, up 19% y/y, or 30% y/y in constant currency terms.
- Revenue USD 31.5 million, up 17% y/y, or 27% in constant currency.
- Underlying EBITDA margins of c.20%, in constant currency, excluding exceptional items.

30%
Africa digital payment growth CAGR expected between 2021–2025[1]

USD 31.5m
DPO revenue

One year on, the successful ongoing integration of DPO, the largest online merchant payment provider across Africa

We have successfully integrated our sales and operations teams.

Several new capabilities launched, including real-time onboarding for merchants across 19 African markets, making it easier for merchants to choose DPO as their payment provider of choice.

DPO has also expanded our suite of payment acceptance methods, having added Airtel mobile money and account-to-account payments in multiple markets.

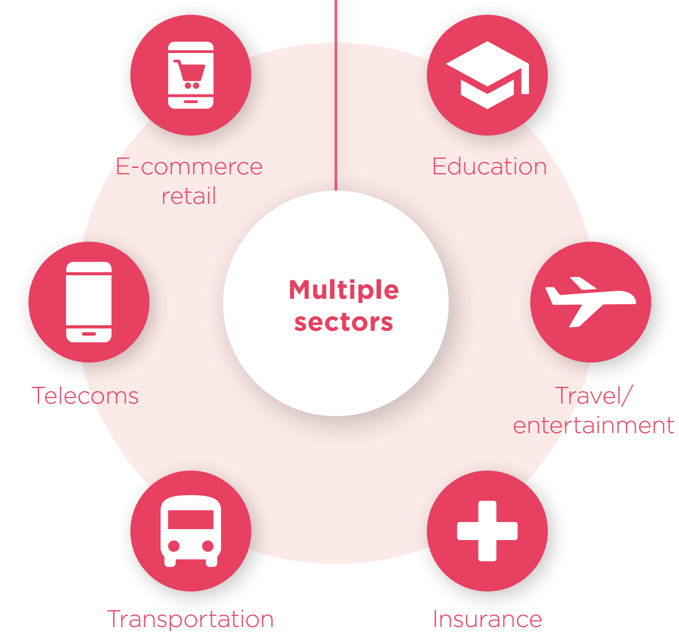
We will further scale our African merchant business, launching omni-channel acceptance and entering new markets

We plan to combine Network's in-person point-of-sale expertise with DPO's online relationships, ultimately moving towards a Unified Commerce offering in South Africa.

We recently launched merchant payment services into Egypt, focusing on the SME and Micro SME space. We will offer Egyptian merchants both e-commerce and face-to-face payment acceptance platforms. Our services will also support Egypt's financial inclusion journey, making digital payment acceptance economically feasible for many small merchants for the first time through low-cost smartphone payment acceptance capability.

Enabling SMEs and global enterprises to accept online payments[3]...

... with a customised approach to local merchant needs, operating across multiple sectors



Note:
1 Edgar, Dunn & Company data, transaction value, e-commerce (non-cash) 2021–2025 CAGR.
2 TPV – Total Processed Volume.
3 Providing online merchants with capabilities to accept mobile money, cards & other payment types.

HARNESS THE POWER OF PARTNERSHIPS AND ADD NEW REVENUE STREAMS

Service innovation to expand our relationships with merchants in the UAE

Direct-to-merchant revenue momentum driven by strong consumer spending in the UAE

We saw particularly strong performance in the UAE and Jordan through 2022, with the UAE direct-to-merchant business seeing strong y/y growth, significantly ahead of pre-pandemic levels.

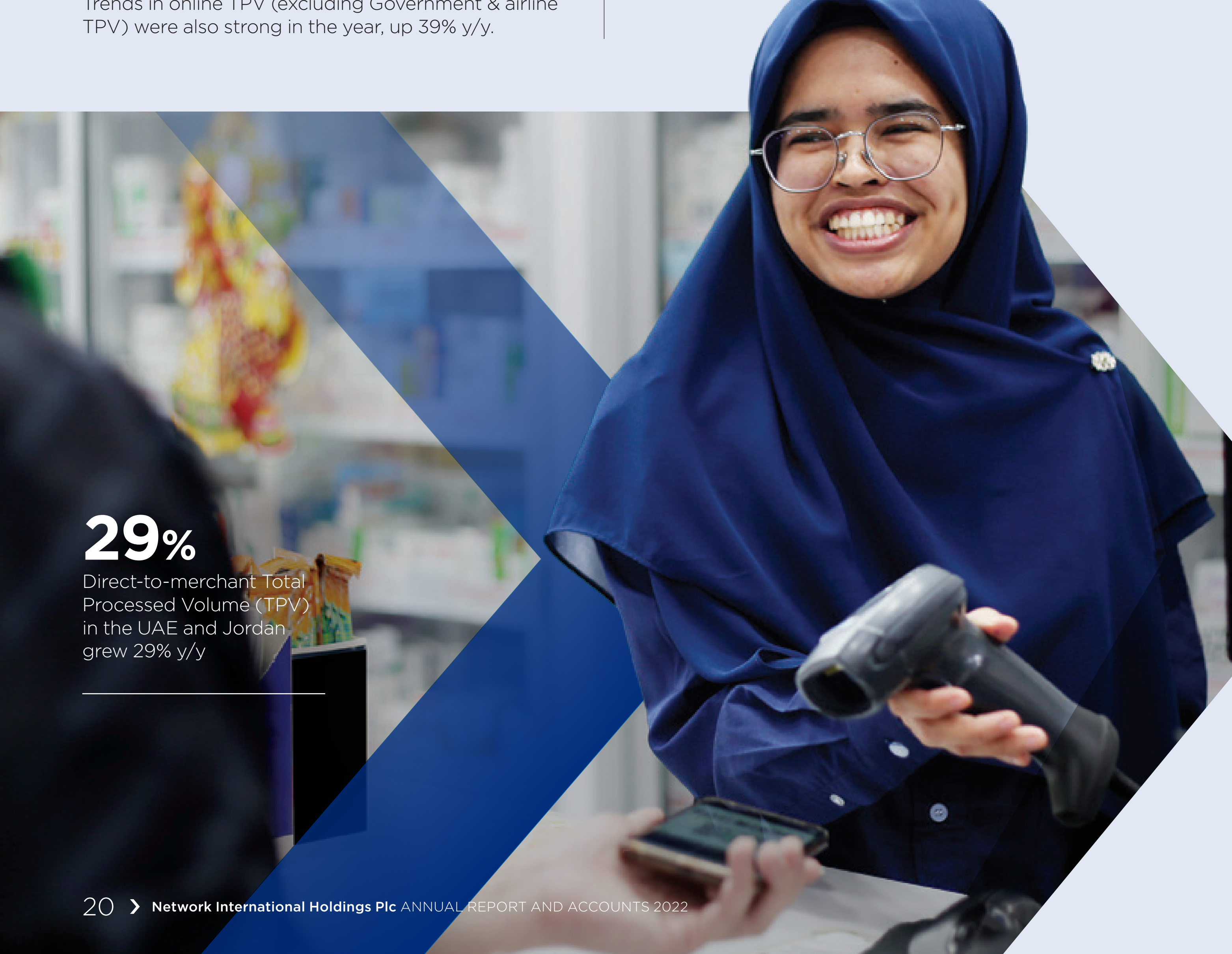
Domestic TPV (which represents spending from consumers domiciled in the UAE and Jordan) increased 20% y/y, reflective of the strength in consumer confidence and supportive economic backdrop.

International TPV (which represents consumer spending by overseas visitors to the UAE and Jordan) grew 64% y/y, largely driven by an improvement in the tourism inflow and sporting events including the FIFA World Cup.

Our ongoing focus on strategic segments continues to pay off, with SME volumes up 41% y/y, and SME participation[1] as a percentage of overall Group TPV increasing significantly to 27% in 2022, from 17% in 2019. Trends in online TPV (excluding Government & airline TPV) were also strong in the year, up 39% y/y.

A strong year in UAE Merchant Services, driven by record new wins and growth in strategic segments

- We saw a record number of SME merchant signings in the UAE and Jordan, with the pace of new wins increasing significantly as we progressed through the year.
- The acceleration in new merchant wins has been supported by the launch of new capabilities and services, including automated onboarding for UAE merchants. We remain focused on innovating the Group's products and capabilities suite in order to best serve customers and maintain a market leading position in our home region.



29%

Direct-to-merchant Total Processed Volume (TPV) in the UAE and Jordan grew 29% y/y

We continue to innovate our products and services, to improve overall customer experience and our competitive positioning.

Delivering faster customer sign-up and improving experience through digital capabilities.

60 min
60-minute automated onboarding of merchants

150+
APIs[2] available, supporting the integration of new capabilities and accelerating customer onboarding

Differentiating vs competitors by providing multiple ways to accept payments, including:

- **Point-of-sale payments** through our proprietary N-Genius™ terminals
- **'Tap-on-Phone'**, low-cost payment acceptance through an app on a smartphone
- **Online payments** through N-Genius™ gateway
- **Unified Commerce**, providing omni-channel transaction views for N-Genius™ customers
- **'Buy Now Pay Later'** with multiple providers
- **'Loyalty points redemption'**, with various schemes

Strengthening our competitive position, by providing the widest range of payment methods, including:

- **>30** payment acceptance methods
- **Card payments** including Mastercard and Visa, alongside domestic schemes such as UnionPay and RuPay
- **Mobile money wallets**, including M-Pesa and Airtel
- **Digital wallets** including ApplePay and WeChatPay

Diversifying and broadening revenue streams through value-added services

'DPO Pay' webstore builder

Merchant data dashboards

Merchant lending[3]

Our direct-to-merchant services in the UAE cover a variety of sectors

Retail: SHAREPay

SHAREPay digital wallet: enabling members of UAE loyalty programme SHARE to pay, earn and redeem across major shopping malls and hotels including Mall of the Emirates, Carrefour and Westin.

Hospitality: FreedomPay

Our partnership with FreedomPay provides merchants in the hospitality sector with a unified view of transactions across their entire operations, including front desk reservations, restaurants, bars, theme parks and spas.

SME food and beverage: Foodics Pay

Reducing costs for SME merchants, in partnership with Foodics, by unifying tasks such as single receipts, daily settlements and chargeback support on a single app.

1 Proportion of total directly acquired TPV in UAE and Jordan.
2 API – Application Programming Interface.
3 Network International does not provide lending directly.

Measuring our progress

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

Our KPI performance is evidence of the delivery of our broader strategy

Accelerate key initiatives

Faster signup of merchants and financial institutions

Grow the merchant base

Access new revenue pools

Innovate key initiatives

Harness the power of partnerships

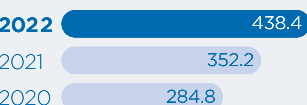
Add new revenue streams to every transaction

Be the e-commerce champion in the region

Financial

Revenue

USD 438.4m
+24.5% y/y



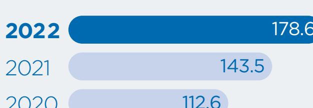
Definition
Total revenue generated by the Group.

Why is this important to us?
Growing revenue across the Group indicates structural underlying market growth and market share gains.

Link to strategy

Underlying EBITDA[1]

USD 178.6m
+24.5% y/y



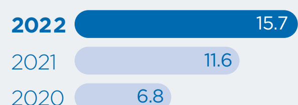
Definition
Earnings for the year, before interest, taxes, depreciation and amortisation, unrealised foreign exchange gain/losses, gain on disposal of subsidiary/associate, share of depreciation from associate and specially disclosed items affecting EBITDA.

Why is this important to us?
Through monitoring margins we ensure that our scale is generating cost leverage; whilst at the same time we are investing in appropriate areas in order to maintain future revenue growth.

Link to strategy

Underlying basic EPS[1]

USD 15.7 cents
+35.3% y/y



Definition
The underlying net income attributable to shareholders divided by the weighted average number of ordinary shares during the relevant financial year.

Why is this important to us?
Ensures a focus on profitable growth and value attributable to each shareholder.

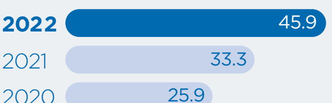
Link to strategy

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 101.

Operational

Total Processed Volume[3] (TPV)

USD 45.9bn
+37.7% y/y



Definition
The aggregate monetary volume of purchases processed on behalf of merchants within the Merchant Services business line.[3]

Why is this important to us?
Growing TPV is a proxy for the success of the Merchant Services business line. Indicating an expansion in the number of merchant customers and growing volumes with both existing and new customers.

Link to strategy

Number of credentials hosted[2]

18.0m
+8.4% y/y

Year	
2022	18.0
2021	16.6
2020	16.2

Definition
The aggregate number of digital payment credentials, such as cards or mobile money wallets, managed on behalf of our financial institution (FI) and fintech customers in the Outsourced Payment Services business line.

Why is this important to us?
Growing the number of credentials hosted is a proxy for the success of the Outsourced Payment Services business line. Indicating an expansion in the number of FI customers and the number of payment credentials we manage on their behalf.

Link to strategy

Number of transactions[2]

1.3bn
+32.1%

Year	
2022	1.3bn
2021	979.9m
2020	758.1m

Definition
The aggregate number of transactions processed, on digital payment credentials that we manage on behalf of our financial institution and fintech customers in the Outsourced Payment Services business line.

Why is this important to us?
Growing the number of transactions hosted is another proxy for the success of the Outsourced Payment Services business line. Indicating an expansion in the number of FI customers and the number of transactions processed on the payment credentials we manage on their behalf.

Link to strategy

3 TPV has been restated following the new segmentation of business lines with TPV now excluding acquirer processing volumes.

Our engagement with major stakeholders

Taking key decisions by understanding the needs and expectations of our stakeholders is critical to the long-term sustainability and success of our business.

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.

"When we better serve our stakeholders, it creates a positive impact and empowers everybody to succeed – crucial for the long-term sustainability of our business."

Nandan Mer
Group Chief Executive Officer

Merchants

Our 'Merchant Services' customers include businesses ranging from SMEs to multinationals, in all fields of commercial life. They are essential for driving economic growth and prosperity.

FIs, fintechs, MNOs

Our 'Outsourced Payment Services' customers include large pan-regional and smaller single country banks and fintechs, who provide the rails for the business we are in.

Colleagues

Retention and motivation of the high level of talent of our colleagues is a key factor in consistently achieving the high service levels we strive to maintain across our business lines.

Consumers

Consumers are the users of the payments value chain – a bank's customer who uses a digital payment credential, or a merchant's customer who uses the digital payment credential to pay for the goods purchased or services availed.

Governments

Governments play a critical role in the value chain as they promote financial inclusion and economic growth and provide regulatory oversight.

Shareholders

As the owners of our business, shareholder support is key to the delivery of our purpose, implementation of our strategy and ongoing access to capital.

Merchants

>150k
diverse merchant relationships

>USD 45bn
in payment volumes

Their priorities
- Innovative products and services
- Multiple options to receive payments
- Affordable and competitive pricing
- Excellent customer experience

How we engage
- Putting the customers at the heart of the decisions we make
- Contract discussions and account management
- Interaction and reviews by relationship managers
- Hosting regional customer meets
- Customer needs drive our product roadmap
- Dedicated 'Voice of Customer' team and customer support helpline
- Net Promoter Score assessment

Strategic outcomes
- Expansion of customer base
- Retention of customers over long term
- Increased customer confidence
- Higher Net Promoter Score
- Consolidation of leadership position across geographies

Strategic decisions

ACCELERATE

- Expanding services to new markets providing customers access to innovative and economical payment solutions
- Increased focus on Micro SME and SME customers in transitioning their businesses online

INNOVATE

- Launching new capabilities, making it easier for merchants to grow their business in an affordable manner
- Real-time access to customer account through digital platforms

FIs, fintechs, MNOs

Their priorities
- Innovative products and services and latest technological enhancements
- Competitive pricing and good value
- Security against fraud
- Timely delivery of solutions
- Excellent customer experience

How we engage
- Putting the customers at the heart of the decisions we make
- Contract discussions and account management
- Understanding growing business requirements
- Interaction and reviews by relationship managers
- Senior management engagement with customers
- Dedicated 'Voice of Customer' team
- Net Promoter Score assessment

Strategic outcomes
- Expansion of customer base and retention over long term
- Expansion of services over customers' geographical footprint
- Maintaining leadership position across geographies
- Increased customer confidence
- Improvement in Net Promoter Score

Strategic decisions

ACCELERATE

- New and innovative products to enable customers to provide enhanced services to their consumers
- Continuous technology enhancements
- Providing the right solutions to match the customers' requirements

INNOVATE

- Acceptability of customer payment credentials over multiple platforms
- Assisting issuer customers with more efficient customer onboarding, and support for easy-to-use payments solutions such as digital wallets
- State of the art information security mechanisms
- ISO certifications, multiple security audits and performance reviews

1.3bn
transactions processed

200+
financial institutions and fintech customers

30%
female representation across the Group

Colleagues

Their priorities
- Reward and career development
- Health and safety
- Business ethics
- Training
- Diversity and inclusion

How we engage
- Encouraging continued two-way open communication with managers
- Supporting health and well-being of our colleagues
- Training needs analysis and employee engagement surveys across the Group
- Visits by the Directors and Executive Committee members to the regional offices
- Promoting Diversity and Inclusion

Strategic outcomes
- Implementation of training programmes based on requirements of our colleagues linked to our strategic priorities
- Implementation of a three-year roadmap of culture building training
- Enhancement of skills and knowledge levels in step with the marketplace demands
- Helping our colleagues succeed by providing regular growth and training opportunities within the organisation

Strategic decisions

ACCELERATE
- A range of confidential whistleblowing channels giving ability to raise concerns
- Employee engagement surveys and Board review of the feedback
- Virtual and in-person town halls
- Creation of Learning & Development centres at several locations to design and deliver high impact training

INNOVATE
- Diversity & Inclusion strategy and emphasis on Group culture

Consumers

Their priorities
- Low cost and convenient payment tools
- Secure and quick transactions
- Availability of alternative ways to digitally store and transfer money and purchase goods and services

How we engage
- EConnecting the consumers with businesses and financial institutions by using our capabilities
- Introducing secure, easy and multiple options for the consumers to make their payments

Strategic outcomes
- Aspiring to be the fastest growing and most consumer-centric payments company in the MEA
- Increased focus on SME and Micro SMEs across the regions we operate, by enabling digital payment acceptance for the services they provide
- Helping our merchant and bank/FI customers in retaining their customers over the long term
- Increased consumer confidence
- Helping our customers in growing their revenues and business
- Consolidation of leadership position across geographies

Strategic decisions

ACCELERATE
- Continuing to deliver market leading consumer focused payment services to merchants and financial institutions
- Strengthening services to facilitate the digital payments experience, including new fraud solutions, lower cost payment acceptance and broadening the range of digital payments consumers can use with our customers

INNOVATE
- Providing a smoother consumer experience leading to a higher transaction rate

18.0m
customer credentials under management

+38%
Total Processed Volume

Governments

Their priorities
- Drive financial inclusion and economic growth
- Compliance with all relevant regulations
- Prevention of fraud and breaches
- Orderly and efficient operation of our business in line with our purpose across all markets
- Corporate responsibility

How we engage
- Engagement with regulators by providing suggestions on innovative ways to promote financial inclusion and drive towards cashless economies
- Interaction with regulators while framing new regulations
- Applications for grant of licences, wherever required
- Making regular submission of information when required, or at prescribed intervals
- Discussing new products with regulators and, wherever required, seeking their approval

Strategic outcomes
- Increased cooperation with governments in the geographies where we operate
- Grant of regulatory licences enabling continuity of operations
- Successful completion of regulatory audits

Strategic decisions

ACCELERATE

- Collaboration with government for implementation of their digital penetration targets
- State of the art fraud monitoring mechanisms supported by best-in-class information security programmes
- Regular reviews of control mechanisms by Audit Committees at various levels
- Monitoring of business risks by the Enterprise Risk Management Committee under supervision of the Risk & Technology Committee

- Ongoing assurance programme delivered by our Compliance teams
- Operation of our three lines of defence
- Commenced monitoring of Scope 1 and Scope 3 emissions

25%
MEA digital Tx as % of total Tx volume

23 markets
on-the-ground presence

Shareholders

Their priorities
- Strategic execution, business performance and value generation
- Transparent reporting with consistent and relevant KPIs
- Strong corporate governance
- Thorough risk management and oversight
- Strength of Group leadership
- Integrated environmental, social and governance strategy

How we engage
- Comprehensive investor relations programme
- Investor roadshows, conferences, roundtables and other events
- Investor access to management and the Board
- Annual Report and Accounts, Half yearly interim financial statements

Strategic outcomes
- Improved transparency, disclosure and ability for investors to understand our financial reporting and business
- Ongoing enhancement to our corporate governance standards and agenda
- Increased shareholder confidence in our financial delivery and the execution of our strategy
- Board succession planning

Strategic decisions

ACCELERATE

- Increased availability of management and number of investor events and meetings
- Increased attendance at sector and regional investor conferences

INNOVATE

- Ensured Chairman and other Board members met with major shareholders on key topics through the year
- Hosted a number of roundtables with Executive Management on specialist and deep dive topics
- Integrated ESG performance into Executive remuneration targets

15.7 cents
Underlying basic EPS

+35%
growth y/y

Driving global cultural engagement

2022 Key HR performance highlights

65,692[1]
Network training hours have increased from 27,073 in 2021 to 55,526 in 2022

30%[1]
female representation in 2022. Continuing to meet our commitment towards gender diversity (2021: 29%)

64
No. of countries represented in our Group-wide workforce (2021: 63)

1 Includes Network and DPO.

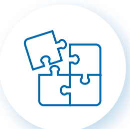
Our purpose

is to help businesses and economies prosper by simplifying commerce and payments.

All that we do to deliver value for our merchant and financial institution customers, governments, colleagues, consumers and shareholders is underpinned by:

The Network Way

We put the customer at the heart of everything we do



We build better every day

We move fast, together

We aim for scale and market leadership

Our values

Be open and honest with positive intent

Own every decision

Always do the right thing

Celebrate wins, sunshine failures

In 2023, we are redefining performance at the Group, with an enhanced focus on the Network Way & Values, which, in addition to demonstrating our commitment to each other, determine how we achieve our goals and deliver on our commitments. Individual performance will be linked to both the 'what to do' and the 'how to do'. Adopting the Network Way & Values will underpin the performance rating for all senior leaders and managers at the Group.

Employee engagement

Carrying out regular reviews of the level and quality of employee engagement is important to our Group. This helps us to optimise business performance by aligning outcomes with our business goals, values and culture. We also benchmark our results against similar businesses across our markets.

An important part of assessment of our culture is our annual employee engagement survey, a platform for our employees to voice their points of view in a safe environment of anonymity and complete confidentiality. Our 2022 employee engagement survey saw our employee participation rise to 84%, against 83% in 2021.

Our employee engagement score for 2022 was 57%, and key areas of positive feedback from our colleagues included:

- Increased focus on the physical and mental well-being of our colleagues
- Effective identification and utilisation of capabilities
- Faster decision making
- Empowerment of our colleagues to enhance customer satisfaction
- Automated performance reviews in a structured manner across the Group
- Learning & Development activities aligned with our 'Network Ambition', 'Network Way' and our Values

Management has analysed the results carefully and listened intently to the feedback provided by our colleagues in the survey.

The Board supports this additional investment in our people and will monitor progress throughout the year. We will also sustain and improve on the momentum created so far to enable our people to 'build better every day'.

Empowering and connecting employees

1. 'One Source – One Network' intranet

The Group's intranet has been built on four key pillars: Communication, Collaboration, Engagement and Productivity. This platform allows employees to connect and converse with colleagues, irrespective of location, and provides access to an extensive hub of information and other valuable resources for decision making, workflow innovation and best practices.

2. Automation of Employee Self Service and performance management processes

In line with our Network Way of 'building better every day', we have automated the employee performance management processes and linked personal goals to the department objectives and, in turn, to the wider corporate goals. These goals included ESG-based KPIs. Modules on Learning & Development, career progression, succession planning and core HRMS were rolled out to give our employees a seamless 'One Source – One Network' experience.

3. Workspace enhancement

We have invested in more comfortable and energising workspaces for our colleagues by renovating existing offices, creating additional capacity and opening new ones.

4. Interactive leadership sessions and town halls

Several Executive Committee members held virtual town halls as well as virtual interactive focus group sessions. We also hosted an in-person town hall at our Head Office with Board members, giving our colleagues an opportunity to share their feedback and recommendations on topics including strategy, women empowerment and latest trends in the payments industry. These opportunities helped connect our colleagues as well as keep them motivated. The most recent event was the Group-wide Al-Barsha town hall jointly chaired by the Group Chief Executive Officer, Group Chief Human Resources Officer and Group Chief Financial Officer with the theme 'Investing in Our People'.

In addition to the various Company-led initiatives, our colleagues across the Group have also taken the lead to come together, appreciate and celebrate each other in many ways. A snapshot of activities in 2022:

- Celebrated 'Employee Appreciation Day' in March 2022 to demonstrate our gratitude to our colleagues across the Group.
- In the UAE, 'Hag Al Laila' ('For this night'), a long held tradition of Emirati families, was celebrated in March 2022 and March 2023, in the middle of Sha'aban, the eighth month in the Islamic Hijri calendar.
- Network Jordan organised a football tournament in March 2022 as an employee team-building and collaboration initiative.
- Network Jordan also arranged an annual team building event in June 2022 at Jordan's first tactical paintball field, giving the colleagues an opportunity to bond through games, tasks and friendly competitions.
- Network UAE's cricket team also participated in the 'United Pro Sports Corporate Cricket League 2022 – UAE' and reached the semi-finals.
- Network UAE conducted a Summer Internship Programme in July 2022 for our colleagues' children to introduce them to the payments business and showcase employment opportunities in a tech company.
- Commemorated Flag Day and the 51st UAE National Day with employee engagement activities.
- DPO celebrated a number of activities including:
  - Pride Month
  - Acts of Kindness
  - Game Night
  - It's All About the Eggs
  - Africa Team Connect
  - Thoughtful Thursday
  - November Babies
  - Wellness Day
  - Father's Day

We rolled out the Training Needs Analysis (TNA) survey in 2022. The TNA will help us lay the foundation and building blocks for enhancing technical, managerial and leadership capabilities of the workforce and supporting the Group's culture. We are also setting up Learning & Development (L&D) Centres of Excellence across several regions where we operate.

Employee safety, health and well-being

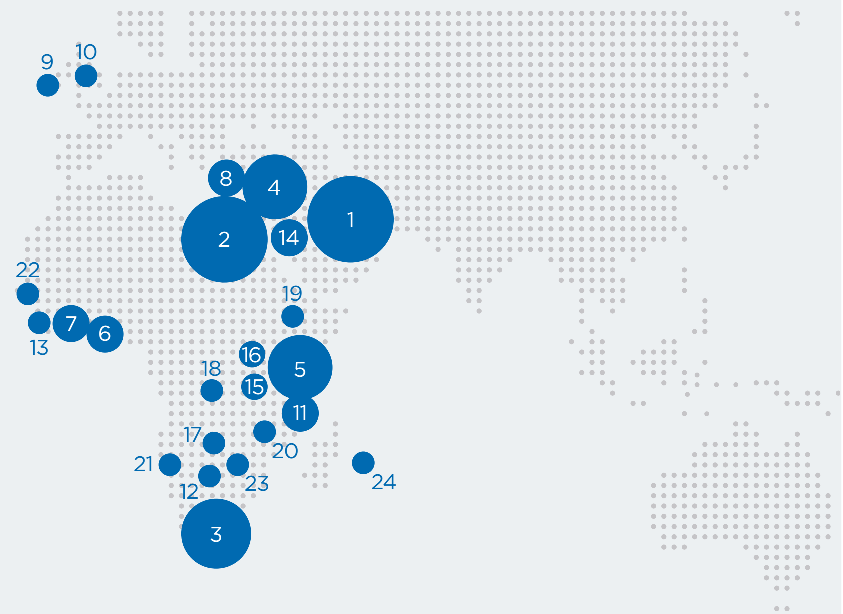
The Network family has steadily grown to:

1,953 employees representing

64 nationalities working with clients across

57 countries

Region	Team size
1. UAE	685
2. Egypt	551
3. South Africa	307
4. Jordan	190
5. Kenya	128
6. Nigeria	28
7. Ghana	14
8. Israel	10
9. Ireland	2
10. England	2
11. Tanzania	6
12. Botswana	2
13. Cote d'Ivoire	2
14. Kingdom of Saudi Arabia	8
15. Rwanda	3
16. Uganda	2
17. Zambia	2
18. DR Congo	1
19. Ethiopia	1
20. Malawi	2
21. Namibia	2
22. Senegal	1
23. Zimbabwe	2
24. Mauritius	2
Total	1,953



With such a rapidly growing and widely distributed workforce, we make no compromises when dealing with our employees' safety and health. The many ways we ensure the well-being of our colleagues include:

a. maintaining our highly competitive health & life insurance cover.

b. enhancing our wellness initiatives with global and region-specific programmes including vaccination drives, yoga sessions, cancer awareness programmes, women's wellness programmes, mental well-being webinars, blood donation drives and sports events.

c. continuing to provide counselling services for mental well-being and stress management, which we started during the pandemic in 2020.

There have been no major incidents with respect to our colleagues' safety and well-being across all regions in 2022.

Talent management

Our proactive approach to talent management ensures that we are able to:

- effectively assess our people's potential and performance
- create a skilled and ready talent pool to swiftly take on additional responsibilities, when needed
- plan succession for key positions
- identify customised training and development interventions

The talent review was conducted in February 2022, and we ensured succession plans were in place for all critical positions.

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 ensuring they are engaged and consistently perform to the best of their capabilities and is based on four key elements as shown below:

Assessing Potential

Creating a Talent Pool

Succession Planning

Employee Development Planning

Strategic workforce planning

Having strong teams with diverse skills, capabilities and backgrounds helps us meet our customer obligations and build towards the future. To attract, retain and motivate our workforce, we have several initiatives that include promoting in-house talent, investing our colleagues through an Executive Education Programme and Executive MBA programmes from world-class universities. We also recognise our top performers through the monthly Star of the Month and annual Beacon Awards. These programmes and awards strengthen the growth mindset in our teams, sending the strong message that we value superior performance, and motivate our colleagues.

We have deployed a three-pronged approach to managing a diverse workforce that stays committed and accountable.

Listen to what people need

We are committed to capturing and using feedback from our colleagues across the organisation to drive ongoing improvement in how we manage our people. We do this through regular surveys and 'Speak-Up' programmes.

Embrace change

We continue to assess new ways of operating and understand the challenges related to achieving our desired culture. We have enhanced and improved our office layouts in key locations to give our colleagues a more conducive work environment. We have rolled out 'One Source – One Network', which will help in developing a Group-wide culture enabled by technology. This initiative involved the rollout of an intranet portal and HRMS services.

Create a sense of belonging

Our purpose, core values and the Network Way focus on caring for our team members, as the Group rises to face challenges and opportunities that come with change. This continues to be overseen by our Board. Our wide-ranging processes, which include performance management, capability assessments and key talent management, have been enhanced to support and manage our people through their careers.

Learning & Development

Our colleagues are at the very heart of our success. They define and live the culture of the Group. They develop world-class products, services and solutions, based on a deep understanding of our customers' requirements, think creatively and work collaboratively. Our managers and leaders inspire and motivate their teams through their thoroughness, professionalism and integrity.

When we invest in our workforce and their development, we are therefore directly investing in our future.

Our L&D model is a key part of our TMF (assess employee potential, create talent pools, plan for succession and employee development). It follows the 70-20-10 model, with on-the-job learning (70%), mentorship (20%) and formal training programmes (10%). Based on our understanding of training needs from the TNA, leadership surveys and the employee engagement survey, we identify and roll out targeted, high-impact learning programmes.

These programmes help keep our colleagues updated with latest developments in technology and evolving trends in the payments and banking space, and are underpinned by our culture, values and the Network Way. In 2023, we will develop a framework that measures workshop engagements, knowledge retention, application of learning and habit formation to ensure greater effectiveness and return on investment from our various L&D initiatives. We will continue to regularly assess the quality of all our vendors to ensure maximum impact.

Listed below are some of our key L&D programmes:

Programme	Description
Functional & Technical Training	These include programmes on technology platforms, financial and payments domains, Visa and Mastercard training, and process maturity, Business Loans for New Merchants training in UAE, Cash@POS awareness sessions in Jordan, Commercial Payments, AML, KYC and 'Food for Thought' (a series of monthly sessions on our apps and frameworks).
Risk-Based Programmes	These include AML and Sanctions, Anti-Bribery and Anti-Corruption (ABAC), Code of Conduct (COC), Market Abuse, Operational Risk and Information Security.
Leadership Programmes	These include Developing & Leading High-Performance Teams (Columbia Business School), Leadership & Influence, Critical Thinking in a VUCA World, Team Building, Crisis Management, Decision Making Skills, Conflict Management, Leadership Excellence and Performance Management.
Behavioural Programmes	These include Collaboration & Communication, Emotional Intelligence, Coaching & Empowerment, Public Speaking, Managing Difficult Conversations, Social Skills, Planning & Preparedness and Business Writing.
Product & Sales Training	These include 'Keep it 15', a series of 15 minute sessions on a wide variety of topics, Story Telling, Speak Easy, FICO, Freedom Pay, ZoodPay and CTFL.
Ethics & Conduct Training	These include Core Values training (on our four core Network values) and Anti-Sexual Harassment training.

We believe that our L&D efforts will continue to significantly enhance the skills of our employees, keep the Group competitive and increase job satisfaction. To ensure these outcomes, we will continue to deliver high-quality bespoke global programmes, both virtual as well as in-person, which are relevant to our colleagues' needs. We will also ensure that our L&D programmes are aligned with the Group's goals and objectives. We will maintain our focus on our leadership development initiatives that will include training, mentorship and executive coaching.

Developing & Leading High-Performance Teams

A virtual and tailored leadership programme from Columbia Business School was held over six days in September 2022 for 30 managers from across all regions of the Group. The main topics included Effective Teams, A Formula for Team Success, Productivity and Performance, Team Learning, Team Communication vs Conflict and Change Leadership.

Manager on Duty

A programme for new managers in the DPO business with the objective to enhance understanding of the business from an operational perspective and build knowledge of the operating system.

Young Leaders MBA Scholarship Programme

This programme aims to accelerate the development of a small number of Network's young professionals (under 30 years) who have delivered an exceptional performance. Up to two of our colleagues will be selected every year by the Executive Committee to receive a scholarship. Eligible applicants will be supported to achieve admission to a full-time two-year resident MBA programme at a prestigious business school such as Harvard, Stanford, MIT, Columbia, Yale, Wharton, University of Chicago, Oxford University, London Business School, Cambridge University or Insead.

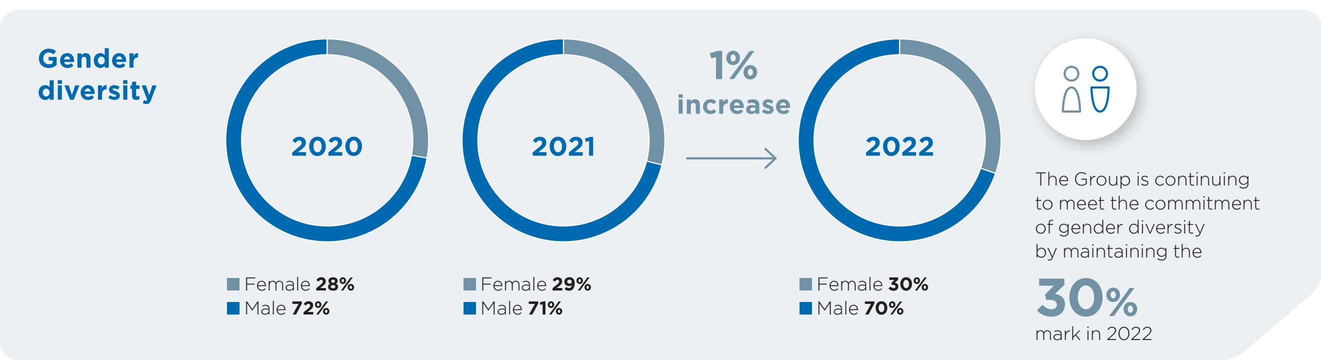
Executive Education Programme

This programme aims to develop managerial capabilities of our leaders. It will help our high-performing managers to fill skill gaps and broaden perspectives, and connect them with a strong network. Up to two of our colleagues (AVP grade and above) will be selected every year by the Executive Committee to receive the Executive MBA scholarship. Eligible applicants will be required to obtain admission into a three- month Executive Education programme at a world-class university such as Harvard, Stanford, MIT, Columbia, Yale or Wharton.

Equality, diversity, and inclusion (EDI)

An overview with metrics

With operations across 57 countries, we are an international business that requires and benefits from a highly diverse international workforce, represented by 64 nationalities across cultures, ethnicities and regional sensibilities.



We have several programmes to empower all our employees. They include the following:

Initiative	Description
Beacon Award	As part of our commitment to gender equality in the workplace, the Group empowers our women colleagues to thrive at work and achieve their personal and professional aspirations through the Beacon Award. For the 2022 edition, we received 42 nominations across the Group.
ME Women Leaders' Summit	To bring together women who have not only achieved significant success but have also found a voice and a chair at the leadership table. This platform brings together great women achievers who can share their struggles, journey, stories and success with other aspiring women.
Pride Month (DPO)	To support a community of all sexual orientations, in line with our EDI policy.
Al Mostaqbal Al Emirati programme	An immersive two-year programme to build a pipeline of high potential Emiratis, who will learn about our Company and industry through stints in the Information Technology, Operations, Processing and Acquiring departments.
'Break the Bias' Empowerment Programme	'Dealing with Microaggressions', a three-part programme conducted for our women employees.
Women Leaders' Mentorship Programme	To enhance growth and career development for our deserving women leaders from the earliest stages of their management career. Here, each of our Executive Committee members plays the role of mentor.
Long Service Award	To recognise the valuable contribution of long-serving colleagues of Network.
Maternity & Paternity Benefits	To support our colleagues who become parents, by providing them with work-life balance.
Effective Women Empowerment	We conducted a web conference on 'Effective Women Empowerment', hosted by Malavika Vardhan, owner of the HIVE and TEDx speaker.
Committee to support our women colleagues in Egypt	In 2022, a Committee was formed to drive a change in perceptions in Egypt about women's strengths and abilities. This Committee will be responsible for executing all initiatives and events related to women in our Egypt office, will analyse feedback and input from our women employees and will provide insights on improving our inclusivity. A 'Trainer of Trainers' (TOT) will oversee all communication, so that it reflects our spirit of diversity.

EDI programmes

Al Mostaqbal Al Emirati Management Associate programme

In furtherance of our commitment to support the UAE Vision 2021: 'A competitive economy driven by knowledgeable and innovative Emiratis', an Associate programme 'Al Mostaqbal Al Emirati Management Associate programme' was introduced during the year to build a pipeline of talented Emirati leaders.

The programme's main objective is to identify Emiratis with leadership potential, provide them with an environment to learn, equip them with the necessary tools and develop them as leaders capable of taking on the challenges of running an enterprise in the payments space.

The associates will undergo an intense 24-month programme, split into four rotational modules in the following operating segments within the Group: Information Technology, Operations, Outsourced Payment Services and Merchant Services, during which time they will work on projects and other assignments under the guidance of their reporting managers. The programme will train the associates in a professional work environment and behaviours embodied in the Network Way. The programme includes hands-on experience in our products, technologies, decision making and critical thinking. Each associate will also be assigned a mentor for the duration of the programme.

B-BBEE

The Broad-Based Black Economic Empowerment (B-BBEE) Act was implemented in 2003 with a key objective to advance economic transformation and enhance the economic participation of black people in South Africa's economy. Supporting the endeavours of the South African government, we continue to be compliant with the B-BBEE requirements, presently being B-BBEE Level 8 Certified with an aim to achieve B-BBEE Level 4 during 2023.

Network collaborates with American University of Sharjah to empower youth in fintech sector

Network joined hands with the American University of Sharjah (AUS) to sponsor the first FinTech Youth Hub, which commenced on 17 November 2022. This collaboration will create knowledge and career-building avenues through a number of activities, aimed at empowering youth, building the next generation of talent and attracting the right talent to the Network family. In the year ahead, Network and AUS will launch training programmes, career fairs and student competitions and facilitate guest lectures from industry veterans.

Empowering differently-abled people

Our Equality, Diversity and Inclusion Policy aims to include and empower differently-abled people.

In 2022, we have not only improved our diversity numbers across different regions, but have equipped our offices with the necessary tools and infrastructure requirements to enable every differently-abled employee to perform to their best strengths. As part of our commitment to inclusion, we have sensitised our colleagues and managers to be inclusive, more aware and empathetic to the diversity in their teams and the organisation.

Charitable activities

The Group is committed to social and environmental responsibility in all aspects of its operations and activities. This commitment is an integral part of our business strategy. Our CSR policy ensures that all our CSR activities are compliant with the spirit of the law, ethical standards and international norms on a voluntary basis.

Our twin CSR objectives of 'Doing the right thing' and 'Being a force for change' guide our efforts. We are ethical in all that we do and create a culture of diversity, inclusion and mutual respect in our organisation.

We ensure that our CSR impact is felt in lasting and tangible ways in three broad areas: our community, our environment and our employees.

Here is a summary of our various CSR initiatives

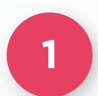
Initiative	Location
Network's Ramadan CSR campaigns – To practise the virtues of charity and compassion, Network donated Iftar meals to the less fortunate.	UAE, Egypt & Jordan
Network donated wheelchairs to the Omniyat Center for the Care and Rehabilitation of People of Determination.	UAE
Network joined the 'Earth Hour' movement 2021 to support our planet and played our part in shaping the future.	UAE, Egypt, Jordan, Nigeria, South Africa
Network made a financial contribution to the non-profit organisation Positive Impact Support in September 2022 for the purposes of Socio-Economic development where the funds raised will be spent focusing on Information and Communication Technology products. Schools that benefit from the contributions made by Positive Impact Support have 75% or more Black South African Beneficiaries.	South Africa
Organised 'Blood Donation Drives' in March and April 2022.	UAE
Participated in 'Run for a Cause – Aquafina Amman Marathon', in October 2022.	Jordan
To celebrate the holiday season and Christmas spirit, we organised a festive day of giving for disadvantaged youths at our Al Barsha office in December 2022. Network employees sang carols, gave cheer and brought joy to our young guests. The main event was a 'Gift a Dream' activity in which our employees turned backpacks into creative Christmas-themed gifts for the disadvantaged children.	UAE

Environmental, social and governance (ESG) strategy and execution framework

Introduction

The Board plays an instrumental role in leading our ESG strategy and has ultimate accountability on all ESG-related matters. The Board believes that alongside the Group's values, ESG considerations are central to ensuring the business is truly sustainable over the long term. In 2021, the Board undertook a thorough review of the Group's position on ESG-related matters taking into account the evolving legal, regulatory and stakeholder landscape and approved a refreshed ESG strategy and execution framework as described in the 2021 Annual Report. This strategy has four key components: (i) Financial inclusion; (ii) Responsible business practices and robust governance; (iii) Diversity & Inclusion; and (iv) Environmental impact.

In the 2021 Annual Report, we published an expanded set of ESG KPIs and made a series of commitments to enhance the ESG disclosure and actions over 2022 and beyond, including in relation to Task Force on Climate-related Financial Disclosures (TCFD) compliance and Scope 1, 2 & 3 carbon emissions. In early 2022, the Board Audit Committee set viable stretch targets and approved workstreams for delivery, overseeing the management and execution of the ESG strategy. The Audit Committee also approved the appointment of Corporate Citizenship (CC), a market leading consultancy firm specialising in strategic sustainability and ESG, to assist with work to benchmark the Group's ESG performance and to deliver against our commitments.



Our ESG strategy and execution framework is built on four ESG strategic objectives:

1 Support the advancement of financial inclusion in the markets where we operate

2 Promote responsible business practices under a robust governance framework

3 Continue to build a well-trained, happier, inclusive, equal and diverse working environment

4 Minimise our environmental impact

We have adopted an integrated approach in considering progress against these objectives, which are mutually reinforcing of progress against our broader corporate strategy. We believe that this approach is important to managing risk and ensuring that our ESG strategy creates value in the short, medium and long term. Our ESG objectives are being integrated into the way we do business. For example, our Group Procurement Policy has been revised to include 'Responsible Procurement' which is a commitment by the Group to procure goods and services from external vendors with expanded due diligence, and setting specific environmental, social and governance conditions upfront, which the supplier agrees to adhere to during the term of their contract. In support of this, during 2022 we rolled out 'Ethical and Sustainable procurement training' for all colleagues involved in supplier engagement. We strive to align our business strategy with the UN SDGs (Sustainable Development Goals) to contribute to a better world.

Our ESG strategy in summary

	Financial inclusion	**Responsible business practices and robust governance**	**Diversity & Inclusion**	**Environmental impacts**
Strategic priorities	› Facilitate access to banking/ mobile money systems	› Fair treatment of customers and suppliers › Adherence to highest ethical standards › Respect for human rights	› Increase female representation › Maintain ethnic diversity › Increase employee engagement	› Reduce Scope 1 & 2 emissions › Estimate and reduce Scope 3 emissions
Tools	› Lower cost acceptance, e.g. via Tap-on-Phone › Digital platform	› Policies › ESG Risk Framework › Employee awareness and feedback	› Equality, Diversity & Inclusion Policy › Employee engagement surveys › Learning & Development › Leadership development programme	› Use of renewables, 'where possible' › Carbon offsets › Continuous monitoring for proportionate opportunities for reduction
KPIs	› Number of Direct-to-Market Micro SME[1] merchants onboarded in Jordan and Africa › Number of net new credentials in countries with limited financial inclusion[2]	› Zero tolerance for fraud and corruption	› Employee turnover rate › Senior Manager[3] level nationalities › % of female representation at Senior Manager level › Training hours › Employee engagement survey	› Gross CO_2 emissions – Scope 1 tons CO_2e (carbon dioxide emissions) › Gross CO_2 emissions – Scope 2 tons CO_2e › Carbon intensity (Scope 1 & 2 emissions) per employee › Gross Scope 1 & 2 emissions relative to revenue (Kg CO_2/ $m revenue) › Gross CO_2 emissions – Scope 3 tons CO_2e[4]
UN SDG alignment				

1 Micro SME merchants defined as those with transaction volumes under USD 1 million.
2 Countries with low financial inclusion defined as those where combined penetration rate of bank accounts or mobile money accounts among adult population is below 50%, based on data sourced via Edgar, Dunn & Company.
3 Senior Manager defined as an employee reporting directly to a member of the Executive Committee (includes Network and DPO).
4 Last year we disclosed only the business travel component of Scope 3 emissions, whereas this year we have estimated Scope 3 emissions in their entirety and have expanded the KPI accordingly.

Notable areas of progress in 2022

We have made good progress against each pillar of our ESG strategy during 2022, including against the commitments relating to climate change outlined in our 2021 Annual Report:

Financial inclusion:

- In 2022, we made significant progress in promoting financial inclusion in the markets in which we operate. By introducing additional economic, secure and convenient payment acceptance solutions and focusing on expanding our reach to unbanked customers in various regions of Middle East and Africa (MEA) we saw (i) an increase in the number of Direct-to-Market Micro SME merchants onboarded in Jordan and Africa from 2,305 in 2021 to 14,557 in 2022 and (ii) an increase in the number of net new credentials in countries with limited financial inclusion from 611,999 in 2021 to 900,923 in 2022.
- There has been considerable progress in implementation of the financial inclusion programmes disclosed in the 2021 Annual Report. In 2022, we launched an acquiring product in Egypt focused on enabling SME merchants to accept digital payments including through Tap-on-Phone (SOFTPOS) technology. In Jordan, we collaborated with Jordan Payments and Clearing Company (JOPACC) to enable CliQ (account-to-account payments via wallets) functionality on point-of-sale (POS) terminals, thereby supporting the use of mobile wallets for the unbanked population. We also supported the Jordanian Government in issuing 60,000 pre-loaded cards to low-income individuals to purchase certain goods. See pages 44 and 45 for further details on these programmes.

Responsible business practices and robust governance:

We remain firmly committed to operating an ethical supply chain supported by responsible business practices and policies which we have further enhanced this year. Our Group Procurement Policy that aligns with our ESG objectives ensures that we engage with our vendors in an ethical, respectful, non-discriminatory and responsible manner.

Diversity & Inclusion:

We continue to operate a very diverse workforce with 64 different nationalities represented, with continued progress on Board and total workforce female representation. Our recruitment and internal promotion activity is increasingly underpinned by a commitment where possible to local workforces being managed by local people across our operational centres. In 2022, we introduced the 'Al Mostaqbal Al Emirati Management Associates programme'. The programme's objective is to identify Emiratis with leadership potential, provide them an environment to learn and equip them with the necessary tools to enable them to become leaders capable of taking on the challenges of running an enterprise in the payments world.

Impact on our employees

An important benefit of our ESG strategy is to give clarity and prominence to our employees on our ESG strategic objectives. We aim to galvanise our employees around these objectives and to develop a positive ESG culture, supporting our employee engagement and motivation levels and enhancing the Group's reputation in the labour market more broadly. Our goal is for all of our employees to take pride and satisfaction in working for a company that is a force for good, environmentally and socially.

>60

different nationalities represented, with continued progress on Board and total workforce female representation

Environmental impacts:

a. Scope 1 & 2 emissions – In the 2021 Annual Report we stated that "We are confident that we will be carbon neutral on Scope 1 & 2 emissions before 2030". During 2022 we undertook the following actions:

- We revised our methodology to estimate our Scope 1 & 2 emissions. Published 2021 Scope 1 & 2 emissions were estimated at 1,007 tons CO_2. We have enhanced our data collection processes enabling us to refine this estimate to include refrigerants and fleet, and to adjust pro forma for the inclusion of DPO emissions from January 2021. The revised 2021 estimate is 1,807 tons CO_2e. Our 2022 Scope 1 & 2 emissions are estimated at 1,907 tons CO_2e, applying the same revised methodology, and prior to the impact of the purchase of Renewable Energy Certificates (RECs).
- We implemented measures to reduce our Scope 1 & 2 footprint, for example installing a more efficient HVAC (heating, ventilation and air conditioning system) and sun reflective window screens in our Sharjah (UAE) offices. We have assessed the case for additional measures to be implemented in 2023 and beyond. Further details are included on page 55.
- Purchased unbundled RECs corresponding to 564 tons CO_2e. These RECs were purchased in UAE and South Africa where the carbon reduction impact is greatest. Including the impact of the purchase of RECs, our 2022 Scope 1 & 2 emissions were 1,344 tons CO_2e, a reduction of 26% on 2021.
- We are working to identify the appropriate framework that would help us set annual emissions reduction targets for Scope 1, 2 & 3, consistent with a flightpath to becoming carbon neutral before 2030 and net zero in an appropriate timeframe.

b. Scope 3 emissions – Only the business travel component of Scope 3 emissions was disclosed in the 2021 Annual Report. We committed in our 2021 Annual Report to enhance our data collection process and build a modelling framework to enable us to appropriately estimate total Scope 3 emissions and, depending on the availability of customer and supplier data, consider disclosing an estimate of total Scope 3 emissions in our next Annual Report. The first stage of this work has been completed and we have estimated and disclosed Scope 3 emissions in this report. With this baseline, we will now undertake work to responsibly provide a timebound commitment to reach overall net zero emissions (Scope 1, 2 & 3). We estimated our Scope 3 emissions across the 15 categories of the GHG protocol (the international standard for greenhouse gas accounting) for 2022 at 34,540 tons CO_2e. The largest contributor was the category of 'Purchased Goods and Services' at 15,224 tons CO_2e or 44% of the total. For comparison we estimated our Scope 3 emissions for 2021 on the same basis at 32,531 tons CO_2e.

c. TCFD – We have made significant progress in building upon our first set of public disclosures on TCFD published in our 2021 Annual Report. We have identified the key climate-based risks and opportunities in our business, conducted climate-scenario analysis and quantified the financial impact range of the climate-based risks and opportunities. We have included in this Annual Report a full set of TCFD disclosures (see pages 58 to 77).

26%
reduction in our Scope 1 & 2 emissions in 2022 over 2021

Supporting the advancement of financial inclusion in the markets in which we operate

The Group operates in fast-growing markets in the MEA where economic opportunity and financial inclusion are key government policy objectives. Access to financial services is a critical driver of economic and social development, enabling safe and secure storage and exchange of value, spurring commerce and over time opening up access to credit, insurance and other products that foster economic growth.

We have defined financial inclusion as access to financial services, primarily via access to the banking system, but also via access to mobile money providers.

The Group's activities promote financial inclusion by enabling banks and other institutions to facilitate the issuance of digital payment form factors and to process payments on behalf of their customers, and by enabling merchants to affordably accept payments from consumers via these digital form factors.

We are particularly proud of the success we have had in supporting SME and Micro SME merchants to accept digital payments, given the high social impact of this activity. Reflecting our strategic focus on this segment, the proportion of our Total Processed Volume (TPV) on behalf of SME merchants has risen from 25% in 2021 to 27% in 2022.

We are continually adapting our business focus to accelerate the up-take of digital payments, particularly among groups where there is a high resulting social impact. We expect to continue to develop our programmes over time, targeting two key impacts:

- To enable merchants to accept digital payments, in particular where this has not been possible or economic previously, including by the use of Tap-on-Phone technology (the cornerstone of our recently launched offering in Egypt) and especially among SME and Micro SME merchants; and
- To enable individual consumers who are the end customers of our bank customers to make digital payments, in particular where this has not previously been possible, for example for individuals living in remote areas with no nearby bank branches.

Focus areas for 2023

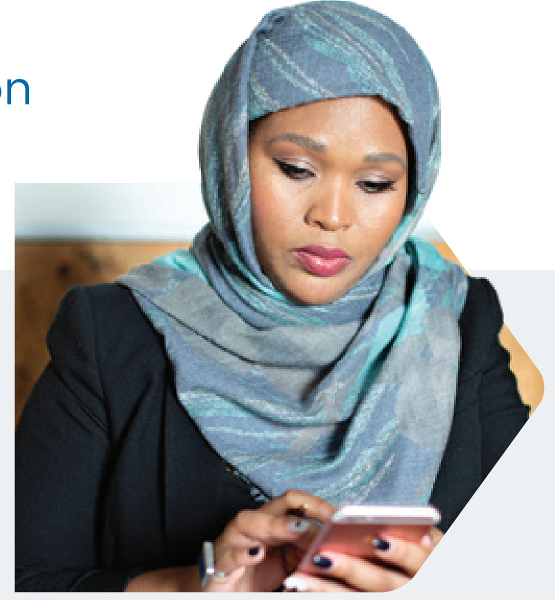
- We will explore additional use cases for the Mastercard funded digital platform that can promote financial inclusion in our markets
- Ramp up and grow our SME merchant base in Egypt

Group KPIs	2021	2022	Targets
Number of Direct-to-Market Micro SME merchants onboarded in Jordan and Africa (Micro SME merchants defined as those with transaction volumes under USD 1 million)	2,305	14,557	12.5% y/y growth in number of Micro SME merchants onboarded
Number of net new credentials in countries with limited financial inclusion (Countries with low financial inclusion defined as those where combined penetration rate of bank accounts or mobile money accounts among adult population is below 50%, based on data sourced via Edgar, Dunn & Company)	611,999	900,923	8% y/y growth in number of net new credentials

Financial inclusion case studies:

In the 2021 Annual Report we outlined key initiatives underway across the Group that are particularly high impact in terms of promoting financial inclusion, highlighting features of these programmes that have been implemented to bring about certain socially beneficial outcomes.

This list of initiatives is non-exhaustive and designed to give a flavour of activities pursued across the Group with a financial inclusion impact. Progress across these initiatives during 2022 is described on pages 44 and 45.



Tap-on-Phone in Egypt

Description

In 2022, we launched acquiring services to merchants in Egypt via a partner bank, through a payments facilitation model. The service in part uses a Tap-on-Phone (also known as SOFTPOS) acceptance solution, allowing merchants to accept payments via an app on a smartphone. This solution helps avoid or reduce the need for a hardware terminal, eliminating significant expense and making digital payments acceptance economic for many smaller merchants, improving convenience and supporting livelihoods.
The Group was one of the first Tap-on-Phone acceptance solution providers to go live in Egypt, targeting smaller merchants.
Our innovative acceptance offering is broad-based across payment type including traditional cards.
In 2022, the Group completed the SOFTPOS infrastructure build and integration and our partner banks – Alex Bank and Arab African International Bank (AAIB) – received approval from the Central Bank of Egypt to begin onboarding merchants.

Financial inclusion impact

Digital payments penetration rates in Egypt remain very low by international standards. Transactions via digital payments amounted to 30% of total transaction volumes in Egypt in 2021[1]. The Group expects that a substantial proportion of merchants onboarded to its Tap-on-Phone proposition will be accepting digital payments for the first time. By offering a Tap-on-Phone acceptance solution that is up to 15x cheaper than equivalent terminal hardware, the Group will digitally enfranchise SMEs and Micro SMEs for whom terminal rental fees have been uneconomic. To access our digital acceptance services, merchants will need to open bank accounts with our partner banks. The Group will assist with this process.
As a result, not only will these merchants be able to accept a greater volume of payments by more diverse means, increasing their turnover and profitability, they will also form banking relationships enabling them over time to access credit and other financial products, with the effect of spurring investment and economic growth in Egypt more broadly.

The Group's commitment

Consistent with our strategic roadmap, over time we intend to launch similar Tap-on-Phone driven acceptance initiatives in other jurisdictions, either directly or in partnership with local financial institutions. We will examine the potential to structure these programmes in a way that maximises the financial inclusion impact wherever possible.

1 Edgar, Dunn & Company.
2 IMF.
3 National Payment System Report (Q1 2021 and Dec 2022) – Reserve Bank of Malawi.
4 Network 2021 Annual Report.

Supporting the financial inclusion of unbanked citizens in Malawi via a branchless digital offering

Description

During 2022 the Group partnered with NBS Bank, a mid-sized retail bank in Malawi and a longstanding client/partner, with the objective of onboarding unbanked citizens via a branchless offering that harnesses the Group's digital platform. The digital platform was created in partnership with our co-investment from Mastercard as part of our core strategy. Using this new digital platform NBS Bank in Malawi will issue a Mastercard virtual card that will enable its customers to make a wide range of e-commerce payments to merchants that accept Mastercard locally and internationally. In 2022, the Group completed its technical readiness to begin the integration of NBS Bank onto our digital platform.

Financial inclusion impact

Malawi is one of the most impoverished countries in the world, with a population of 22 million and GDP/capita of USD 523 (2022)[2], despite having made significant economic and structural reforms to encourage growth. Only 40% of adults in Malawi are financially included (defined as "using financial institutions")[4]. There are 493 ATMs (as at March 2021) in the country, and 4,687 points of sale (as at December 2022)[3] that accept card payments. Like many banks in Malawi, NBS Bank faces a challenge reaching customers in remote areas. The branchless digital offering by the Group will enable consumers in remote areas to access financial services in a way that has not previously been possible. The Malawi use case is a good example of how the Group is applying our core strategy to drive positive financial inclusion outcomes.

The Group's commitment

In 2023, we will be live following completion of the integration of NBS Bank onto our digital platform, enabling NBS to issue virtual cards to its customers. We are examining the potential to commit to similar programmes with other banks in Malawi, and to leverage our digital platform investment for use in other jurisdictions where similar challenges exist.

Promoting financial inclusion in Jordan

As the market leader in Jordan for acquiring and processing services, the Group is in a strong position to advance financial inclusion. GDP/capita in Jordan was USD 4,670 in 2022[2] and rates of financial inclusion remain relatively low by comparison to the rest of the Middle East region, with digital payments accounting for 22% of total transaction volumes in 2020[4]. The Group is supporting numerous initiatives to advance financial inclusion in the country. We had identified two of these initiatives in the 2021 Annual Report and update on progress below.

a. Collaboration with Jordan Payments and Clearing Company (JOPACC), enabling account-to-account payments

Description

In 2022, the Group collaborated with CliQ (the Jordanian Instant Payment System) and Jomopay (Jordanian mobile payment switch) to enable account-to-account payments via wallets. The Group completed the build of the platform that is used to integrate with CliQ. The Group is currently in the process of upgrading all existing point-of-sale terminals and revamping back-end operations to support the new account-to-account payment mechanism.

Financial inclusion impact

The objective in supporting this programme is to assist the Jordanian Government and NGOs to support the use of mobile wallet payments by sections of the population who are currently unbanked, including low income and refugee communities.

The Group's commitment

In 2023, the Group expects to complete the roll out of CliQ functionality across all of its operational POS devices in Jordan, with all new merchants receiving the CliQ functionality on their POS devices as a default option.

b. Issuance of pre-loaded cards to lower income communities

Description

The Group supports the Jordanian Government (Royal Hashemite Court) in a social initiative where twice a year pre-loaded cards are distributed to low-income individuals for use in two marketplaces – the military marketplace and the civil marketplace – to buy certain goods (mainly groceries and food).

Overall 60,000 pre-loaded cards were issued during 2022.

Financial inclusion impact

Beyond the immediate benefit of efficiently delivering funds to disadvantaged citizens to purchase certain goods, the programme introduces many citizens to digital payments for the first time, fostering adoption amongst the financially excluded.

The Group's commitment

Reflecting the benefits of financial inclusion, the Group provided issuer processing services supporting this programme for a nominal fee. The Group intends to repeat its participation in this successful and impactful scheme in 2023.

Promoting responsible business practices under a robust governance framework

The Group recognises the importance of operating responsibly and with the highest ethical standards as we continue to advance our business objectives.

We define responsible business behaviour broadly to include, for example:

Business ethics:

- Treating customers fairly;
- Operating a reliable, resilient and ethical supply chain; and
- Respecting human rights and labour standards in all our operations and markets, across staff and suppliers.

Social:

- Promoting equality, diversity and inclusion and ensuring fair treatment of all employees.

Governance:

- Embedding ESG considerations in all applicable activities of the Group;
- Being transparent about taxes, levies and duties due in the jurisdictions in which we operate; and
- Playing our part in protecting payments systems from fraudulent actors and cyber threats.

We are cognisant that we conduct business in jurisdictions where there are substantial growth opportunities, but where, in some cases, the risks surrounding financial crime and unethical or irresponsible business practices are elevated. We continue to monitor our robust culture, policy framework and governance architecture to mitigate against these risks and to promote ethical business practices. Further details of our governance framework are included on pages 48 and 49 and in the corporate governance section of this Annual Report from page 120. The Board is responsible for providing oversight and direction on all facets of the Group's operations and in applying the Code of Conduct, which applies to the workforce, management and the Board.

Progress during 2022

- Reviewed the effectiveness of our whistleblowing arrangements and took steps to increase awareness of our confidential facility amongst all employees
- Reinforced the annual training given to all employees in respect of:
  - anti-bribery, anti-corruption and anti-money laundering policies; and
  - 'Know your customer', standard due diligence and enhanced due diligence procedures
- Increased focus on assurance reviews, expanded the scope of our assurance activities across the business, complemented by our Enterprise Risk Management Framework (ERMF) and selected internal audits, to ensure that our policies are effective. Remedial action has been overseen by the Enterprise Risk Management Committee (ERMC) and the Risk & Technology Committee
- Significantly progressed with integration of our strong governance standards into the DPO business
- Further progressed our People agenda by continuing to engage our workforce on the Group's values, which underpin the execution of our revised strategy, continuing our strong engagement mechanisms with all our stakeholders and particularly our employees, offering support to them as they returned to the workplace, and presenting a significant level of training and growth opportunities
- At Board level, through the Risk & Technology Committee, continuing the oversight of risk and the Group's culture of risk management

Focus areas for 2023

- We remain focused on continuing to embed ESG across businesses, building capabilities, capacity and improving how we measure and disclose our progress on ESG
- We will assess potential ESG risks during our assessments of third-party vendors and remediate based on our policies
- We will monitor and prepare remediation plans for adverse climate risk scenarios based on the level of the risks
- We will ensure compliance with regulatory change requirements and mandates which may come into force in the future

At the highest-level the Board has accepted management's proposal that progress against this ESG strategic objective will be assessed against a zero tolerance position in relation to fraud, corruption and abuses of human rights. The Board will continue to monitor action taken by management under this zero tolerance policy in exposure to any breaches that come to light either from the business or its customers and suppliers. In addition, we will track and take into account the metrics below:

Group KPIs	2021	2022	Targets	Commentary
Customer complaints	1,018[1]	1,467[2]	6% y/y	The majority of the increase in customer complaints (327 out of an increase of 449 complaints) was due to the inclusion of DPO data for the first time in 2022. Excluding DPO, complaints increased by 12% in the Network business due in part to issues arising from the transition of a majority of our operations team from UAE to the Center of Excellence in Egypt. The 2022 measure including DPO of 1,467 remains well within the Key Risk Indicator (KRI) threshold of 5,280.
Number of ESG Board/Board Committee meetings	3	6	At least five ESG Board, Audit or Risk & Technology Committee meetings per annum	
% of employees who have completed the Ethical and Sustainable procurement training	N/A	76[2]	95	The KPI was added in 2022 and the training was rolled out to all employees interacting with our suppliers over the course of the year. No data point is available for 2021.
Employees' views on human rights recorded based on engagement survey (% giving a positive rating)	N/A	86[2]	90	This KPI was added in 2022 and a question was added to the employee engagement survey conducted in November 2022. No data point is available for 2021.
Fines for unpaid or overdue taxes	Nil	Nil	Nil material	
% of employees aware of whistleblowing options including Safecall hotline	94[1]	92[2]	98	Awareness of the Group's whistleblowing options as indicated in responses to the employee engagement survey fell two percentage points in 2022 to 92%. We believe this in part reflects that DPO employees were included for the first time in 2022 in this survey. Training and awareness measures with regards to the Group's Whistleblower Policy and reporting procedures will be enhanced in 2023 to increase overall awareness among Group employees, particularly for employees across DPO entities.

1 Only Network business.
2 Collectively for Network and DPO business.

General approach to ESG governance and risk framework

Management is responsible for the delivery of our ESG strategy under the oversight of the Board. The Board, through the Audit Committee, plays an instrumental role in leading and supervising the delivery of our ESG strategy by management. The progress against the Group's ESG strategy was considered by the Audit Committee on four separate occasions, by the Risk & Technology Committee on one occasion and by the Board on one occasion during 2022. The Board is kept apprised of the progress on the Group's ESG programme by the Audit Committee. During 2023, the Audit Committee, on behalf of the Board, will continue to oversee the implementation of the longer-term ESG strategy and progress against ESG KPIs with a specific focus on the quality of ESG reporting and its verifiable, repeatable and objective nature. This is in addition to its specific requirements under the Task Force on Climate-related Financial Disclosures (TCFD).

Our overall risk management approach is built on our risk appetite and implemented Company-wide through the ERMF. The Group's ERMF helps the Group to proactively respond to changes in our business environment, whilst supporting our strategy of increased transparency and simultaneously creating value for our shareholders and our wider stakeholder base (more information on our risk approach is on page 105). Our ESG approach is integrated in our risk framework in the following ways:

- Close interaction between the policy owners and the Risk function to identify and manage ESG-specific risks;
- Close monitoring of the impact of climate change across our operations and calibrating our response in line with evolving regulations; and
- Review of the management of ESG risks by the Risk & Technology Committee in the context of the overall ESG strategy and execution framework.

While the establishment of our refreshed ESG strategy and execution framework was an important step in validating our commitment as a responsible Group, we have been in regular communication with our clients, governments, supply chain, investors, and the wider public to gather feedback on a range of business and operational issues, including perspectives on our ESG strategy and execution framework.

We will continue to be in regular communication with our stakeholders on how the framework could be further strengthened in the years ahead.

In addition, Internal Audit will continue to review the risk management framework in 2023, providing independent assurance on the embedding of management of ESG across all lines of defence.

Business ethics:

Policies and procedures

The Group remains committed to applying the highest ethical standards. This commitment is established in our Code of Conduct, 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 and related policies. Our approach to business ethics is further set out in a range of supporting policies (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 Policy; and
- Modern Slavery Statement.

We carried out a compliance assurance review of the effectiveness of our confidential and anonymous 24-hour whistleblowing hotline and related online reporting channel in 2021, operated by an independent third party. As described on page 47, over 90% of staff are aware of the ability to speak up on any unethical behaviour or wrongdoing including through this service and feel able and willing to do so. 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 120.

Human rights

Internal

The Group 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 Equality, Diversity & Inclusion Policy, Code of Conduct and Whistleblower Policy. We received positive feedback from our colleagues when we asked them about the Group's commitment on human rights as a part of our employee engagement survey.

External

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.

The Group 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 practising modern slavery and human trafficking, and have taken steps to ensure our high standards are maintained, including via our revised Group Procurement Policy. 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 Risk Management Policy. We also undertake periodic on-site audits on a number of suppliers. Where required, we reinforce our opposition to modern slavery and human trafficking in our contracts. In future, we plan to expand our mandatory compliance training programme to include 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**.

Governance

Taxes

Taxes are an important part of the Group's social contributions. We are committed to managing our tax affairs in a responsible and sustainable manner in support of our business strategy. The Group has developed a robust tax governance framework to ensure the Group obeys both the letter and spirit of tax laws and regulations and pays the due amount of tax in all jurisdictions in which it does business.

The Group adopts a low appetite for tax risks, which is also factored into the Group's business strategy and assessment of all new opportunities. It operates a model that aims to maximise shareholder value in the most efficient and socially fair manner.

The control processes adopted ensure timely filing of returns based on local tax laws and regulations in countries in which we operate, and with a monitoring system that aims to be updated on any changes in local tax rules.

The Group regards taxes as an important part of its social contribution and communicates tax matters to all stakeholders in a clear, responsible and consistent manner in a way that enables evaluation of the Group's tax matters by relevant stakeholders.

The above matters are covered through the Group's Tax Policy Framework, which sets the principles and procedures pertaining to tax risk management and processes throughout the whole tax cycle to ensure sufficient tax governance and transparency.

Our Tax Strategy is published on the investor relations section of our website and sets out the key principles for managing taxes established by the Board, accessible here: **https://investors.networkinternational.ae/media/1241/tax-strategy-document-mar-30-2020_final.pdf**.

3

Building a well-trained, happier, inclusive, equal and diverse working environment

People are at the heart of our business and are instrumental to the delivery of our corporate strategy and our ESG strategy. We promote the fair treatment of all our employees, and we believe that diversity and inclusion are key drivers of innovation, creativity and equality.

We operate in 57 countries and benefit from a highly diverse international workforce of 1,953 FTEs (full time employees). We emphasise the need for our local offices and sales forces to be led where possible by local people with connections and expertise specific to the market in which they operate. Accordingly, our employee base reflects the diverse cultures we work in and our varied client base, with 64 nationalities represented today versus 63 in 2021. We continue to invest to promote gender inclusion, enhance levels of employee engagement and improve learning and development opportunities for our employees.

Modern Slavery Policy

We are strongly opposed to slavery and human trafficking, and endeavour to lead by example in the way we do business. We recognise that modern slavery is a crime and a violation of fundamental human rights. To ensure that we and our supply chains remain free of slavery and human trafficking issues, we have adopted the following controls and practices:

- A strict Code of Conduct and Whistleblower Policy
- Supplier due diligence and monitoring
- Training

Employee engagement

Our employee engagement score for 2022 was at 57%. 84% of employees participated in the survey as against 83% in 2021.

Key areas of positive feedback from our colleagues included: increased focus on the physical and mental well-being of our colleagues; effective identification and utilisation of capabilities; empowerment of our colleagues to enhance customer satisfaction; automated performance reviews in a structured manner across the Group; and learning and development efforts to align with our 'Network Ambition', 'Network Way' and our values.

Based on the feedback from the 2022 employee engagement survey, a range of initiatives for 2023 to help improve the engagement score will be introduced. These include:

- Developing stronger collaboration among cross-functional teams
- Extending and expanding our Rewards and Recognition programmes to further encourage talent
- Increasing the learning and development opportunities across the Group
- Continuing to calibrate salary with market trends
- Upskilling our mid- and senior-level management to ensure high-calibre leadership for future growth

From 2023, we will add a question to the employee engagement survey seeking employee feedback on our delivery against our ESG strategy.

A few of our key 2022 employee engagement initiatives included: the 'One Source – One Network' intranet, the Network Summer Internship Programme, while Network DPO celebrated 'Pride Month' and held a number of activities such as 'Acts of Kindness', Game Night, Africa Team Connect, Thoughtful Thursday, Wellness Day and Father's Day. For more detail on the 2022 employee engagement initiatives, refer to pages 29 to 30.

Equality, diversity and inclusion

Having a diverse and culturally intelligent workforce across regions enables the Group to empathise with our customers, develop more relevant solutions and meet growing customer expectations.

Our Equality, Diversity & Inclusion Policy ensures we treat all employees with fairness and dignity, irrespective of age, gender, race, nationality, ethnic origin, religion, language or physical ability. We listen to all our employees and are inclusive in our decision making. We ensure all our leaders are given training on these topics and help them cascade these behaviours to their team members. We focus on our diversity numbers and take active steps to ensure we recruit from all sections of society. In 2022, we met our target of 33% female representation at the Senior Manager level[1]. The table below references the proportion of female representation across the Group as of December 2022.

Proportion of female representation across the Group as of December 2022:

Category	Male (2022)	Female (2022)	Female % (2022)	Female % (2021)
Total workforce	1374	579	30	29
Board of Directors	6	3	33	30
A: Executive Management Team	9	2	18	25
B: Senior Managers[1]	63	31	33	25
A+B: Executive Management Team & their direct reports	72	33	31	25

1 Senior Managers – ExCo direct reports.

The Global Council for Women in Banking and Fintech

The Group joined the Global Council for Women in Banking and Fintech in June 2022. This Council is a global network and resource for women executives in banking and fintech, dedicated to helping them achieve their full potential in management. Three of our women employees (Chinwe/Faith/Brenda) are now members of this Council. Members benefit in multiple ways from this membership:

- networking opportunities with other women professionals in banking and fintech
- opportunities to learn best practices and seek confidential advice from industry leaders on the challenges women face in fintech, and on wider fintech matters
- participation in a tailored management development programme (from EM Normandie Business School and Lafferty)
- participation via webinar in special interest groups that focus on areas such as consumer lending, including credit cards, micro loans, BNPL, mortgages, alternative data sources, sustainability/ESG and inclusion, SME banking and fintech research, networking services, and education on retail banking industry, payments and cards
- access to the Lafferty's Research & Advisory Services. This provides briefs on how new tech-driven business models are transforming the face of banking, case studies from across the globe, and a series of reports across the fields of consumer and SME banking, cards, payments and mobile across the globe.

"The focus of the meeting was to share the objectives of the council and discuss the various achievements of women in fintech. There was also a panel discussion on the achievements and challenges of women in SME banking and fintech. The interesting thing about the council was that it comprised women in different sectors in cards/payment/retail banking across the world. The council also shared views on the different ways that women leaders are successful."

Chinwe Uzoho
Regional Managing Director, West and Central Africa, who attended the Global Council

We have several programmes to create an inclusive and diverse working environment. These include: Beacon Award; Middle East Women Leaders' Summit; Pride Month (DPO); Al Mostaqbal Al Emirati programme; 'Break the Bias' Empowerment Programme; Women Leaders Mentorship Programme; Network Long Service Award; Maternity & Paternity benefits; and Effective Women Empowerment.

Learning & Development

Our Learning & Development model is a key part of our Talent Management Framework (assess employee potential, create talent pools, plan for succession and plan for employee development). It follows the 70-20-10 model of learning, with on-the-job learning (70%), mentorship (20%) and formal training programmes (10%). By understanding the training needs of the Company from the TNA, leadership surveys and inputs from the employee engagement survey, we are able to identify and roll out targeted high-impact learning programmes. These programmes help keep our employees up to date on the cutting edge of technology and evolving trends in payments and banking and bring in a culture enshrined in our values and the Network Way. For a detailed description of the key Learning & Development programmes, refer to page 33.

The below table shows our training metrics:

Employee training	2022 (YTD)	2021	2020
No. of staff trained	**1,953** (100%)	**1,351**[2] (100%)	**1,309**
No. of training hours	**65,692**[1]	**27,073**	**11,879**

1 Collectively for Network and DPO business.
2 Excluding DPO.

KPIs

Group KPIs	2021	2022	Targets	Commentary
Employee turnover rate	7.9%[1]	11.6%[2]	14%	In 2022, the employee turnover rate trended to a more normalised level at 11.6%. While this measure is higher than 2021, the score in 2021 was flattened to some extent by the impact of COVID-19 on the hiring activities of our peers. 2022 saw a rebalancing on this front to some extent, and over the medium term we expect our annual turnover rate to normalise at around 14%, reflecting the labour market dynamics in the countries in which we operate. For more detail on measures that have been put in place for employee retention, refer to page 32.
Training hours	27,073[1]	65,692[2]	40 hours (average) per individual by 2026	In 2022, the average number of hours per individual was 34. The sharp increase in total training hours in part reflects the addition of DPO following the completion of the DPO acquisition. Training hours for Network alone in 2022 were 55,526 hours, a 105% increase due to the addition of numerous training programmes.
Employee engagement survey	65%[1]	57%[2]	3% annual improvement over time in line with market benchmarks	Refer to Employee engagement section on pages 29, 30 and 51.
Senior Manager level nationalities[3]	19[2]	25[2]	25	
% of female employees at Senior Manager level[3]	25[2]	33[2]	33	

1 Only Network business.
2 Collectively for Network and DPO business.
3 Senior Manager level – ExCo direct reports.

Minimising our environmental impact

We acknowledge and support the scientific evidence that climate change is having a tangible and negative impact in our markets, including through the intensity and frequency of natural disasters.

As a payment solutions provider in the MEA, while we do not have an extensive environmental footprint, we are nonetheless committed to reducing the environmental impact of our overall operation.

In line with or ahead of commitments stated in our 2021 Annual Report, during 2022, we enhanced our data collection processes, refined our measurement of Scope 1 & 2 emissions, estimated for the first time our Scope 3 emissions and took steps to understand our exposure to climate risks and opportunities. We also formulated a preliminary roadmap of measures to reduce our Scope 1 & 2 emissions in 2023 and beyond. Based on the work that has been undertaken so far, we remain confident that we can follow through on the commitments made in the 2021 Annual Report: "Being confident that we will be carbon neutral on Scope 1 & 2 emissions before 2030" and "Responsibly providing a timebound commitment to reach overall net zero emissions (Scope 1, 2 & 3) in the near future".

Scope 1 & 2 carbon emissions

Measurement:

Scope 1 & 2 emissions reported in our 2021 Annual Report were 1,007 tons CO_2. This measure excluded DPO, the acquisition of which was completed at the end of October 2021. We have refined our measurement of Scope 1 & 2 emissions during 2022, adding emissions in respect of refrigerants use and fleet, and including DPO emissions (including a pro forma 2021 for comparison purposes[1]). Following this methodology, the total estimate of our Scope 1 & 2 emissions in 2021 was 1,807 tons CO_2e. In 2022 the equivalent measure was 1,907 tons CO_2e, or 1,344 tons CO_2e taking into account the purchase of RECs equivalent to 564 tons CO_2e.

Reduction pathway:

The key starting point for our plans to reduce our carbon footprint is an accurate measure of our current emissions. Our primary focus during 2022 has been on refining our measure of Scope 1 & 2 emissions and gathering data and creating a methodology for estimating Scope 3 emissions. We have worked to deliver estimates that are as robust as possible.

Having established this baseline, we have implemented certain measures over the course of 2022 to reduce our carbon emissions, including for example installing a more efficient HVAC (heating, ventilation and air conditioning system) and sun reflective window screens in our Sharjah (UAE) offices. We have also worked to assess the viability of additional more substantial measures to reduce our Scope 1 & 2 emissions, including the use of Power Purchase Agreements (PPAs) for renewable energy.

We will report on progress against such measures in our 2023 Annual Report, and describe any further measures that have been put into planning or execution over the course of the year.

Our first priority is to reduce Scope 1 & 2 emissions by as much possible, using measures proportionate to our size, carbon footprint and resources.

In practice, however, we may not be able to entirely eliminate our Scope 1 & 2 emissions: there will be a residual level of emissions after implementation of the above measures. Our stated confidence in achieving carbon neutrality on Scope 1 & 2 emissions before 2030 will require some supplementing, with the purchase of unbundled RECs and/or certain types of carbon offsets to eliminate residual emissions.

We believe that the purchase of unbundled RECs and the use of certain types of offsets, while imperfect, represents a valid and legitimate approach to the elimination of residual emissions and achievement of carbon neutrality in time. Unbundled RECs are a means of securing energy supplies from the grid that are certified as being derived from renewable sources. Over time, greater demand for RECs is expected to spur greater supply of renewable energy.

While we are at the planning stage in terms of measures to materially reduce our residual emissions, in 2022 we purchased unbundled RECs for an aggregate 679 MWH/ 564 tons CO_2e. RECs backed by International-Renewable Energy Certificate (I-REC) Standard were purchased from renewable energy suppliers in South Africa and UAE.

In UAE, the purchased RECs link our energy consumption to production at Maktoum Solar Park Phase 3 – a solar farm with ground mounted photo-voltaic cells. In South Africa, the purchased RECs link our energy consumption to production at a solar farm at Kalkbult – again deploying ground mounted photo-voltaic cells.

The majority of the RECs were purchased in South Africa given the higher carbon reduction impact reflecting the greater usage of coal in power production in this jurisdiction. Purchases in South Africa were capped at 560 MWh/501 tons CO_2e, equal to our power consumption, while purchases in UAE were capped at 119 MWh/63 tons CO_2e. The purchase of RECs in UAE and South Africa in aggregate reduced our 2022 Scope 1 & 2 emissions from 1,907 tons CO_2e to 1,344 tons CO_2e. This represents a 26% reduction on our revised 2021 emissions (using the new measure including DPO, fleet and refrigerants) of 1,807 tons CO_2e.

1 DPO was acquired on 28 September 2021. Pro forma data is presented for information only, comparing 12 months of DPO in 2022 to 12 months in 2021.

Scope 3 carbon emissions

Measurement:

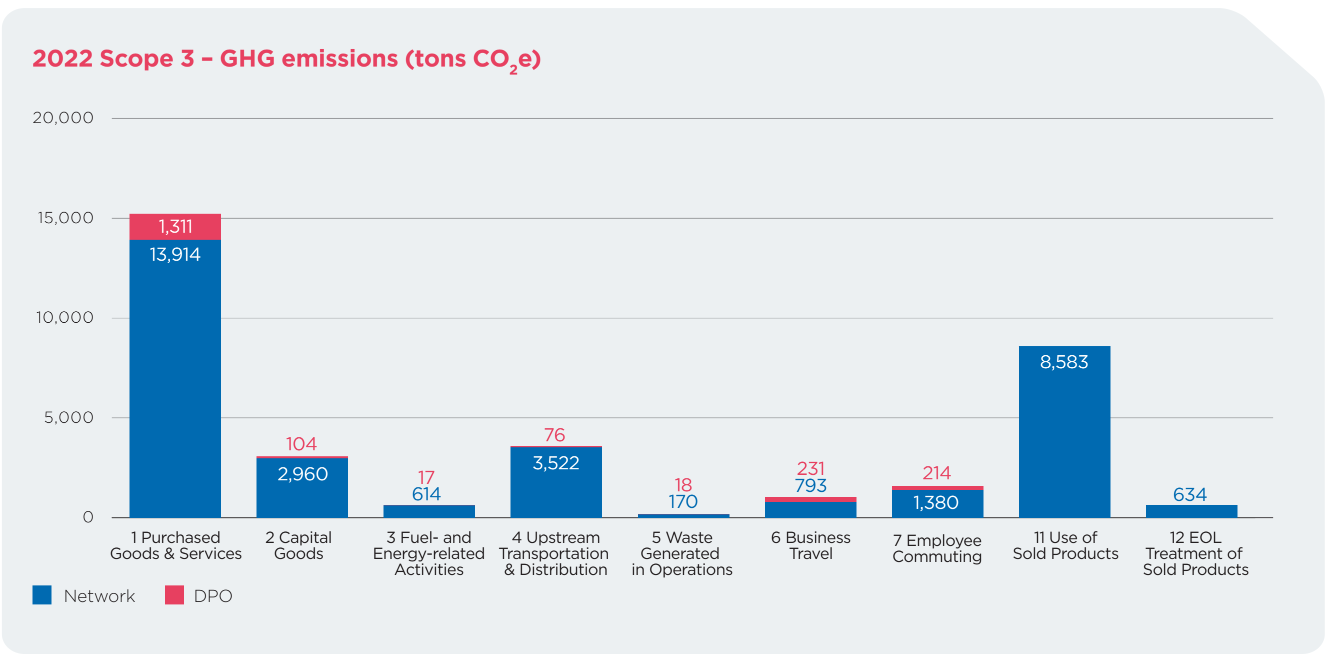
In our 2021 Annual Report, only the 'Business Travel' category of Scope 3 emissions (507 tons CO_2e) was reported. Using an expanded methodology, we have this year estimated our total Scope 3 emissions across all categories at 34,540 tons CO_2e for 2022 and 32,531 tons CO_2e for 2021 (2021 being pro forma for full year DPO contribution). This methodology analysed data across all 15 categories of Scope 3 emissions (as defined by the GHG protocol). Categories relevant to the Group were identified, with the 'Purchased Goods and Services' category being the highest single contributor of emissions in 2022 at 15,224 tons CO_2e (44% of the total).

2022 total Scope 3 emissions were determined using available customer and supplier data, estimates and spend data. The split between tons of emissions calculated from actual absolute data, spend data and estimated using proxies is 32%/63%/5%. The most significant factor in the 6% increase in Scope 3 emissions from 2021 to 2022 is the increase in POS terminals provided to customers, and corresponding increase in lifetime energy consumed by these terminals. In 2023, we intend to focus on reducing our dependency on proxy based estimates and spend data to improve the quality of our Scope 3 measurement. The below chart provides a breakdown of the total Scope 3 emissions across the relevant categories in 2022:

Reduction pathway:

Having established for the first time this year an estimate of our total Scope 3 emissions, our plans for reducing Scope 3 emissions will be advanced in the coming year. We will identify and prioritise the most impactful measures, and seek to integrate emissions reduction into our business practices and policies, including procurement.

We will work towards developing a strategy and associated actions designed to contribute to a reduction in our Scope 3 emissions over time. We will also consider appropriate frameworks to establish the quantum of annual Scope 3 emissions reductions that we could target in due course in support of ultimately implementing a time-bound target for reaching net zero emissions.



Emissions KPIs:

Though not formal ESG KPIs, we track certain other measures across the Group. Water consumption[1] is estimated at 1,253,258 gallons in 2022 versus 1,120,305 gallons in 2021.

In 2022, we recycled 3 tons of paper waste from our UAE offices alone, compared to 2.6 tons in 2021.

1 Water consumption data covers office premises in UAE, Egypt, Jordan and South Africa for 2022. For 2021 South Africa data is excluded due to office consolidations occurring after the completion of the acquisition of DPO part way through the year. Data for other office premises is not available.

Group KPIs	2021	2022	Targets
Gross CO_2 emissions – Scope 1 tons CO_2e	194	210	Year-on-year reductions consistent with 2030 carbon neutral target
Gross CO_2 emissions – Scope 2 tons CO_2e	1,613	1,134	
Gross CO_2 emissions – Scope 3 tons CO_2e	32,531	34,540	First intermediate targets to be set in 2023 for 2024
Gross Scope 1 & 2 emissions relative to revenue ($KgCO_2$/$m revenue)	0.005 Kg CO_2e per dollar of revenue	0.003 Kg CO_2e per dollar of revenue	Year-on-year reductions consistent with overall targets
Carbon intensity (Scope 1 & 2 emissions) per employee	1.02 tons of CO_2e per employee p.a.	0.7 tons of CO_2e per employee p.a.	Year-on-year reductions consistent with overall targets

Executive Summary

In our 2021 Annual Report and Accounts we set out for the first time a set of TCFD disclosures.

These disclosures focused on governance, strategy, risk management, and metrics and targets (all four pillars of TCFD). This year, we have progressed our TCFD work and substantially closed remaining gaps in our disclosure, focusing on two key workstreams: 1) emissions measurement and reduction pathway analysis; and 2) climate scenario analysis. This work has been supported by our climate strategy advisor, Corporate Citizenship (part of SLR), and overseen by the TCFD working group. The TCFD working group is made up of key Network staff and our climate strategy advisors. As a result, we are pleased to provide here a more comprehensive set of TCFD disclosures, providing greater depth across the TCFD recommendations, and new information about our strategy for managing climate-related risks and opportunities.

The emissions measurement and reduction pathway workstream examined different measures the Group could take to reduce Scope 1 & 2 emissions. Most of the Group's emissions are from the use of electricity. While there are several good practice measures the Group has undertaken or will undertake to reduce electricity consumption, the key levers available to the Group to deliver a substantial reduction in Scope 1 & 2 emissions are the purchase of RECs and/or entering into renewable PPAs. During 2022, the Group purchased RECs with an equivalent carbon reduction impact of 564 tons CO_2e. During 2023, the Group will continue to assess whether ongoing purchases of RECs, or entering into PPAs where feasible, or some combination of the two or other measures, represent the most appropriate way forward against our emissions reduction objectives.

Under the climate scenario analysis workstream we have identified and prioritised climate-related risks and opportunities and quantified where possible their potential financial impact on the business. Building on this information we will enhance our Key Risk Indicators (KRIs), providing a more reliable framework for monitoring climate-related risks and determining over time whether changes to our strategy are required as risks evolve. Progress on this last workstream is ongoing and will be disclosed in our 2023 TCFD report.

The climate scenario analysis workstream first identified a long list of climate-related risks and opportunities relevant to the Group. These risks were scored over the short, medium and long term, as well as across three climate scenarios. The scores were validated by the TCFD working group and members of the Group Executive Committee. Of the top 10 risks, the following four were mapped to risk factor pathways and value drivers were modelled:

Figure 1: Risks mapped to risk factor pathways and value drivers for quantification

Risk	Risk factor pathway	Value drivers modelled
Increasing energy costs	Direct emissions costs and indirect emissions costs	Electricity, fuel & carbon costs
Costs associated with decarbonisation	Incremental low-carbon capital expenditure and avoided risk	RECs, PPAs, Electric Vehicle (EV) costs, and shadow cost of carbon
Reduced payments revenue due to GDP loss	Incremental revenue	GDP impact on revenue and TPV
Physical damage from extreme weather events to the Group's facilities and the infrastructure serving them	Physical risks	Country risk profiles & physical risk assessments at key sites

Risks related to 'increasing energy costs' and 'costs associated with decarbonisation' were quantified using a model which calculated the costs of electricity, fuel, carbon emissions, RECs, PPAs and EVs, based on three climate scenarios and three 'decarbonisation scenarios'.

Conclusions: This model's outputs support the implementation of a more ambitious decarbonisation scenario in two ways. Firstly, the model indicates that, when assuming an Orderly or Disorderly transition scenario, and factoring in the shadow costs of carbon, the least ambitious decarbonisation scenario is potentially more expensive than the more ambitious decarbonisation scenarios (see Figure 11). Secondly, the model indicates that the increased costs to the Group from more ambitious decarbonisation strategies are relatively minor, ranging from USD 168k to USD 894k over the period 2022 – 2040 measured in terms of net present value (see Figure 12). Although the model does not yet capture all costs associated with decarbonisation, such as capital costs required for PPAs, these numbers are relatively low compared with Group 2022 net income of USD 80 million.

Risks related to 'reduced payments revenue due to GDP loss' were quantified in two steps. First, by modelling the current relationship between GDP and revenue and TPV using Network International's historical data from 2017 to 2021, and World Bank GDP data. Second, by applying this relationship to future GDP data from the NGFS REMIND MAgPIE model.

Conclusions: Results from preliminary modelling projected that under all climate scenarios analysed, climate change is projected to negatively impact both the Group's TPV and revenue. This negative average annual impact is projected to increase from 2023 through to 2040. The analysis showed that the estimated annual loss due to climate change in 2040 will be of a comparable range or less than current year-on-year variability in revenue and TPV. The Group acknowledges the limitations of this preliminary analysis and will consider how it can improve its understanding by more accurately and precisely mapping the existing and projected impact of climate change on TPV and revenue pathways in future.

For **risks related to 'physical damage from extreme weather events to the Group's facilities and the infrastructure serving it'**, two value drivers were explored: country risk profiles using consolidated risk scores from a range of indices, and qualitative physical risk profiles.

Climate risk ratings from three different indices were consolidated to give an indication of the countries which are considered most vulnerable to climate change risks. Consolidated scores were assigned by rank order based on average ranking of each individual index.

Conclusions: These scores showed that the more vulnerable countries do not represent a significant share of the Group's historical revenue, and the highest earning countries were generally less vulnerable to the physical impacts of climate change.

Qualitative physical risk profiles were created for five key countries, using information from the World Bank and World Resources Institute Aqueduct Water Risk Atlas. This work provided a high-level view of physical climate risks, which can inform future climate scenario analysis.

The physical risk assessments were conducted on five key sites by estimating value at risk using data from climate specialist, CLIMSystems. The values at risk considered 13 different climate variables across several different scenarios and time horizons.

Conclusions: Air heatwave days is the most important climate variable as it creates the greatest value at risk to all sites. Increases in air heatwave days and maximum temperature lead to risks that include increased costs to cool buildings, overheating of building mechanisms, deterioration of building materials, and loss of productivity due to employees experiencing heat stress, fatigue, and negative effects on their health. Mean sea level rise and extreme water level are also two important variables that lead to risks that include flooding, accelerating storm surge impacts, saltwater corrosion as the groundwater table rises, damage to underground cables, and loss of productivity if facilities are out of service. To mitigate these risks, the Group will focus on adaptation options. Examples may include the installation of flood-resilient materials and mechanisms to cool buildings, and investment in reinforcing structures. Overall the analysis shows that value at risk from climate change as a result of physical damage to Group properties (most of which are leased) or reduction in productivity is not material in the context of the Group's market capitalisation.

TCFD Report 2022

Network International (the Group) welcomes the TCFD recommendations as a useful framework to communicate the results of our climate scenario analysis, and our plans to enhance climate resilience. Although the Group is not a carbon intensive business, we recognise the need to assess the broader potential market impacts from climate change.

The Group has made climate-related disclosures consistent with the TCFD recommendations and recommended disclosures, in accordance with the FCA Listing Rule LR 9.8.6R(8) on pages 58 to 77. The table opposite shows where disclosures for each recommendation can be found. The Group's compliance status is based on an assessment of disclosures against the recommended elements outlined in the TCFD recommendations report (2017) and the TCFD Implementing Guidance (2021).

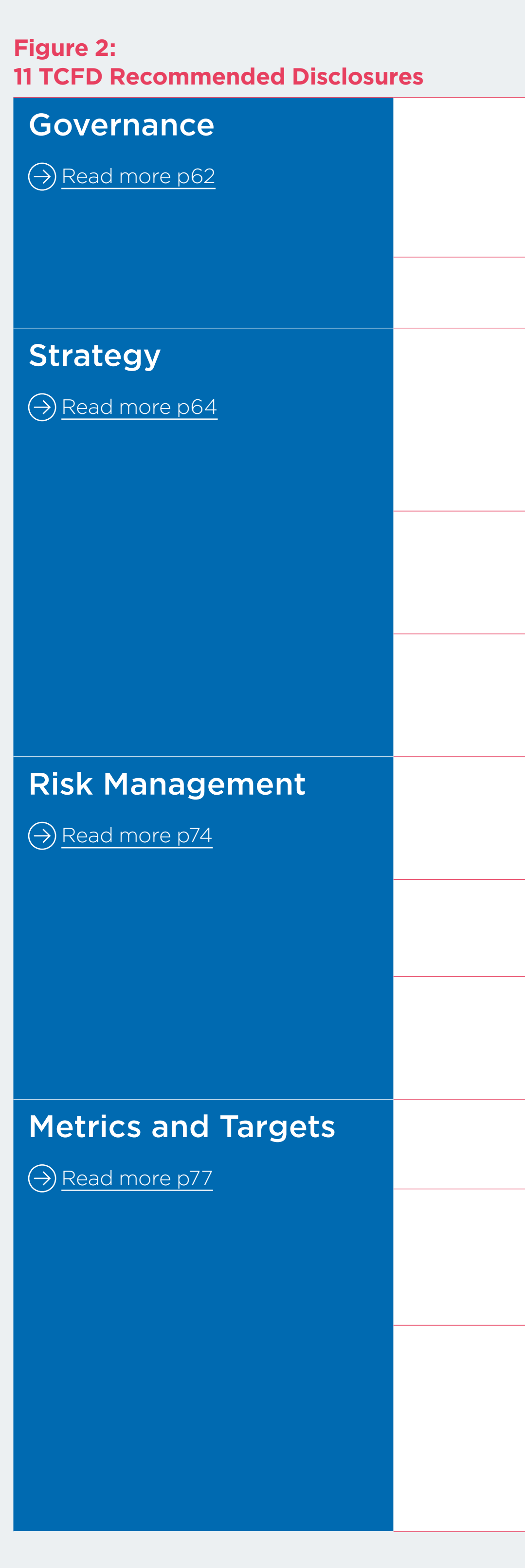


Figure 2:
11 TCFD Recommended Disclosures

	Reference	Compliance status	Key actions
a) Board oversight	Core Information: pages 62–63	Disclosed	The Audit Committee has overseen the development and implementation of the ESG programme, including TCFD, on behalf of the Board. The focus of the Audit Committee has been on the setting of viable targets, the workstreams to deliver them and, in conjunction with the Risk & Technology Committee, the assessment of the associated risks.
b) Management's role	Core Information: page 63	Disclosed	The Group Chief Financial Officer and Group Chief Strategy Officer are chiefly responsible for ESG, including TCFD.
a) Climate-related risks and opportunities	Core Information: pages 66–67	Disclosed	Climate-related risks and opportunities were identified and scored over short-, medium- and long-term time horizons, considering different future global warming scenarios. This work is in its relatively early stages of development and the Audit Committee, in conjunction with the Risk & Technology Committee, will continue to review, refine and monitor the analysis as part of its governance work.
b) Impact of climate-related risks and opportunities	Core Information: pages 67–73	Disclosed	Climate scenario narratives were developed and the financial impacts of key climate-related risks were modelled.
c) Resilience of the organisation's strategy	Core Information: page 73	Disclosed	As a relatively low emitter, the Group has low exposure to transition risk. We will continue to monitor the extent to which the countries within which we operate are exposed to climate change and consider how to increase our resilience.
a) Identifying and assessing climate-related risks	Core Information: page 66	Disclosed	Climate change is also considered a cross cutting risk which has the potential to intensify many of the Group's principal risks.
b) Managing climate-related risks	Core Information: pages 66, 74–76	Disclosed	
c) Integration into overall risk management	Core Information: page 74	Disclosed	
a) Climate metrics	Core Information: page 77	Disclosed	The outputs of the climate scenario analysis and impact quantification process provided metrics which the Group will track going forward to monitor risk.
b) GHG emissions	Core Information: page 57, 77	Disclosed	Greenhouse gas emissions in 2022 were quantified as Scope 1 – 210 tons CO_2e Scope 2 – 1,134 tons CO_2e market-based (taking into account the purchase of RECs equivalent to 564 tons CO_2e) Scope 3 – 34,540 tons CO_2e
c) Climate targets	Core Information: page 77	Partially disclosed	We are confident that we will be carbon neutral on Scope 1 & 2 emissions before 2030. By carbon neutral we mean the elimination or offsetting of Scope 1 & 2 emissions, either through physical emissions reductions, or as regards residual emissions via purchases of RECs or appropriate neutralisation offsets. We are continuing to explore a range of target setting frameworks and intend to disclose formal targets in future TCFD reports aligned to the Paris Agreement.

Governance

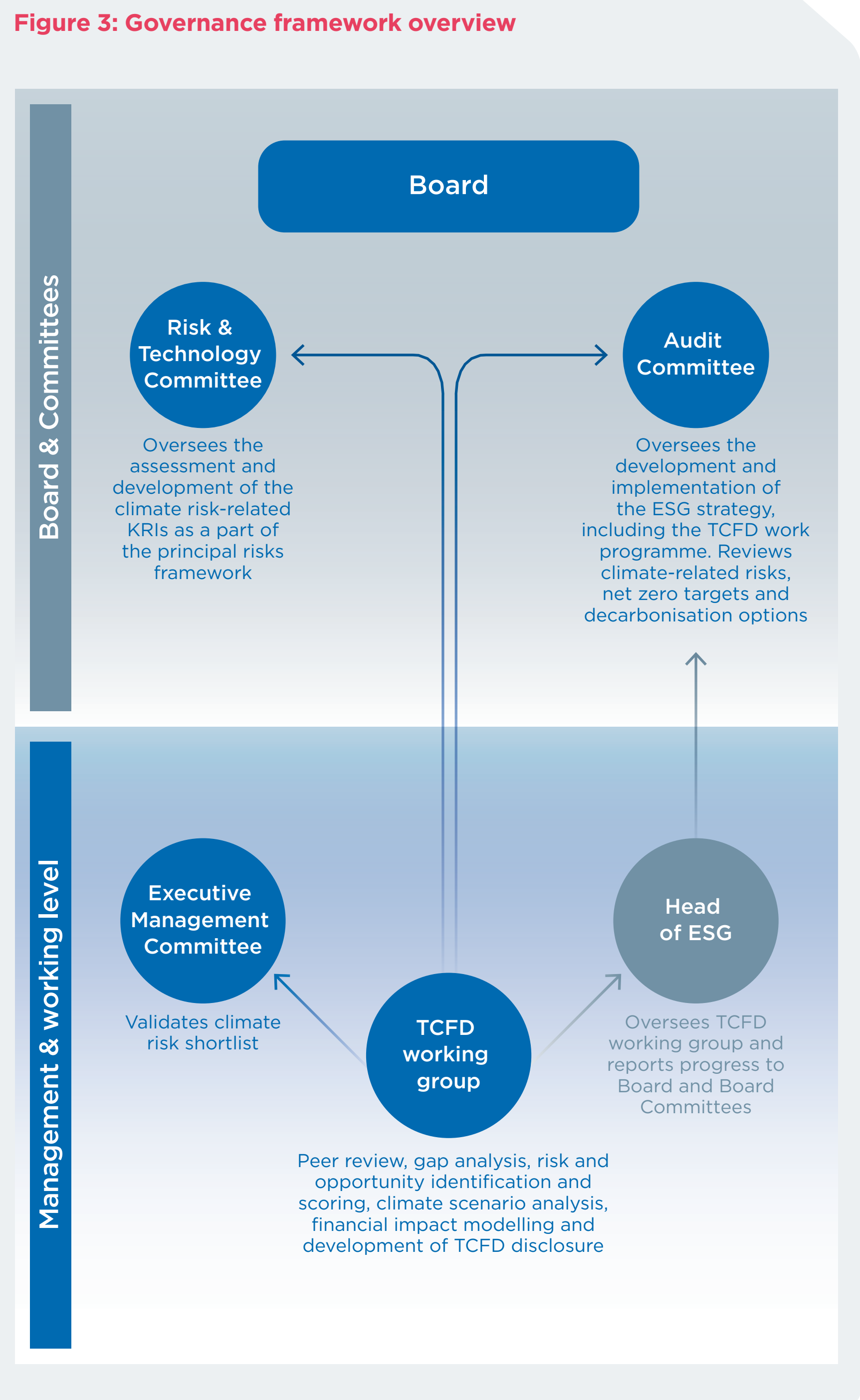
Board oversight

The Board of Directors has oversight of, and accountability for, the Group's climate change strategy, as part of the wider ESG strategy, which includes TCFD. The Group is following the TCFD framework guidance as it seeks to increase resilience to climate change and adjust its strategy accordingly. This year the Board, through the Audit Committee, oversaw management's work to improve understanding of the Group's exposure to climate-related risks and opportunities so that these can be appropriately considered in discussions regarding risk management and strategy planning (Figure 4).

The Audit Committee has oversight of the ESG work programme, including TCFD. This Committee is comprised of four Directors and is chaired by Darren Pope, Senior Independent Director. The Audit Committee is focused on the setting of viable targets, the workstreams to deliver them, and, in conjunction with the Risk & Technology Committee, assessment of the associated risks. The Audit Committee receives regular updates from the Group Chief Financial Officer and Group Chief Strategy Officer, who is the Executive Committee member responsible for the ESG function and is Corporate Development.

The in-house TCFD working group, which undertook the bulk of the TCFD work, provided regular reporting to the Audit Committee. The Group's climate change governance framework is outlined in Figure 3.

Figure 3: Governance framework overview



Climate change is discussed regularly by the Board and the Board Committees. The Audit Committee received presentations throughout 2022 on climate-related risks and on options to deliver carbon neutral status before 2030, and further engagement workshops are scheduled to take place in 2023. The Nomination Committee is required, among other things, to consider the balance of skills, experience, independence, knowledge and diversity on the Board, and the future challenges affecting the business, and would give appropriate weight to the climate change considerations while recommending new appointments.

The table below summarises the key engagements for climate-related matters throughout 2022.

Figure 4: Board engagement related to climate change in 2022

Date	Audience	Topic
Board		
April	Audit Committee	ESG strategy
June	Audit Committee	ESG update
August	Audit Committee	ESG strategy, TCFD, Emissions reductions
October	Audit Committee	TCFD, Emissions reductions

Management's role

Management engaged with climate-related matters through the ERMF, as outlined in the risk management section. The TCFD working group interviewed senior management as part of the TCFD process, including verifying risks and opportunities. Through 2022, management personnel from across the business discussed their roles and responsibilities in relation to climate change and TCFD. Members of the management team involved with these discussions included: the Group Financial Controller, the Head of Financial Reporting, the Group Risk Officer, the Company Secretary, the Head of Investor Relations, the Group Head of Procurement and the Group Head of Administration and Facilities.

Strategy

While the Group is a relatively low emitter of greenhouse gases due to the nature of our operations, we recognise that there are still potential climate risks and opportunities that need to be taken into account. As a result, climate change is a key consideration in defining the strategic direction of our business. We are working to reduce emissions and proactively manage our climate risks and opportunities. In order to create a strategy that is resilient to a range of possible climate change outcomes, we have conducted a detailed scenario analysis exercise in line with the TCFD's recommendations and guidance. During 2023 and beyond, we will continue to review and refine our strategic analysis through our governance structures and the outcome of the analysis will become a proportionate input into our strategic planning considerations.

This section outlines the purpose of scenario analysis, the process followed, the results, and how they will be integrated into our strategy, as well as our plans to build on this analysis in the future.

The climate scenario analysis process

Climate scenario analysis is the practice of examining different hypothetical but plausible climate futures and exploring what those futures might mean for an organisation, then developing plans and strategies based on what is learned. There is considerable uncertainty associated with the impact of climate change on the Group but climate scenario analysis is undertaken to improve the Group's risk management and decision making in response to the climate future which does materialise. Climate scenario analysis is not intended to be a set of predictions about the future. Rather, it helps to bring key uncertainties for the Group into focus, to inform good strategic planning and risk management.

The climate scenario analysis process includes both qualitative and quantitative approaches. As part of the process, Corporate Citizenship, our climate strategy advisors, assisted with the development of several scenario narratives; scoring of key risks; identification of value drivers; and the creation of a model to quantify the financial impact of climate change in various scenarios.

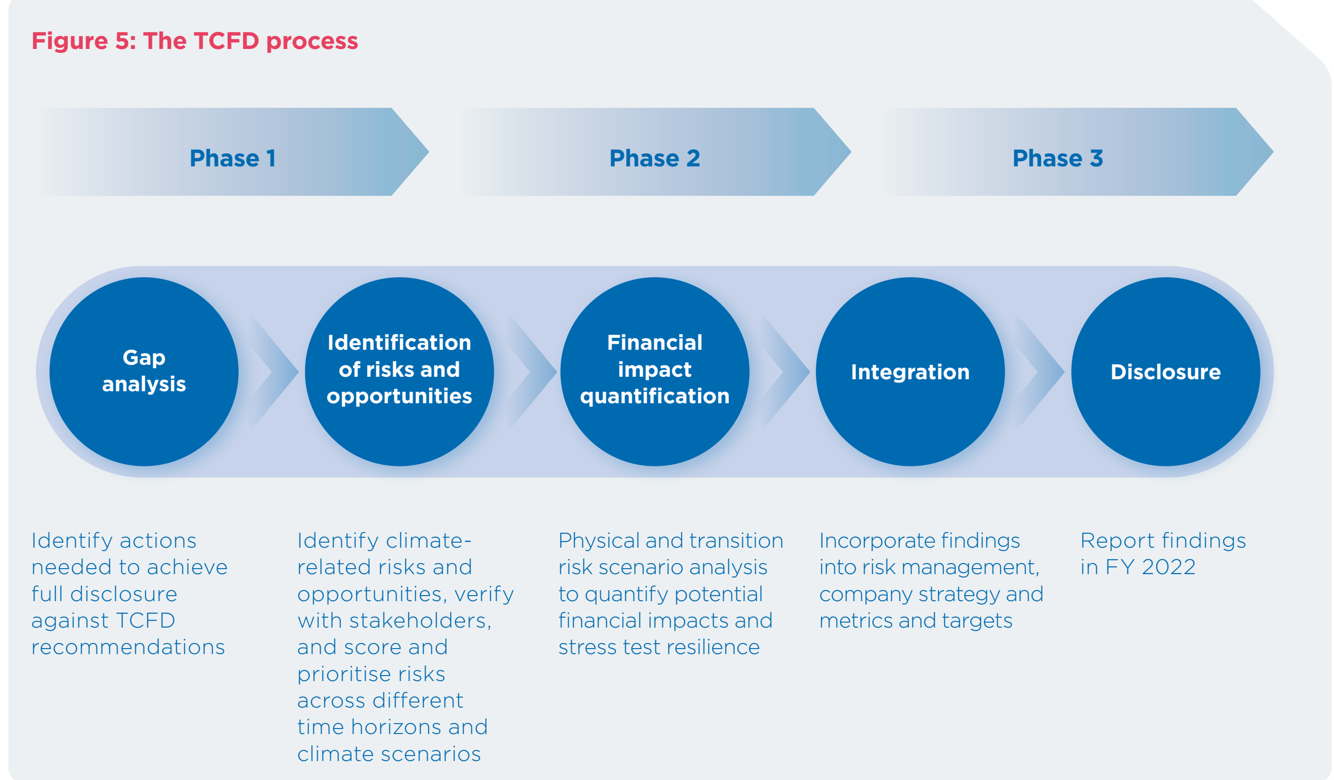


Figure 6: Network for Greening the Financial System (NGFS) Climate Scenarios

NGFS Climate Scenarios			
Scenario category	**Orderly Transition**	**Disorderly Transition**	**Hot House World**
Description	Orderly scenarios assume climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.	Disorderly scenarios explore higher transition risk due to policies being delayed or divergent across countries and sectors. For example, carbon prices are typically higher for a given temperature outcome.	Hot House World scenarios assume that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming, The scenarios result in severe physical risk including irreversible impacts like sea-level rise.
Scenario category	**Net Zero 2050**	**Delayed Transition**	**Current Policies**
Description	This scenario limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050.	Delayed Transition assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.	Current Policies assumes that only current implemented policies are preserved, leading to high physical risks.
Temperature increase by 2100	1.4°C	1.6°C	3.0°C+

Timeframes and transition scenarios

Risks were considered across three time horizons to identify short-, medium-, and long-term risk priorities. The time horizons, which align to the Group's existing risk management framework, were:

- Short-term: equivalent to 0–2 years.
- Medium-term: equivalent to 2–10 years.
- Long-term: equivalent to >10 years.

For the quantitative scenario analysis, the financial impacts of key risks and opportunities were modelled out to 2040, which was judged to be a reasonable timeframe for producing decision-useful analysis.

Climate projections were taken from the suite of climate models published by NGFS, a consortium of central banks providing scenario analysis tools. These models were used to inform risk scoring across time horizons and for the financial impact quantification. The NGFS climate projections used are derived from the following representative scenarios: Orderly Transition, Disorderly Transition, and Hot House World. These are illustrated in Figure 6.

Climate scenario narratives

The TCFD working group developed a series of climate scenario narratives, which are descriptions of how climate change scenarios could impact the Group. These narratives supported the identification of climate-related risks and opportunities, and of value drivers which were used to quantify the impact of these risks.

In an Orderly Transition scenario, regulatory and market action is taken early to reduce emissions. Energy costs may increase in the near term, but there could be financial benefits for the Group as a result of reducing emissions. Geopolitical risk increases are likely, but these effects are less than in Disorderly Transition and Hot House World scenarios. While physical risks are also less significant in this scenario than in a Disorderly Transition or a Hot House World scenario, they should still be incorporated into risk management.

In a Disorderly Transition scenario, climate policies are delayed or divergent across different countries and sectors. Emissions increase throughout the 2020s, followed by a sharp decrease in the 2030s as policies are implemented. Increase in temperature is kept to below 2°C, but temperature rises more than in the Orderly Transition scenario. More frequent droughts could impact labour productivity, resulting in significantly reduced GDP. This could reduce disposable income and impact the Group's payments revenue. More extreme weather events and a long-term rise in temperature could impact the Group's employees and the infrastructure on which its operations rely, making adaptation planning particularly crucial.

In a Hot House World scenario there are no new policies to address climate change. This may keep energy costs lower than in an Orderly Transition or a Disorderly Transition scenario, but the impact of the acute and chronic physical impacts on GDP could severely impact payments revenue. Geopolitical risk could be further heightened compared to an Orderly Transition or a Disorderly Transition scenario, and the effects of extreme weather events would need to be carefully planned for.

Strategy (continued)

Climate-related risks and opportunities

The key risks and opportunities are summarised in Figure 7. Climate-related risks are listed in order of total risk score (i.e. the sum of all risk scores across the three climate scenarios and the three timeframes). The colour indicates the severity of the risk from green (low risk score) to red (high risk score).

These scores should be read and understood in the context of our overall assessment that the Group is a relatively low risk business from a climate change perspective. The red assessment below should be read as a higher risk item for a generally low risk business, and one that is likely to be manageable and unlikely to carry a fundamental impact. These red items will be given relatively greater attention and oversight in coming years.

These risks have been incorporated into the Group's existing risk management framework, the ERMF, and KRIs have been agreed so that climate-related risks can be effectively monitored.

Figure 7: Key climate-related risks

Risk	Short Term			Medium Term			Long Term			Management response	Related metric
	Orderly	Disorderly	Hot House	Orderly	Disorderly	Hot House	Orderly	Disorderly	Hot House		
Physical risks											
Physical damage from extreme weather events to the Group's facilities and the infrastructure serving it										Incorporate climate considerations into existing ERMF. Develop de-risking strategy for facilities which ensures that key sites and backup sites are not exposed to the same risks from extreme weather events.	Value at risk
Changes to climate and extreme weather events negatively impacting employees										Ensure suitable working conditions. This includes temperature control in offices, implementation of flexible working hours where appropriate, encouragement of regular breaks, and provision of education to staff on how to prevent heat stress.	–
Transition risks											
Reduced payments revenue due to disruptions to the economy and reduced GDP										Carefully monitor KRIs. Use this monitoring to inform strategic decision making on, for example, acquisitions, strategic investments, and which countries to focus operations in.	Change in Total Processed Volume
Reduced payments revenue due to geopolitical disruptions caused by climate change										Carefully monitor KRIs. Use this monitoring to inform strategic decision making on, for example, acquisitions, strategic investment, and which countries to focus operations in.	–
Loss of market share, revenue, reputation, due to consumer and client sustainability demands										Continue to decarbonise operations, incorporate climate considerations into Company strategy and risk management, and ensure this is communicated to stakeholders. Explore options to develop more circular products and materials, and reduce energy consumption.	–
Costs from adopting products, services, or technologies to decarbonise										Continue careful planning and modelling of key value drivers. The Group has modelled decarbonisation options as part of its emissions workstream to determine appropriate timing and minimise execution risk.	Decarbonisation cost
Climate change leading to increasing energy costs and increasing energy requirements										Purchase of RECs and potentially entering into Power Purchase Agreements.	Fuel cost
Reduced access to capital or higher capital costs due to investor sustainability demands										Continue to implement and consider accelerating decarbonisation timeline, and effectively communicate this to stakeholders. Continue work to understand and report climate-related risks in line with the TCFD guidance. Incorporate climate considerations into Company strategy and risk management.	–
Failure to meet climate-related legislation requirements increasing 'compliance risk'										Proactively monitor and manage climate-related legislative requirements.	–

Low risk   Medium risk   High risk

Climate-related opportunities

Climate-related opportunities are shown in Figure 8, with the lighter blue representing a lower score and the darker blue representing a high score. Our most significant opportunity in the near term is moving to lower emissions energy sources, reducing costs and increasing climate resilience by lowering exposure to electricity prices. In the medium term, developing new partnerships and products relating to decarbonisation of the global economy is likely to be a key opportunity. In the long term, developing partnerships with stakeholders concerned with climate-related payments data may increase in value.

Figure 8: Key climate-related opportunities

	Short Term (0–2 years)	Medium Term (2–10 years)	Long Term (10+ years)
High level opportunity	**Opportunity score**	**Opportunity score**	**Opportunity score**
Switching to low emissions energy sources such as solar panels and EVs to reduce costs, increase resilience, and improve reputation			
Partnerships, products, and services for low emissions transport payments			
Partnering to provide merchants, banks and consumers with climate related data/info associated with transactions			
Partnerships, products, and services for 'sharing' and 'circular' economy payments			
Partnerships, products, and services for resilience, disaster relief, and insurance payments			
Improving the efficiency of data storage, transfer, and processing to save energy, cost, and storage space			
Reducing e-waste, re-using, re-selling, and recycling components, engaging with suppliers to reduce the emissions of purchased components			

Low Medium High

Financial impact quantification

As part of the impact quantification process value drivers were selected to model financial impact for the key risks identified, as shown in the table below. As well as modelling financial impact, projections of value at risk were produced to evaluate asset level physical risk at key sites. Qualitative physical risk profiles were also created for key countries, and an assessment of vulnerability to climate risk was undertaken by consolidating scores from a range of climate indices.

Figure 9: Value drivers for financial impact quantification

Risk	Risk factor pathway	Value drivers modelled
Increasing energy costs	Direct emissions costs and indirect emissions costs	Electricity, fuel and carbon costs
Costs associated with decarbonisation	Incremental low-carbon capital expenditure and avoided risk	RECs, PPAs, EV costs, and shadow cost of carbon
Reduced payments revenue due to GDP loss	Incremental revenue	GDP impact on revenue and TPV

Strategy (continued)

Value driver	Approach
Electricity, fuel and carbon costs **RECs, PPAs, EV costs, and shadow cost of carbon**	These two value drivers were quantified using a model which altered the prices of fuel, electricity, RECs and carbon based on three climate scenarios: i) a 1.5°C aligned 'Orderly' transition scenario; ii) a high warming 'Hot House World' scenario; and iii) a 'Disorderly' transition scenario where climate policy action is delayed until 2030. Baseline prices were increased at percentage rates indicated by Integrated Assessment Models which varied based on climate scenario. The consumption of electricity and fuel and the level of Scope 1 & 2 emissions was altered based on business growth assumptions and three possible 'decarbonisation scenarios' where a reduction in emissions was achieved using a different combination of RECs, on-site PPAs, off-site PPAs and EVs. The projections were modelled to 2040. The shadow carbon cost was included to represent the transition risk to Network of emitting carbon and the externalities caused. Annual price was multiplied by the relevant annual consumption/emissions based on the different scenario projections up to 2040. A net present value calculation was applied to all costs up to 2040.

Figure 10: Energy, carbon and decarbonisation cost methodology

Quantification

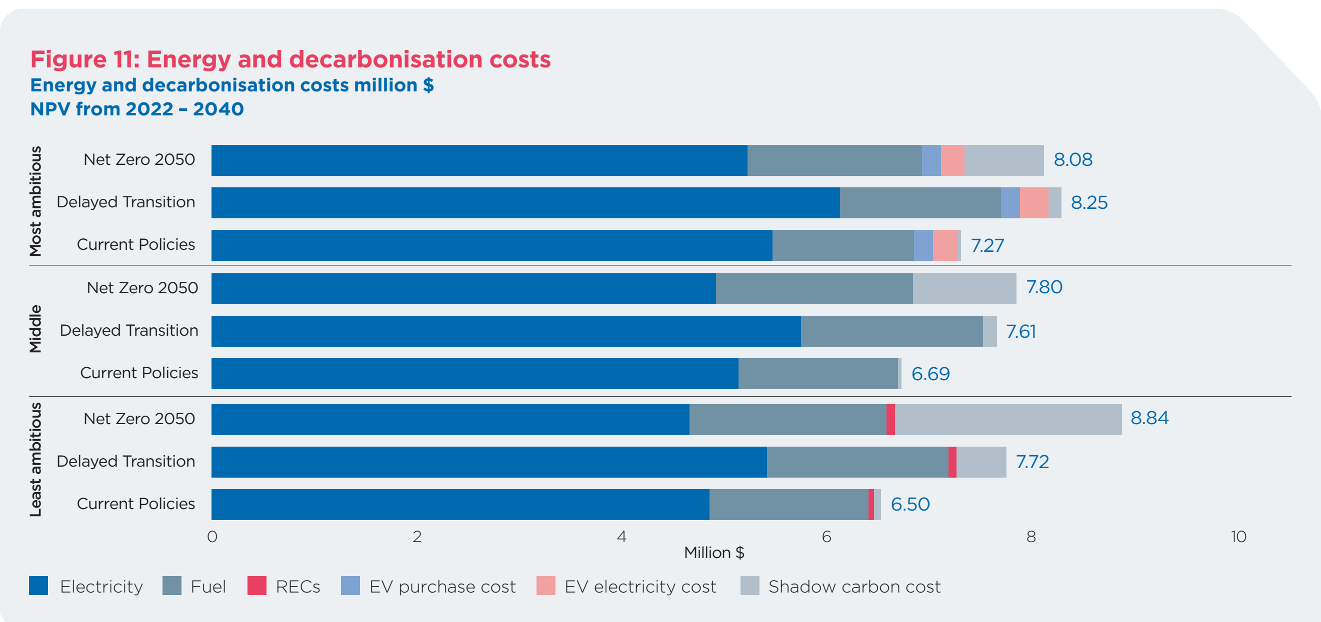


Figure 12: Provisional cost differences between decarbonisation scenarios

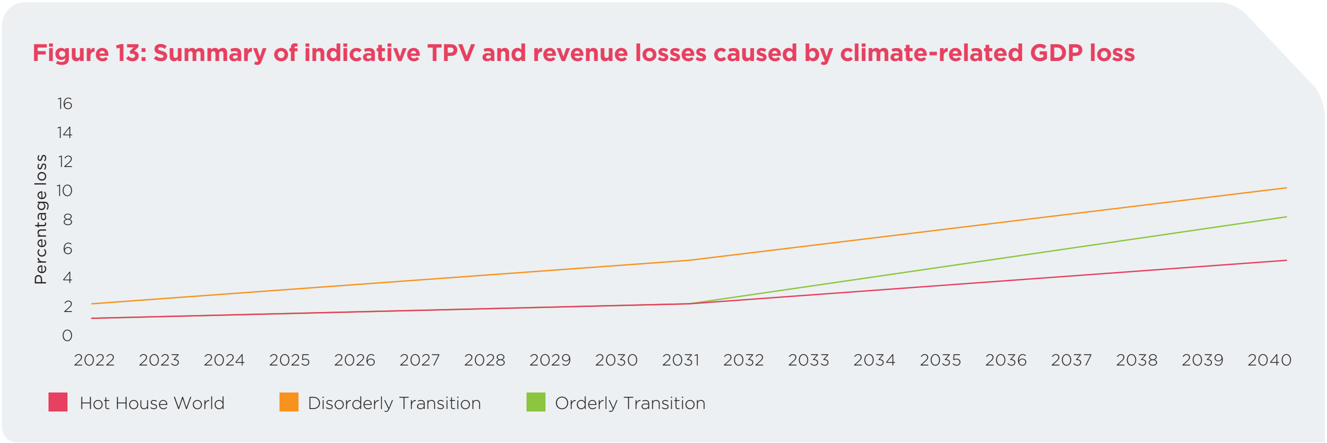
Provisional cost differences between decarbonisation scenarios[1] NPV 2022 – 2040 Excluding shadow cost of carbon ($)	Current Policies	Delayed Transition	Net Zero 2050
Most ambitious vs Least ambitious	**816,368**	**894,861**	**675,569**
Most ambitious vs Middle	**591,440**	**645,209**	**507,216**
Middle vs Least ambitious	**224,928**	**249,652**	**168,352**

1 Some significant costs associated with decarbonisation pathways are not yet captured in the model such as capital costs associated with PPAs. We are continuing to explore decarbonisation options and these figures are provisional and subject to change.

Value driver	Approach
Impact of climate change on GDP and the effect of this on transaction volumes and revenue	To quantify the climate risk to revenue streams related to direct revenue from local operations and revenue linked with the TPV for the UAE, the current relationship between these two key financial metrics and GDP was mapped using Network International's historical data and World Bank historical GDP data. These relationships were then applied to the future time series of GDP (from the NGFS REMIND MAgPIE model) using a statistical methodology which includes regression analysis, linear interpolation, and corrective factors. The climate data also includes values for damages and losses associated with physical and transitional risks. This provided an estimate for the projected nominal and net present value of revenue and TPV. Using these future timeseries, the losses and cumulative totals were calculated. We have assumed a discount rate of 12.5% and that the historic relationships remain constant into the future. A key takeaway from this finding is that with all other economic factors remaining equal, including the exposure of climate change to the Group's customers, as we move into the 21st century national GDPs around the world will become increasingly impacted by damages and losses due to climate change. Conclusions: The analysis showed that the estimated annual loss due to climate change in 2040 will be of a comparable range or less than current year-on-year variability in revenue and TPV. Results from preliminary modelling projected that under all climate scenarios analysed, climate change is projected to negatively impact both the Group's TPV and revenue. This negative average annual impact is projected to increase from 2023 through to 2040. The Group acknowledges the limitations of this preliminary analysis and will consider how it can improve its understanding by more accurately and precisely mapping the existing and projected impact of climate change on TPV and revenue pathways in future. The way this should be interpreted is that in the event the world progresses down an Orderly, Disorderly, or Hot House World, the losses that could be experienced by the Group are due to climate policy implementation costs, productivity losses and physical damages that occur within those climate scenarios.

Strategy (continued)

Quantification



Value driver	Approach
Asset level physical risk assessments of key sites	To understand how our operations may be impacted by climate change over different time horizons and scenarios we estimated value at risk (VaR) for some of our key sites, using data from climate specialist CLIMsystems. Here, VaR is defined as the extent of possible financial losses due to the physical impacts of climate change. VaRP is the value at risk regarding productivity. VaRD is the value at risk regarding property damage. Five of our sites were selected as most critical for assessment (two sites in the UAE, and one in each of South Africa, Egypt, and Jordan). These sites were selected because they are key nodes in the Group's operations. This assessment estimated the potential impact on productivity (VaRP) as well as asset damage (VaRD), driven by the change in climate indicators relating to temperature, rainfall, sea level rise, and fire risk. Change in value at risk as a result of a range of physical climate variables was estimated out to 2050 for a Disorderly Transition scenario (SSP2-4.5) and a Hot House World scenario (SSP5-8.5). The analysis showed that value at risk is expected to increase over time at all sites, with a marked increase in a Hot House World scenario. The most important climate variable is air heatwave days as it has the greatest percent change from the baseline for all five sites. Extreme water level is another important variable in sites with a lower elevation. The data indicates that Sites 1 (Al Barsha, Dubai, UAE) and 2 (Qasmiya, Sharjah, UAE) are likely to experience the greatest increase in value at risk over time. The Group only owns one of the sites analysed, Site 3 (Shmeisani, Jordan), while the other sites are rented. The full asset value of the four rented sites was estimated. It is important to note that as a tenant the Group would not incur all the VaRD costs and also that much of the damage would likely be covered by insurance. Further analysis may be undertaken in the future to more accurately determine the value at risk to the Group by taking into account factors such as these. However, the analysis we have performed in 2022 indicates that the total VaR between 2022 and 2040 (measured in terms of NPV and a 12.5% discount rate) is not material compared with the Group's market capitalisation. The analysis showed that the risk is not expected to be financially material to the Group. The Group defines 'material risks' as those likely to have a significant effect on the organisation's assessments or decisions by users of its disclosures, in line with the TCFD definition.

Figure 14: Summary of site information and the climate variables that had the greatest effect on each site

Summary of site data	Air heatwave days (days/year)	Maximum temperature	Mean sea level rise (cm)	Extreme water level (m)	Extreme precipitation (mm)
Site 1: Al Barsha, Dubai, UAE About: Hot desert climate and by the coast › Most affected by mean sea level rise, air heatwave days and extreme precipitation › Values are at risk from air heatwave days and extreme water level › Greater loss to productivity than property damage					
Site 2: Qasmiya, Sharjah, UAE About: Hot desert climate and by the coast › Most affected by mean sea level rise, air heatwave days and extreme precipitation › Values are at risk from air heatwave days and extreme water level › Greater loss to productivity than property damage					
Site 3: Shmeisani, Jordan About: Hot summer Mediterranean climate and a high elevation › Most affected by air heatwave days and maximum temperature › Values are at risk from air heatwave days and extreme precipitation › Greater loss to productivity than property damage					
Site 4: Cairo, Egypt About: Hot desert climate and a relatively high elevation › Most affected by air heatwave days and maximum temperature › Values are at risk from air heatwave days › Greater loss to productivity than property damage					
Site 5: Western Cape, South Africa About: Warm summer Mediterranean climate › Most affected by mean sea level rise, air heatwave days and extreme water level › Values are at risk from extreme water level and extreme precipitation › Greater loss to property damage than productivity					

Strategy (continued)

Figure 15: Locations for which an assessment of value at risk was carried out

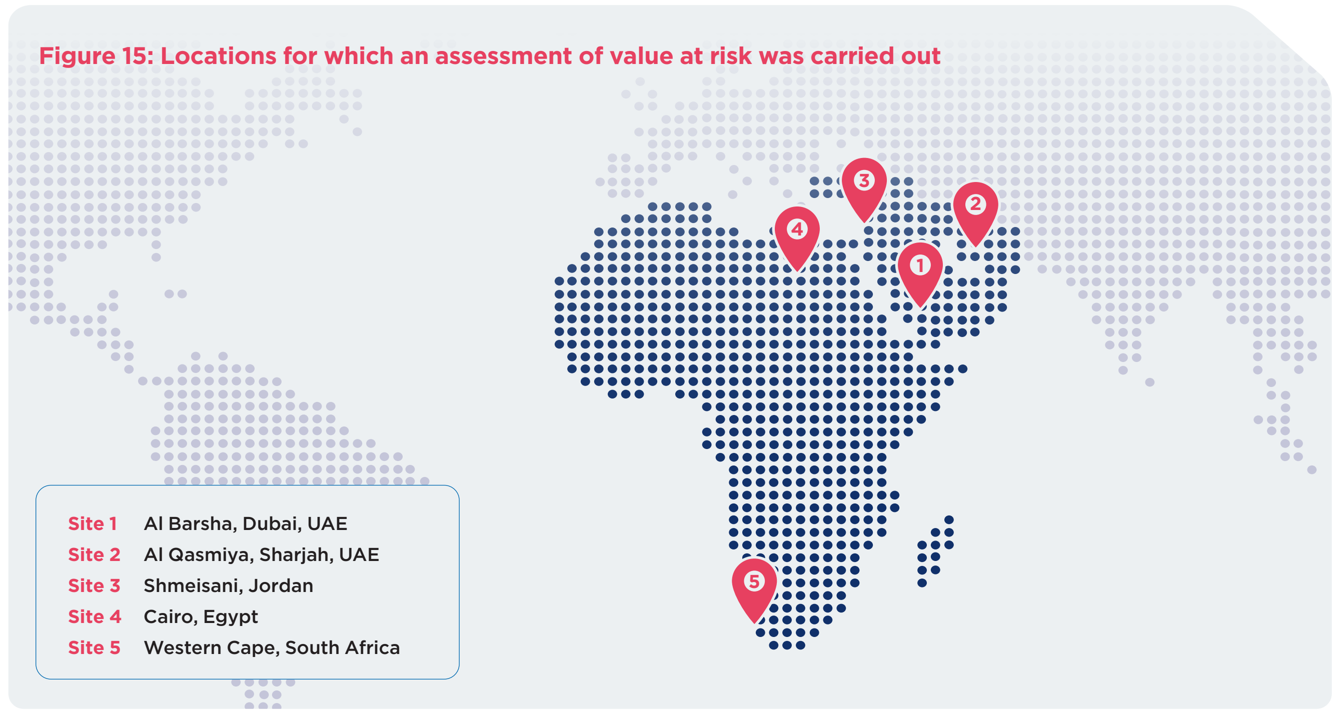


Figure 16: Total VaR results for all sites in the Hot House World from the baseline to 2050

Normalised loss – VaR (%)
0
1
2
3
4
5
6
7
Historical: 2005
2030
2050
Al Barsha
Al Qasmiya
Shmeisani
Cairo, Egypt
Western Cape, South Africa
Air heatwave days (days/years)
Extreme water level
Extreme precipitation (mm)
KBDI fire risk (%)
Maximum temperature (days higher than 35°C)
Mean sea level rise (cm)
Cooling degree days (°C day/year)
Heating degree days (°C day/year)

Quantification

VaRD and VaRP (%) results for each hazard, site and climate scenario were calculated for 2005, 2030 and 2050 by climate data provider CLIMsystems. VaRD and VaRP percentages between 2022 and 2040 were determined using linear interpolation. These percentages were applied to asset values (for VaRD) and 2021 revenues (for VaRP) of each site. Figure 16 shows the sum of VaRD and VaRP percentages for the eight most important climate variables at each site, assuming a Hot House World scenario. Asset values were given or estimated for each site and these values were multiplied by VaRD percentages to determine potential monetary loss for each climate variable and year. 2021 revenue was given for each site and these values were multiplied by VaRP percentages to determine potential monetary loss for each climate variable and year. Net present value from 2022–2040 was also calculated based on these potential monetary loss values using a discount rate of 12.5%. Results show a general trend of increased monetary loss in higher warming scenarios and over time. We have not disclosed the VaR figures in this year's report because the sums are not material in the context of the Group's market capitalisation and because of limitations in the analysis connected with the fact Network International leases and does not own the freehold to all but one of its office premises and is unlikely, therefore, to be liable for the majority of any damage to properties from climate change.

Value driver	Approach
Country risk profiles	In order to gain an understanding of vulnerability to climate risks at a country level for locations in which we operate, we have assessed a range of climate indices and ratings. We collated results from: › The Germanwatch Global Climate Risk Index, which indicates a level of exposure and vulnerability to extreme events. › The Notre Dame Global Adaptation Initiative Country Index, which summarises a country's vulnerability to climate change and other global challenges in combination with its readiness to improve resilience. › The Aqueduct Water Risk Atlas Peak RepRisk Country ESG Risk Index, which quantifies business conduct risk exposure related to environmental, social and governance issues. Consolidated scores were assigned to each of the countries in which the Group operates, by ranking order based on poorest ranking of each index.

Quantification

The consolidated scores showed that the most vulnerable countries in which the Group operates do not represent a large share of revenue based on data from 2017 to 2021. The 15 most vulnerable countries, which were all located in sub-Saharan Africa, were responsible for less than 5% of historical revenue. All but two of the top 10 highest earners based on historical revenue fell in the less vulnerable half of countries in which the Group operates, and our highest earner based on historical revenue (United Arab Emirates) was the least vulnerable to climate risks. We will continue to monitor the relationship between physical climate risks, GDP and revenue.

Value driver	Approach	Conclusions
Qualitative country risk profiles	Qualitative risk profiles were created for four key countries in which we operate: United Arab Emirates, Jordan, Egypt and South Africa. These provide a high-level overview of physical climate risk at country level.	Key physical risks were as follows: › United Arab Emirates – heatwaves and sea level rise. › Jordan – drought, extremely high temperatures, storms, landslides and flash floods. › Egypt – high temperatures, sea level rise and water availability. › South Africa – drought and desertification.

Strategic resilience to climate change: Although further work will be undertaken to assess the Group's resilience to climate change, the results from this year's climate scenario analysis indicate a resilience to climate change risks for the following reasons: 1) The Group is a relatively low emitter of greenhouse gases which limits its transition risk exposure, particularly to increased carbon taxes and energy costs. 2) It is not expected that climate change will reduce the importance or viability of payment services. 3) This year's climate scenario analysis exercise indicated that decarbonisation can be achieved at relatively low cost, and that these costs are financially immaterial in the context of Group revenue. 4) The Group's employees tend to work in temperature controlled environments and are not exposed to the elements. 5) The Group's data centres are located in environments which are already extremely hot and so the infrastructure is protected from excessive heat. 6) The Group's data centres have backup generator facilities. 7) The Group does not own the majority of its key data centres and so is insulated from much of the capital expenses which may occur when a climate hazard causes damage. 8) The VaRD and VaRP modelling indicates that the financial cost of these climate hazards is not material.

Risk management

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 consumption. We will continue to develop systems to report on GHG emissions, and to monitor the risks that a changing climate may present to our business. The Group has integrated climate risk into the ERMF and the three lines of defence model. This ensures that all tiers of the risk management structure and all risk owners are aware of standalone climate risks, and of the impact of climate on existing risks.

The Enterprise Risk Management Framework

We take a bottom-up approach to management of our climate-related risks, with the existing ERMF establishing three lines of defence. The first line is made up of the risk owners, support functions such as Operations, Finance, HR and IT. They assess Enterprise Risk Management capabilities, implement changes, and report on a quarterly basis to the Executive Committee and to the Risk & Technology Committee. The second line is comprised of compliance functions such as Regulatory, AML and Sanctions, who manage each risk division and ensure effective implementation of risk management practices. This line reports quarterly to the Enterprise Risk Management Committee and the Risk & Technology Committee. The third line of defence is made up of the Group Internal Audit and an additional assurance provision, who report to the Audit Committee. These committees oversee the ERMF and risk culture, monitor principal risks and KRIs, and report to the Board of Directors. This framework is described in detail on page 104.

Climate change is considered to have the potential to increase in significance and affect the performance of the Group. Climate change risk-related KRIs have been developed and will be monitored by risk owners under the ERMF. Performance against the KRIs will be reported to the Risk & Technology Committee and, through the Risk & Technology Committee, to the Board of Directors.

In line with best practice, climate change is also considered a cross cutting risk which has the potential to intensify many of the Group's principal risks. Extreme weather events could impact operational resiliency by causing damage to the Group's facilities and supporting infrastructure. Changes in climate and an increase in extreme weather events may exacerbate people risk by causing a deterioration in working conditions. An increase in legislative and regulatory requirements as part of efforts to address climate change is likely to increase compliance risk. The potential for climate change to disrupt economies and reduce GDP may intensify financial risk. Finally, climate change is likely to exacerbate geopolitical disruptions, which may increase the Group's geopolitical risk.

Climate impact on relevant principal risks

Operational Resiliency	People Risk	Compliance Risk	Financial Risk	Geopolitical Risk
Primary Climate Risk Physical damage from extreme weather events to the Group's facilities and the infrastructure serving it.	**Primary Climate Risk** Changes to climate and extreme weather events negatively impacting employees.	**Primary Climate Risk** Failure to meet climate-related legislation requirements increasing 'compliance risk'.	**Primary Climate Risk** Reduced payments revenue due to disruptions to economy and reduced GDP.	**Primary Climate Risk** Reduced payments revenue due to geopolitical disruptions caused by climate change.
Impact Interruption to services and operations due to impact on, e.g. mobile or internet infrastructure, or critical facilities (e.g. data centres).	**Impact** Difficulty in attracting high-calibre talent if climate credentials are weak; reputational damage if deteriorating working conditions from climate change are not addressed.	**Impact** Growing and changeable climate-related regulatory landscape increasing demands (and costs) on internal legal and sustainability teams.	**Secondary Climate Risk** Reduced access to capital or higher capital costs due to investor sustainability demands.	**Impact** Exacerbation of the potential for geopolitical disruption due to reduced disposable income, increased physical damages, economic instability, e.g. impact on GDP.

Climate change risk-related KRIs have been developed based on the Key Performance Indicators (KPIs) to monitor on a quarterly basis. In addition, Risk and Control Self Assessment (RCSA) standards have been documented for climate change-related risks, and these will be tested quarterly. The KRIs are shown in Figure 18.

The Group's principal and emerging risks are refreshed and approved by the Board twice each year. This ensures that new developments relating to climate change are incorporated into the risk management processes.

Risk management (continued)

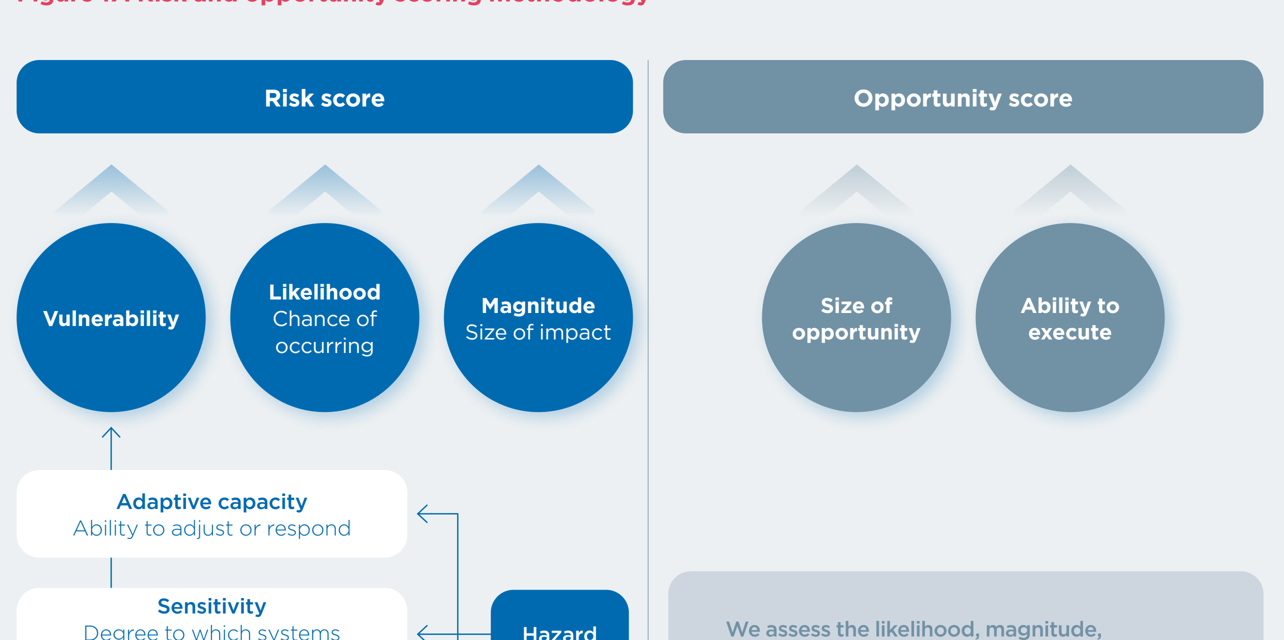
Risk and opportunity identification and scoring

Although we are not a high emitting business, we recognise that climate change has the potential to impact our operations. In order to manage this, we have followed a process for identifying and assessing climate-related risks and opportunities so that they can be integrated into our broader risk management framework.

As part of the TCFD work, current and anticipated climate-related risks were categorised using the TCFD categorisation for transition risks and physical risks. Risks were identified and scored by the TCFD working group, validated in a workshop with senior stakeholders, and presented to the Audit Committee. Material risks were determined using a scoring hierarchy following the IPCC (Intergovernmental Panel on Climate Change) approach to risk determination shown in Figure 1.

Opportunities are scored as a function of their size and the ability of the Group to execute them. Characteristics of a large opportunity include higher margin products or services with lower competition from competitors. Characteristics of higher ability to execute include being very aligned to existing business model and skillset of staff. The findings are summarised in Figures 7 and 8 in the strategy section.

Figure 17: Risk and opportunity scoring methodology



Metrics and targets

The Group conducted climate scenario analysis using a range of metrics including risk and opportunity scoring based on the TCFD classification (refer from page 66), estimation of value at risk across different global warming scenarios, and modelling of financial impact for a range of selected value drivers (refer from page 67). In terms of cross-industry metrics recommended by the TCFD, we are reporting on three greenhouse gas emissions (described below), value at risk due to physical climate risks (refer from page 66), and spending on decarbonisation (refer from page 69).

Emissions reporting

We disclosed our Scope 1 & 2 emissions in 2021. We began reporting Scope 3 emissions relating to business travel in 2021, and progressed to reporting all Scope 3 emissions in 2022. In 2021, the Group's Scope 1 & 2 emissions were 194 and 1,613 tons CO_2e respectively (including refrigerants and fleet) and Scope 3 emissions were 32,531 tons CO_2e. These totals included DPO Group's emissions. Scope 3 emissions represented 95% of the Group's total 2021 emissions. In 2022, the Group's Scope 1 & 2 emissions were 210 and 1,134 tons CO_2e, respectively, and Scope 3 emissions were 34,540 tons CO_2e. Scope 3 emissions represented 96% of the Group's total 2022 emissions. This is consistent with what would be expected given the nature of our operations. We have work under way to ensure that the data used to calculate our emissions is of high quality, and we are considering a range of options for emissions reductions. All of our emissions have been calculated in accordance with the GHG protocol.

Emissions reduction targets

We have conducted an exercise to map out our options to reduce emissions. The Group is confident it will become carbon neutral on Scope 1 & 2 emissions before 2030 and has developed and will continue to refine plans to reduce these emissions, including this year by purchasing RECs. These RECs will adhere to the International REC Standard (I-REC) to ensure they are verifiable. This is a short-term solution for emissions reductions, and the Group is working to identify longer-term measures such as PPAs to further reduce emissions. We are in the process of exploring a range of target-setting frameworks.

Climate risk integration

As part of ongoing TCFD work, a set of climate-related KRIs have been agreed (Figure 18 below). The Group will develop work on tracking metrics associated with each KRI. Tracking these metrics will inform future actions to decarbonise and increase resilience to climate-related risks, and contribute to overall refinements to our TCFD process.

Figure 18: Climate-related Key Risk Indicators

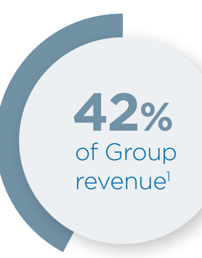
Principal risks	KRI appetite	Metrics
Operational Resiliency	The Group will minimise physical damage from extreme weather events to the Group's facilities and the infrastructure serving them in order to minimise interruption to services and operations due to impact on premises, infrastructure, telecommunications, power, utilities etc.	Number of events of extreme weather conditions having negative impact on services and operations.
People Risk	The Group will minimise the negative impact of changes in climate and of extreme weather events to its employees thus reducing the Group's difficulty in attracting high-calibre talent if climate credentials are weak; reputational damage if deteriorating working conditions from climate change are not addressed.	Number of vacant roles due to candidates rejecting offers as a result of adverse impact of climate and extreme weather conditions.
Compliance Risk	The Group will not fail to meet climate-related legislation requirements by ensuring that growing and changeable climate-related regulatory landscape and increasing demands (and costs) on internal legal and sustainability teams are met in a timely manner.	Instances of missed climate-related legislation requirements.
Financial Risk	The Group will minimise impact on its revenue due to disruptions to economy posed by climate risk and minimise impact of reduced access to capital or higher capital costs due to investor sustainability demands.	Impact on Group's revenue due to climate risks.
Geopolitical Risk	The Group will minimise impact on its revenue due to geopolitical disruptions and/or increased regulatory requirements resulting in increased CAPEX caused by climate change and minimise the impact of exacerbation of the potential for geopolitical disruption due to reduced disposable income, increased physical damages, economic instability etc.	Impact on Group's revenue due to geopolitical disruptions and/or increased regulatory requirements caused by climate change.

How our industry works

Merchant Services

USD 183.3m

Read more p80



Outsourced Payment Services

USD 242.5m

Read more p84

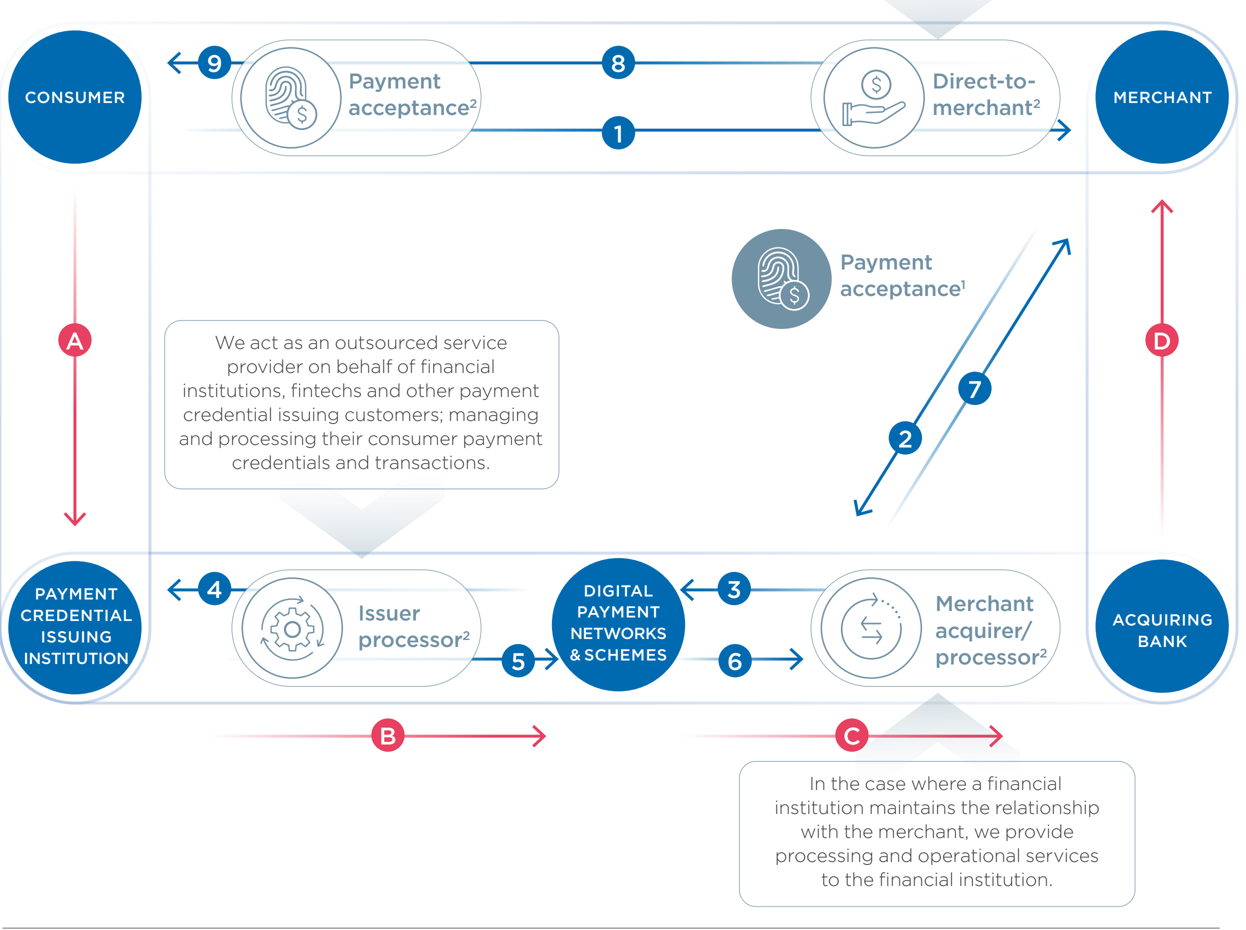
Technology

Technology is at the core of our growth ambitions and our capabilities are supported by our market leading payment processing platforms.

Read more p86

99.9%
systems availability

The digital consumer payments industry is built around interlinked services that allow businesses to provide digital payment options to consumers, for goods and services provided.



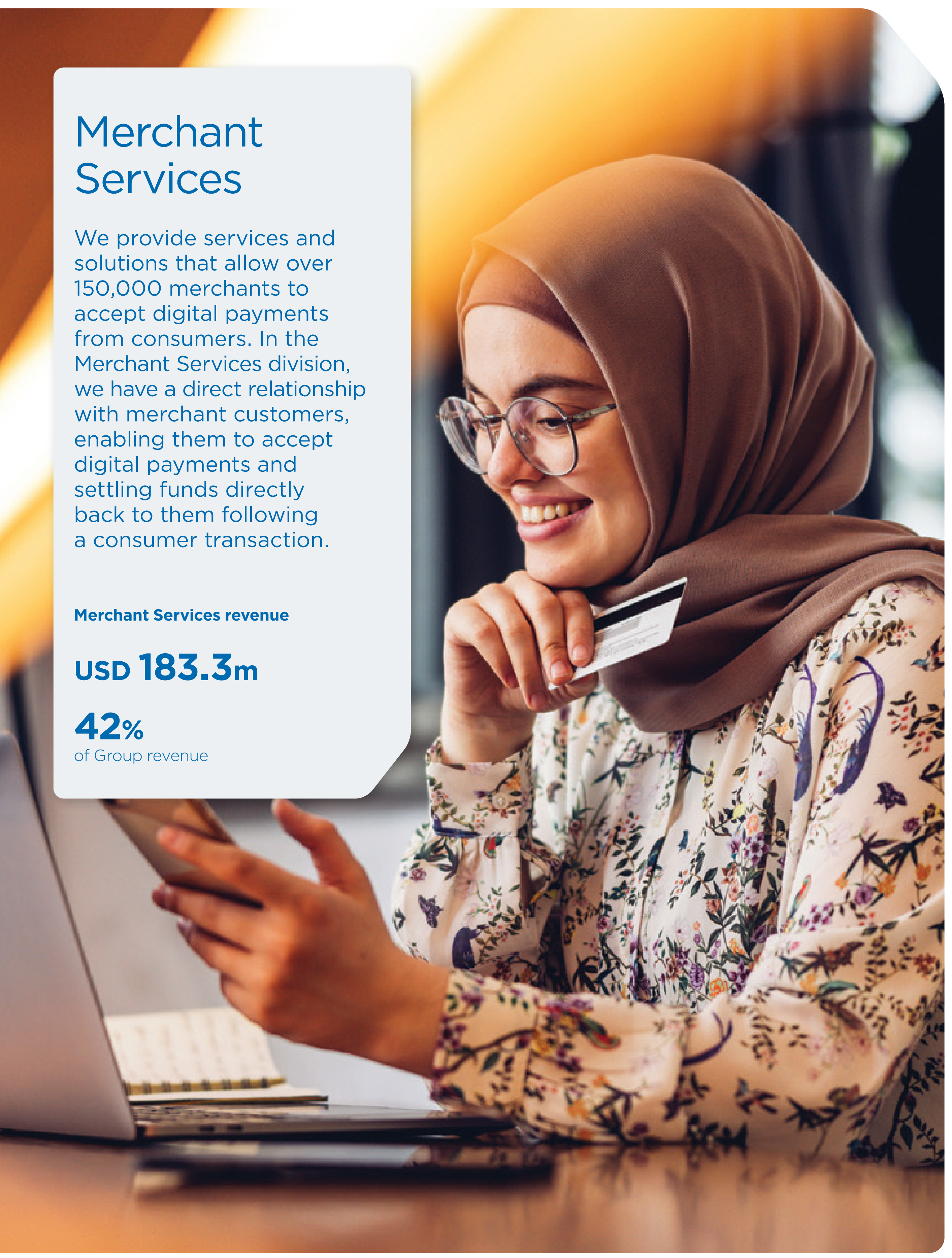
Traditional payments

1. Consumer initiates transaction with the merchant
2. Merchant's payment acceptance device sends transaction details to the merchant acquirer
3. Merchant acquirer requests authorisation from digital payment network/scheme
4. Payment network/scheme requests authorisation from the issuing institution which has issued the consumer's payment cards or credential
5. Issuing institution authorises payment to digital payment network/scheme
6. Digital payment network/scheme authorises transaction
7. Merchant acquirer approves transaction to merchant
8. Merchant delivers good or service to the consumer
9. Purchase confirmation to consumer

Push payments[3]

- A Initiate
- B Authenticate
- C Get confirmation
- D Clear and settle

1 Remaining 3% of Group revenue mainly relates to revenue from Mastercard strategic partnership.
2 Denotes service provided by Network.
3 A push payment transaction begins with an individual sending/'pushing' money to a recipient (e.g. cash/cheque), rather than the recipient requesting/'pulling' payment (e.g. automated digital wallet).



Merchant Services

We provide services and solutions that allow over 150,000 merchants to accept digital payments from consumers. In the Merchant Services division, we have a direct relationship with merchant customers, enabling them to accept digital payments and settling funds directly back to them following a consumer transaction.

Merchant Services revenue

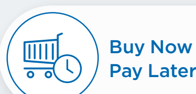
USD 183.3m

42%
of Group revenue

>150k
merchant relationships

Our Merchant Services

We enable merchants to accept digital payments; offline, through a mobile or point-of-sale device, or online.



We facilitate and process transactions for merchants, by obtaining authorisation from digital payment networks and schemes. Once authorised by the relevant networks and schemes, we settle the funds into the merchant's bank account following a consumer transaction.

Merchant Services payment acceptance solutions:

We are market leaders in the UAE and Jordan, and are also present in 21 markets in Africa, serving over 150,000 merchants.

Some of our value-added services:

- **Digital onboarding** enabling the faster sign up of merchants, lowering our costs and enhancing the merchant experience.
- **Loyalty scheme points redemption** through the SHAREPay digital wallet, enabling members of UAE loyalty programme SHARE to pay, earn and redeem across major shopping malls and hotels.
- **Hospitality capabilities in partnership with FreedomPay**, providing merchants in the hospitality industry with an integrated payments platform.
- **Reducing costs for SMEs operating in the food and beverage space** by unifying tasks such as single receipts, daily settlements and chargeback support on a single app, in partnership with Foodics.
- **Unified Commerce services**, providing merchants with a single, centralised view of transactions across online and offline payment channels, including 'Click and Collect' payment services and 'Buy Online, Return in Store' via our proprietary N-Genius™ platform.
- **End-to-end online payment services for SMEs**, providing merchants with an online store, shopping cart and checkout in 48 hours.
- **Merchant lending services in the UAE and Jordan** with multiple partners, where we facilitate the promotion of lending services to our merchant customers, with no lending risk to our business. The repayments to the lender can be settled through the merchants' online gateway or point-of-sale (POS) payment receivables.
- **Data analytics and dashboards** which help merchants understand their market, sector, segment and consumer spending patterns through dashboards, reports and custom analytical studies.

Merchant settlement processes

In the Merchant Services business, Network 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 the Merchant Services business in the UAE and Jordan

In line with general market practice in the Middle East, when a consumer conducts a digital transaction with a merchant, Network 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 payment network and scheme settlement processes on T+2/3 and from issuing financial institutions on T+1. These balances are included in the 'scheme debtors' balance. At any given point in time there will be around two/three days of 'scheme debtor balances' outstanding to Network, whereas 'merchant creditor' payables are usually 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 own cash balances, as well as banking partners via an overdraft facility which is continuously settled as the payment networks/schemes remit money to us.

How we generate revenue in Merchant Services

Total Processed Volume (TPV) is the aggregate value of digital transactions processed by our merchant customers.

Fee based on TPV

Net Merchant Service Fee
= Gross Merchant Service Fee
− Third party fees

Revenue generation

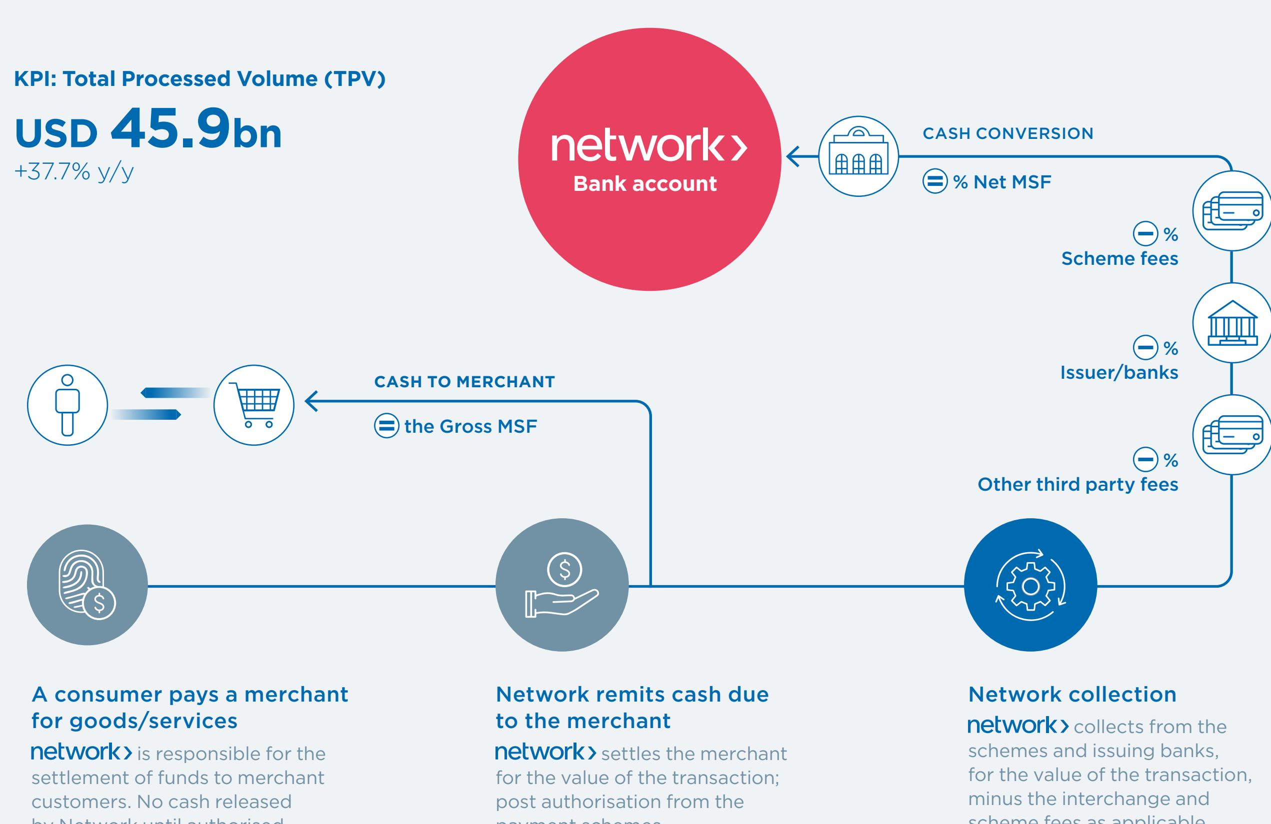
Our revenue is the net Merchant Service Fee (MSF), which is based on a percentage of the TPV. The Net MSF is the resultant charge after third party fees are deducted from the Gross MSF charged to the merchant.

Third party fees
Interchange (which is paid to the payment credential issuing institutions) and payment networks/scheme fees (paid to the networks/schemes for the provision of the technical infrastructure).

Other revenues

- Transaction fees on foreign exchange, chargeback
- Sale and rental of POS terminals
- Value-added services

How we generate our Net Merchant Service Fee (MSF)



A consumer pays a merchant for goods/services
network is responsible for the settlement of funds to merchant customers. No cash released by Network until authorised by schemes/issuers.

Network remits cash due to the merchant
network settles the merchant for the value of the transaction; post authorisation from the payment schemes.

Network collection
network collects from the schemes and issuing banks, for the value of the transaction, minus the interchange and scheme fees as applicable.

Network has no impact on scheme and interchange fees which are charges from third parties.

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 settlement from schemes does not take place, or banks may be closed; ii) the mix of domestic versus international transactions, which can impact settlement timelines; iii) there are a number of merchants who are not settled daily; and iv) TPV trends in the last few days prior to period end.

Restricted cash represents balances specifically due to merchants. At Network, restricted cash largely represents a form of collateral to manage the risk of merchant chargebacks. It also includes cash balances collected from card schemes and financial institutions but not settled to merchants, for any merchants who take a delayed settlement.

In the Merchant Services business in African countries

Payments to merchants are made after we have received settlement from banks and mobile network operators. This results in larger merchant creditor balances when compared to scheme debtor balances. Restricted cash largely represents cash balances already received from banks and mobile network operators, but not yet remitted to merchants, this includes merchant balances on-hold for risk of chargeback.

Chargebacks and collateral

If a consumer disputes a transaction with a merchant, and the merchant is unable or unwilling to provide a refund, the consumer can raise a chargeback request to the issuing bank. Network as the acquirer holds the potential liability for that transaction. This may be the case if a consumer is unsatisfied 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. 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 holds collateral against selected merchants where we see a higher risk of potential unrecoverable chargebacks. 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 has historically low chargeback losses, which in 2022 were only 0.0056% 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 majority of our direct acquiring business is through direct relationships with merchants. 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 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 manages the merchant relationship, Network will also undertake KYC checks on each of the merchants contracted through the aggregator.

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

Outsourced Payment Services

Outsourced Payment Services support our customers across two business lines: i) issuer processing services and ii) acquirer processing services.

Issuer processing:

Where we support payment credential issuing customers in enabling their customers to 'make payments' by managing and processing their consumer payment credentials and transactions. Issuer processing represents the majority of our revenues within Outsourced Payment Services.

Acquirer processing:

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

Outsourced Payment Services revenue

USD 242.5m

55%
of Group revenue

We have a diverse customer base, working with over 200 financial institutions, digital banks and fintech customers across more than 50 countries.

How we generate revenue

Issuer processing revenue

Revenue per credential
is based on the number of credentials hosted for a customer. This is not linked to the number of transactions conducted.
Fee per credential
KPI: Number of credentials

Revenue per transaction
is based on the number of transactions processed. This is not linked to the value of the transaction.
Fee per transaction
KPI: Number of transactions

Other revenues
can include those associated with value-added services.
Value-added services
(fixed fee or fee per credential/transaction)

Acquirer processing revenue

Revenue per merchant/ payment terminal/gateway
is based on providing merchants with a point-of-sale terminal, online gateway or alternative payment acceptance options.

Margin on TPV[1]
based on the aggregate value of transactions processed through merchants.

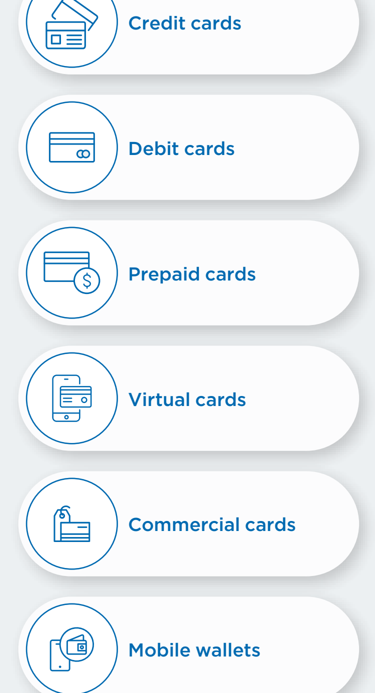
Transaction/TPV[1]
based on fixed fee which is associated with the provision of value-added services.

1 TPV – Total Processed Volume is the aggregate value of transactions processed in Merchant Services.

Our Outsourced Payment Services

Issuer processing:
We provide outsourced processing services for payment credential issuing customers. We connect these customers with digital payment networks and schemes to facilitate, authorise and settle transactions for their consumers. Through this outsourced service, financial institutions, fintechs and other payment credential issuing institutions do not have to develop, invest and maintain their own in-house technology or payment operation capabilities.

(Network is not a lender and does not issue or provide credit directly to consumers.)

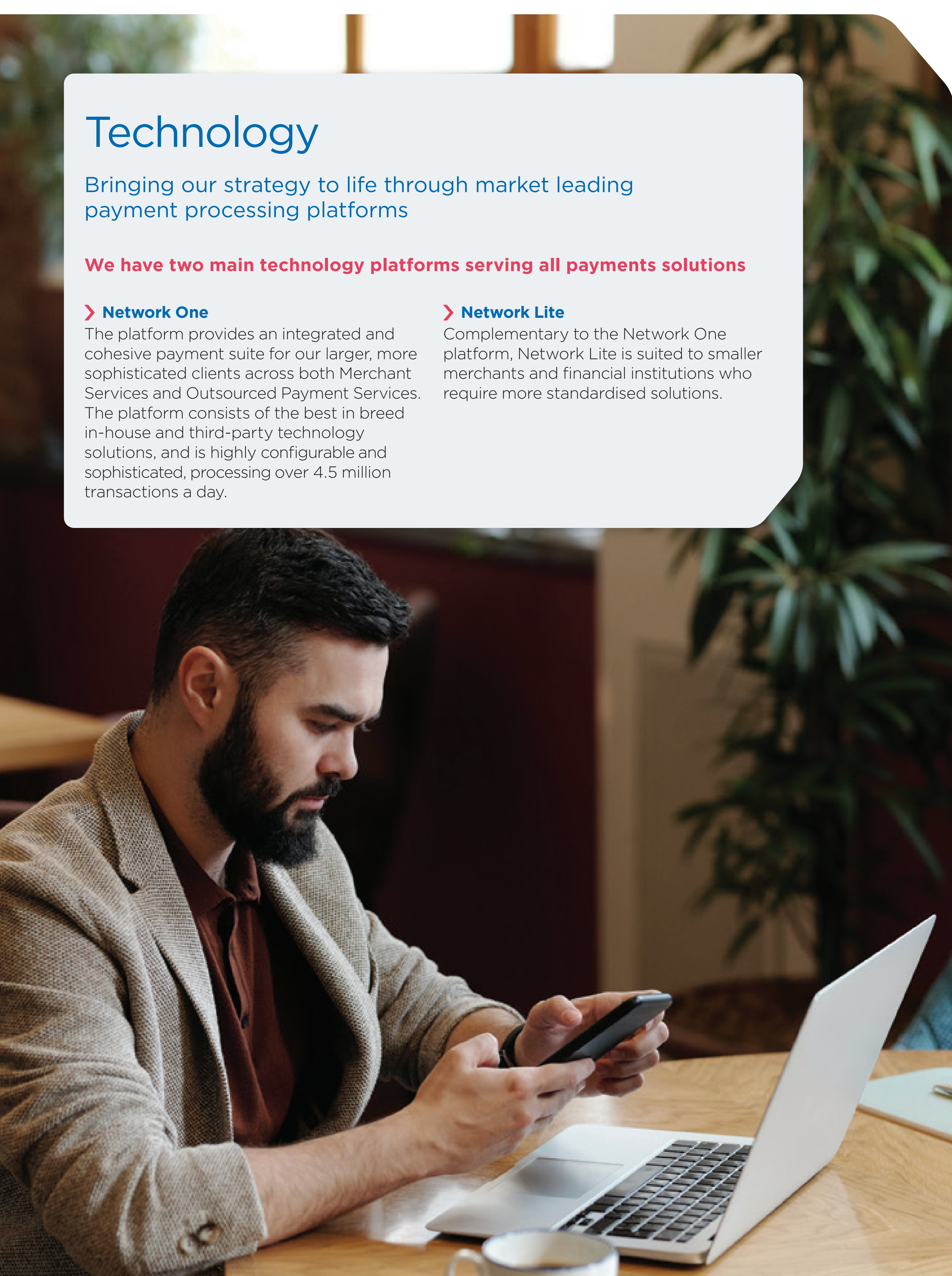


Acquirer processing:
Unlike in the Merchant Services division where we have a direct relationship with and process transactions for our merchant customers, within acquirer processing the financial institution maintains the relationship with the merchant. We provide processing and operational services for the settlement of transactions, including the transfer of authorisation via the payment networks and schemes to the financial institution, on behalf of their merchant relationships.

Some of our value-added services:

We have an extensive range of value-added services that we provide to our customers, either through our own in-house capabilities or through partnerships with market leading third parties. Our value-added services include:

- **Enterprise fraud monitoring** through our partnership with FICO, providing real time, improved credit based analysis for FIs, alongside monitoring enterprise wide payment and non-payment transactions for fraud prevention and early detection.
- **Mobile wallet provisioning,** enabling financial institutions to directly enrol cards on mobile wallets, including the likes of Apple and Samsung, using their banking app.
- **Provision of digital wallet services** through Network's white label solutions, supporting the issuance, processing and management of virtual cards for several financial institutions.
- **Card control solutions** which enable consumers to control and amend their cards in real-time through an app, giving them features such as enabling/disabling cards, allowing/blocking transactions, setting daily and monthly spending limits, and allowing/blocking international or specific country transactions.
- **Data analytics** provides insights and benchmarks on the spending and transaction patterns of both the credentials hosted as well as aggregated regional trends. Our SmartView dashboards and reports allow our FI customers to better understand their portfolio performance and identify areas of opportunity, and our payment consultants help them to monetise those opportunities.
- **Supporting financial inclusion with Mastercard** and accelerating the acceptance of digital payments across all our markets, having collaborated with Brighterion, Mastercard's artificial intelligence arm, to provide fraud mitigating and monitoring services.



Technology

Bringing our strategy to life through market leading payment processing platforms

We have two main technology platforms serving all payments solutions

Network One

The platform provides an integrated and cohesive payment suite for our larger, more sophisticated clients across both Merchant Services and Outsourced Payment Services. The platform consists of the best in breed in-house and third-party technology solutions, and is highly configurable and sophisticated, processing over 4.5 million transactions a day.

Network Lite

Complementary to the Network One platform, Network Lite is suited to smaller merchants and financial institutions who require more standardised solutions.

Our technology initiatives

Putting the customer at the centre of our offering by simplifying the user experience and increasing the speed to market of new capabilities.

Cloud first approach

Simplifying the technology infrastructure and accelerating new market offerings, whilst providing cost-effective scaling of our services

- The cloud first approach allows us to operate without physical assets and data centres, eliminating complexity by removing the need for hardware installation and a physical technology infrastructure. We are using the Cloud and leveraging its benefits across our newest platforms, applications and new market entry strategies.
- The use of the Cloud has differentiated and accelerated our market entry into the Kingdom of Saudi Arabia, enabling us to offer a fully modernised and digital 'Payment-as-a-Service' capability.

API[1] always

Supporting our payment capabilities and simplifying their integration

- We use APIs[1] to enhance our service offering and to ensure an efficient method of service consumption and integration for our customers and partners. This allows us to better serve our customers, provide them with faster services and enhance our portfolio through faster integration with partners, ultimately improving the customer experience through simpler and more agile integrations of new capabilities.
- We have a growing API[1] catalogue of over 150 services, which we are now publishing on our Developer Portal, supporting the expansion and digitisation of our payment services, partnerships and value-added services.

Digital experiences

Accelerating merchant onboarding and enriching the consumer experience

- We are automating and simplifying the customer experience through the creation of a digitised App Payments Store for all payments services and offerings. Our first success in this space has been the roll out of our Merchant Self-Service On-boarding app which is simplifying how we do business.
- We have created a new app experience that allows fintechs to self on-board onto our Network One platform and in doing so create their own 'test' issuing products.
  - This allows the fintech to use our standard APIs[1] and connect their digital channel, wallet or app to try out the variety of issuing capabilities we have to offer.
  - This was proven successful with a new fintech customer in the Kingdom of Saudi Arabia, having enabled a pre-paid card capability co-branded with Visa and Mastercard, in a few days.
- Our Unified Commerce offering provides merchants with the ability to enable 'Click and Collect' payment services and 'Buy Online, Return in Store' via our proprietary N-Genius™ platform. We are developing services to provide customers with a single, centralised view of transactions across online and offline payment channels, as well as enhanced reporting tools and data insights as merchants want to view, manage and interact with payments from all their adopted payment channels in one place.

Data

A single source of truth across geographies

- We have created our new Data Lake capability on Microsoft's Azure Cloud to act as our unified source of data across the Group. This is enabling our merchants with access to real-time insights about their portfolios or payment transactions. We can also gather and share information quicker, reducing manual processes.
  - As we progress, additional data from our markets is being introduced, further enhancing the dataset and enabling our customers to learn and grow.

1 API – Application Programming Interface.

Strong revenue growth and record business momentum

> **"The financial performance in the year was one reflecting record business momentum and great progress on our strategic priorities, having secured a record level of new customers, launched in new markets and expanded our presence in Africa through the integration of DPO."**
>
> **Rohit Malhotra**
> Group Chief Financial Officer
> and Group Chief Strategy Officer

Key updates relating to 2022 financial statements

New financial operating segment disclosures

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

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

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

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

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

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

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

Reminder of strategic milestones and their impact on the financial statements

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

Rohit Malhotra
Group Chief Financial Officer and Group Chief Strategy Officer

Financial review

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

1 This is an Alternative Performance Measure (APM). See notes 4 and 5 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.
2 We announced the strategic exit of our stake in Transguard Cash LLC on 10 November 2021. There is a 10-month contribution from associate as part of underlying EBITDA in 2021.
3 Underlying EBITDA margin in 2021 excludes the share of contribution from associate Transguard Cash LLC, which was sold in November 2021.
4 Underlying basic earnings per share is defined as underlying net income attributable to the shareholders divided by the weighted average number of ordinary shares during the relevant financial year.
5 Weighted average share count for 2022 was 552.3 million vs 552.9 million in 2021.
6 Cash flow from operating activities for the comparative period has been restated to reflect the recent change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to note 2 (f) on page 217 for details.
7 Refer to page 99 for the leverage ratio computation and reconciliation of net debt figures in the consolidated financial statements.
8 Refer to page 88 for new financial operating segment disclosures which require restatement of 2021 figures.
9 Merchant Services includes revenue from DPO Group, having completed the acquisition on 28 September 2021. Therefore, DPO contributed three months in the 2021 financials and 12 months in the 2022 financials.
10 Other revenue under segmental results primarily includes cash advance fees on withdrawals from ATMs and foreign exchange gains/(losses) arising from the Merchant Services and Outsourced Payment Services business lines alongside revenues recognised relating to the Mastercard strategic partnership. Other revenues under Geographical results includes only revenues recognised relating to the Mastercard strategic partnership.
11 2021 other revenue has been restated in line with business re-segmentation, following the movement of other revenue relating to Diners into the Outsourced Processing Services business line.
12 For definition of KPIs, please refer to page 101.
13 TPV has been restated following the new segmentation of business lines, with TPV now primarily excluding acquirer processing volumes.
14 DPO was acquired on 28 September 2021. There is therefore a three-month contribution to the 2021 income statement, cash flows and Total Processed Volume KPI.

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

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

Total revenue

Trends vs 2021: Total revenue in the year increased by 24.5% y/y (26.6% on a constant currency basis[15]) to USD 438.4 million (2021: USD 352.2 million). This includes a USD 31.5 million revenue contribution from DPO Group (2021: USD 7.5 million). Excluding DPO's contribution in both 2022 and 2021, revenue grew 18.0% y/y.

Revenue results by operating segments

Merchant Services revenue

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

Total Processed Volume (TPV[16]), which represents the monetary volume of purchases processed by the Merchant Services business, increased by 37.7% y/y to USD 45.9 billion (2021: USD 33.3 billion). Prior year TPV has been restated following the new segmentation of business

15 For constant currency definition, please refer to page 100.
16 TPV – Total Processed Volume – the aggregate monetary volume of purchases processed by the Group within its Merchant Services business line.

lines, with TPV now primarily excluding acquirer processing volumes. Excluding DPO, TPV increased 28.9% y/y.

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

TPV trends in Africa (DPO Group): On a 12-month pro-forma basis, directly acquired TPV grew 19.3% y/y, or 29.6% in constant currency. Although strong, trends in the region were impacted by a challenging macro environment in South Africa, particularly through Q4, which negatively impacted consumer spending. Growth in markets outside of South Africa remained strong.

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

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

Trends in directly acquired Total Processed Volume (TPV)

Direct to merchant TPV, y/y	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Direct TPV in UAE & Jordan	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**	**27%**	**27%**	**27%**	**27%**	**21%**	**20%**
Retail	15%	34%	41%	37%	17%	22%	34%	32%	38%	40%	17%	23%
Supermarkets	3%	4%	11%	11%	7%	9%	8%	14%	16%	14%	18%	17%
Travel & Entertainment	59%	112%	116%	57%	62%	44%	48%	50%	43%	22%	10%	5%
Govt, Healthcare, Education	19%	37%	33%	20%	17%	20%	21%	21%	20%	28%	31%	30%
Direct TPV in UAE & Jordan	**24%**	**44%**	**47%**	**29%**	**25%**	**23%**	**27%**	**27%**	**27%**	**27%**	**21%**	**20%**
Domestic consumers	13%	27%	26%	21%	16%	19%	18%	18%	20%	24%	21%	18%
International consumers	70%	139%	164%	69%	73%	49%	94%	92%	70%	37%	22%	25%
Direct TPV in Africa (DPO)[1,2]	**33%**	**31%**	**34%**	**34%**	**33%**	**34%**	**31%**	**29%**	**29%**	**26%**	**25%**	**23%**

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

Outsourced Payment Services revenue

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

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

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

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

Other revenue not allocated to an operating segment

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

Other revenue was USD 12.5 million, up 47.3% y/y (2021: USD 8.5 million, restated from USD 9.4 million in line with the new segment reporting, with other revenue relating to Diners now included within Outsourced Payment Services). This includes USD 7.3 million of revenue (2021: USD 4.3 million) recognised as part of the Mastercard strategic partnership, which continues to progress well.

The strong revenue expansion in other revenue in 2022 is associated with our collaboration with Brighterion, Mastercard's artificial intelligence arm, to provide fraud mitigating services, as well as initiatives launched in the prior year, which were completed in 2022, including the launch of 3D Secure 2.0 biometric authentication fraud checking capabilities and 'Fintech in a box', to support the issuance of cards and processing services for fintechs.

Revenue results by geography

Middle East

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

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

Africa

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

Expenses and other line items

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

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

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

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

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

Underlying EBITDA[1]

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

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

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

Depreciation and amortisation

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

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

Net interest expense

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

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

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

Unrealised foreign exchange gains/(losses)

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

Taxes

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

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

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

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

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

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

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

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

Specially disclosed items (SDIs)[1]

SDIs are items of income or expense that have been recognised in a given period which management believes, due to their materiality and being one-off in nature, should be disclosed separately to give a more comparable view of underlying financial performance. There were no new SDIs classified during the year.

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

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

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

The key SDIs affecting net income in the year were:

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

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

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

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

Cash flow

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

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

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

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

Share buyback programme

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

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

Underlying free cash flow[1]

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

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

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

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

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

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

Capital expenditure

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

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

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

Growth capital expenditure represents investments made in delivering revenue growth, including but not limited to the onboarding of new customers, expansion of services with existing customers or the development of new product offerings. Growth capital expenditure was USD 33.6 million in the year (2021: USD 27.9 million) mainly relating to investments in: i) new point-of-sale terminals to drive volume growth and support the signing of new SME merchants in the UAE; ii) new capabilities to accelerate SME onboarding; and iii) enhancing our value-added services through additional investments in fraud mitigation solutions and data analytics.

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

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

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

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

Working capital

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

Settlement related working capital

	2022 USD'000	2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	336,728	364,025	27,297
Restricted cash	119,357	86,801	(32,556)
Merchant creditors	(285,791)	(329,280)	(43,489)
Settlement related working capital balances	**170,294**	**121,546**	**(48,748)**

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

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

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

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

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

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

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

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

Other working capital balances

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

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

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

Debt

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

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

The long-term syndicated loan facility is utilised to increase the Group's liquidity, fund inorganic growth opportunities and other growth accelerator projects, as well as for general corporate purposes. The original facility was for USD 525 million, of which USD 375 million was drawn in March 2020, which represents the opening balance at the start of the prior period. We have since made a scheduled repayment of USD (37.5) million during 2022, which represented 10% of the outstanding balance at the beginning of the year. The prepayment schedule increases to 20% between 2023–25, with the remaining balance of 30% to be paid in full in 2026.

Our leverage ratio[1], which represents net debt[1] to underlying EBITDA[1], is calculated as per the methodology provided in the financing facility agreement with the syndicated lending facility banks. Under these agreements net debt excludes: a) the overdraft facilities which are mainly used to facilitate settlement related working capital balances; and b) restricted cash balances. EBITDA is measured on an underlying basis over the last 12-month period and financial covenants are set to 3.5x net debt: underlying EBITDA[1].

Leverage ratio[1]

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

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

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

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

1 These are Alternative Performance Measures, the definitions and calculations of which are included in this section.

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

Net debt movement	2022 USD'000	2021 USD'000
Opening balance	**127,724**	**252**
Repayment of borrowings		
Term loan	(37,500)	–
Revolving credit facility	(35,000)	–
ATM lease liabilities	(191)	(734)
Other bank loans	(1,389)	8,754
Cash balances	35,943	128,436
Cash balances of held for sale entity (70%)	1,833	(1,833)
Others[1]	27,263	(7,151)
Closing balance	**118,683**	**127,724**

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

Definitions

Foreign currencies which are not USD pegged

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

Constant currency revenue

Constant currency revenue is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP) and South African Rand (ZAR).

Average rates

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

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

Key Performance Indicators

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

Total Processed Volume (TPV)

TPV is defined as the aggregate monetary volume of purchases processed by the Group within its Merchant Services business line. The 2021 and 2022 TPV figures have been restated to primarily exclude the acquirer processing volumes following the new business line segmentation, where acquirer processing is now within the newly classified Outsourced Payment Services segment.

Number of credentials hosted

Number of credentials hosted is defined as the aggregate number of consumer payment credentials managed and billed by the Group within its Outsourced Payment Services business line.

Number of transactions

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

Capital allocation policy prioritises investment for growth

- Selective organic investment to accelerate growth, such as market entry into KSA, Merchant Services launch in Egypt, and new business lines such as Commercial Payments.
- Potential M&A, where we will be disciplined around targets, focusing on three strategic areas: 1) in market consolidation; 2) new market entry; and 3) new products and capabilities.

- Leverage at 0.7x, below the 1–2x average target range over the medium to long term.
- Comfortable stretching above the target range in the short term for appropriate M&A, with a clear deleveraging profile.

- Launched a share buyback programme of up to USD 100 million to deploy excess cash.
- Repurchased 11.5 million shares through 2022, equivalent to USD 40.6 million.

Rohit Malhotra
Group Chief Financial Officer and Group Chief Strategy Officer
8 March 2023

Introduction from the Chief Risk Officer and Group Company Secretary

> "As our geographical footprint continues to expand across the Middle East and Africa, we continue to ensure that our Enterprise Risk Management Framework is effectively embedded across the Group to support the delivery of our strategic objectives and long-term shareholder value. Our risk universe and governance model form the basis of discussions across our three lines of defence, keeping us abreast of emerging risks."

Jay Razzaq
Group Chief Risk Officer and
Group Company Secretary

Overview

Given the dynamic markets we operate in across the Middle East and Africa, our approach to risk management continues to mature across the Group. A sound regulatory compliance monitoring and reporting structure has been established across the Group to ensure that we remain compliant with regulatory requirements across all jurisdictions. We have enhanced our risk oversight of our third-party vendors and supply chain, which was achieved by enhancing our policies, monitoring and collaborative due diligence. Following the acquisition of the DPO Group in 2021, we have successfully implemented the Group's Enterprise Risk Management Framework (ERMF) and processes across the DPO business. With our continuous business expansion across the Middle East and Africa, our risk appetite, principal and emerging risks were also revaluated and approved by the Board. Ensuring our focus on our environmental, social and governance responsibilities, we have also developed climate change risk-related Key Risk Indicators (KRIs) which have been integrated within our existing principal risks framework.

ERMF integration in DPO business:

- Risk assessments for all DPO business units have been completed, enabling a 360° view of the DPO business and its risk profile.
- A dedicated ERM team has been established in DPO to manage and monitor the implementation of our risk framework, ensuring alignment with Group standards and best practices.
- DPO businesses have been aligned with the Group's principal risks, KRIs and reporting processes.
- Risk champions have been nominated across all DPO businesses and trained on the Group's risk management practices.

Task Force on Climate-related Financial Disclosures:

- Climate change-related risk continues to be monitored as an emerging risk.
- Current and anticipated climate-related risks were categorised using the TCFD categorisation for transition risk and physical risk.
- Risks were identified and scored by the TCFD working group, validated in a workshop with senior stakeholders, and presented to the Board Audit Committee.
- Climate change risk-related KRIs have been developed and have been approved by the Board.
- These climate change risk-related KRIs have been integrated within our existing principal risks and will be monitored.
- Risk and Control Self Assessment (RCSA) standards are being documented for climate change-related risks and will be tested periodically.

With the expansion of the Group's business in 2022, the following principal risks were in focus.

Execution:
The importance of managing execution risk is crucial for the Group to achieve its goals, minimise losses, maintain business continuity and increase shareholder confidence in the Group's ability to deliver results.

Operating in developing and volatile markets in the Middle East and Africa, the Group's strategic plans are subject to the risk of failing to achieve the desired outcome or can be negatively impacted by external factors such as changes in technology, regulations or market conditions. This can include risks related to the development and implementation of new products or services, expansion into new markets and reliance on key partnerships or technologies.

To overcome this, the Group has engaged in initiatives to diversify its revenue streams, partnered with other companies, kept abreast with regulatory changes, strengthened its risk management framework, invested in technology and established a strong cyber security process. Details of the progress made by the Group and future plans are explained on page 110.

Operational Resiliency:
Managing operational resiliency risk is critical for the Group to protect its operations, maintain the reputation and brand image, comply with regulatory requirements, and avoid losses, damages and negative consequences.

The Group has invested heavily to ensure its ability to continue its operations effectively in the face of operational disruptions that may be caused by cyber-attacks, hardware failures, natural disasters or human errors.

This was achieved through a combination of robust risk management processes, Disaster Recovery (DR) planning, data backup and recovery systems, security measures and business continuity planning. The ultimate goal being to minimise downtime, ensure continuity of services and protect sensitive customer information. Details of the progress made by the Group and future plans are explained on page 109.

Cyber security:

Mitigating emerging cyber risks and continuing to invest in our cyber security programme to provide secure, trusted commerce and card payment solutions across every touch point.

- The security of our solutions, 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 year on year. Governments and regulators across our markets are increasingly recognising cyber security as a systemic risk resulting in the emergence of regulations and standards to combat the emerging cyber threats.
- In addition, we expect to continue to invest in resources to maintain and enhance our information security and controls and to ensure we are able to investigate and remediate any security vulnerabilities.
- We have implemented a dynamic cyber security framework which aims to be ahead of prevailing cyber threats in our markets.
- Management, organisational and technical controls support the mitigation of cyber security risk in a dynamic payments industry.
- For early detection and response to cyber threats, the Group uses a defence in depth approach driven by Cyber Threat Intelligence (CTI). CTI is knowledge, skills and experience-based information concerning the occurrence and assessment of cyber threats and is intended to help mitigate potential attacks and harmful events from occurring in cyberspace.
- 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.
- We maintain a cyber security dashboard to keep the Risk & Technology Committee and the Board apprised of emerging cyber security threats.

How we manage risk

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.

Business environment

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

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.

Oversight

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

Existing controls

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

Risk monitoring & reporting

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

Residual risk assessment

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

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.

Our risk management governance model

We have a dynamic, practical and action-oriented risk management governance model defined in the 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 continue to work closely with our Risk & Technology Committee to report on the progress of our risk management practices, initiatives and key projects. Some of the key projects in 2022 included Application Programming Interface (API) programme, DPO synergies, Saudi Arabia market entry, Merchant Services in Egypt and Data Lake for enterprise-wide data analytics.

Our ERMF model has enabled management to make sound risk-based decisions on strategic initiatives. The Group is well poised for its entry into the Saudi Arabia market in a phased manner in 2023, including the establishment of a dedicated Risk, Compliance and Information Security team. The Group has successfully completed the integration of ERMF across the DPO business and all risk policies and processes have been aligned with the Group. Comprehensive risk assessments were conducted to support the expansion of our products into new markets with our Merchant Services being introduced in Egypt, and the Group's Data Lake solution has been implemented to enhance our enterprise-wide data analytics capabilities.

Our approach to risk management

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 2022, to mitigate the risk impact of the Russia-Ukraine conflict as well as the impact of inflation experienced across our geolocations, we focused on strengthening the risk teams across the Group by hiring additional risk resources for key roles.

Several measures were taken to enhance our sanctions compliance controls in relation to the Russia-Ukraine conflict. A due diligence task force including risk, legal and finance control functions was also established to improve oversight of third-party vendors and supply chain to assess and mitigate our risk exposures. Third-party vendor security assessments conducted by our information security team have also been strengthened to ensure that optimal standards are maintained. The additional risk resources across the Group have supported us in strengthening the assurance reviews, with more focus on information technology-related activities.

With the Group's expansion into new markets, increased regulatory landscape and macroeconomic uncertainties, we are now aiming to move towards an agile model of risk management across the Group from the traditional waterfall approach by instilling collaborative working groups between Risk and Business functions to support, manage and mitigate risks while striving to achieve business objectives.

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.

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 geopolitical 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 defences.

We will also aim to ensure our environmental, social and governance responsibilities are reflected in the decisions we make. 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, including environmental, social and governance considerations. The Group 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 ExCo 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 refresh of the Saudi Arabia market entry risk profile before execution of these strategic initiatives;
- a consistent tone from the top and clear responsibilities for risk identification and challenge; refer to ESG Strategy section on pages 38 to 57;
- employees have risk management accountability and escalate issues on a timely basis;
- our incentive structures described within our Remuneration Report on page 173 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; and
- 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 and mandatory online training programme is in place covering important risk and compliance topics. We have had very high levels of participation from our colleagues across the Group in 2022.

In addition, in accordance with our three lines of defence model, Group Internal Audit completes an annual plan of risk-based audits that provides an independent assessment of the Group's control environment and risk and control culture. Operational Risk, Cyber Security and Compliance work closely with Group Internal Audit to coordinate their respective assurance plans to maximise the combined assurance coverage each year.

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.

The completed priorities for Group Risk in 2022:

Priorities for 2022	Benefits
Completion of integration of the Group's ERM Framework into DPO business.	Implemented and embedded an integration strategy with prioritised focus on control functions in line with our ERM Framework. Consolidated the existing risk management practices of DPO and aligned them to the Group framework, taking into account local requirements.
Completion of the annual assurance plan for 2022.	Provided 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.
Completed the enhancement of the automation of our AML processes.	To ensure effective and timely monitoring of AML risks, a project was completed for implementation of an AML monitoring system to support our Merchant Services business in Jordan.

Focus areas for 2023

In 2023 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 2023 will be:

Priorities for 2023	Rationale
Risk and Control Self Assessment (RCSA) testing to be rolled out in DPO.	Implementing and embedding RCSA testing across the DPO business to ensure operating effectiveness of the controls in place to mitigate the risks identified in the risk assessments.
Completion of the annual assurance plan for 2023.	To provide assurance on the effectiveness of Group's current control environment by the second line of defence and to ensure these are aligned with and meeting the overall Group's business objectives.
Completion of the compliance monitoring plan for 2023.	Theme-based reviews to capture market abuse regulations, whistleblowing, anti-bribery and anti-corruption programme and an end-to-end review of the DPO AML framework to align with the Group's practices.
Complete the enhancement of the automation of our AML processes.	To ensure effective and timely monitoring of AML risks, a project is in progress for implementation of an AML monitoring system to support our Merchant Services business in UAE, South Africa and Saudi Arabia.

Our principal and emerging risks

It was a busy year with significant time and focus given to monitoring the principal and emerging risks identified as facing the Group given the macroeconomic uncertainties and the rise in global inflation. This is also attributed to the Russia-Ukraine conflict which has had a direct impact on global price levels with cost of food and fuel having notably risen and having a knock-on effect on other industries. As a result, there have been rigorous processes in place to identify, evaluate and manage the principal risks faced by the Group, as well as the likelihood of a risk occurring and the costs of control.

We completed a robust assessment of the Group's principal and emerging risks, including those that could result in events or circumstances that might threaten the Group's business model, future performance, solvency or liquidity and reputation. The outcome of the assessment concluded that no changes were recommended for 2023 since the current principal risks adequately define the overall risks to the Group. Based on the global economic uncertainties, a number of changes were made to the linked KRIs and underlying thresholds to reinforce the Group's current principal risk framework.

With the implementation of the Group's ESG strategy, climate risk was recognised as an emerging risk in 2021. Since then, extensive work has been undertaken in 2022 to identify appropriate climate-related risk measures to monitor the impact of climate change on the Group. Given that we are a low emitter (as in TCFD), rather than creating a standalone principal risk, we have developed climate risk-related KRIs which have been embedded into the Group's existing principal risk framework. As climate risk continues to evolve, the effect upon these risks may change over time.

For 2022, 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. Despite the heightened global risk, our overall risk has remained stable due to 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 2022 and the plans for 2023, their potential impact, our risk appetite and the link to our strategic priorities.

Link to strategic priorities

- 1 Faster sign-up of merchants and financial institutions
- 2 Grow the merchant base
- 3 Access new revenue pools
- 1 Harness the power of partnerships
- 2 Add new revenue streams to every transaction
- 3 Be the e-commerce champion in the region

Cyber Security

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

Strategic priorities

Risk impact	Progress during 2022	Plan for 2023	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.	› A new Group CISO was hired in June 2022 and we have refreshed the cyber security strategy, benchmarked our capabilities against our international peer group, redesigned our organisational design for cyber security and integrated our regions into a Group aligned structure, including the DPO business. › All regions, including our new business in Saudi Arabia, have been PCI DSS and PCI PIN certified and our ISO 27001 certification has been expanded for Africa to include our Ghana and Nigeria businesses. › We have implemented automation tools to enhance the vulnerability detection, reporting and mitigation process. This is a significant improvement to our security posture which has reduced timelines for treating critical vulnerabilities. › We have continued to deploy industry leading access management and Privileged Access Management controls across the Group including Saudi Arabia and Nigeria. › Automated the detection of indicators of compromise (IOCs) with our security operations centre (SOC) to enhance protection and reduce human dependency.	› Complete the roll out of our single SOC coverage for all regions to unify our response efforts, automate detection and provide greater clarity on the threat environment across all markets. › Continue to deploy protective and detective controls across our multi-Cloud environments to support the Group's ambition to be quicker to market and be the e-commerce champion for the region. › Build a development, security and operations (DevSecOps) function to further integrate secure software development lifecycle practices across the Group as we build new innovative features to support customer needs. › Maximise the entire Group information security footprint to harness capability in the regions and generate greater symmetry across regions.	^ Increase in the number and frequency of cyber activity, potentially as a consequence of the Russia–Ukraine conflict. Distributed denial of service (DDOS) attacks have increased across the payments industry by 109% in terms of volume and duration. Recent malware attacks on clients and vendors demonstrate the supply chain risks prevalent in the industry. **Risk appetite: Low** The Group will not accept risks which may compromise the confidentiality, integrity or availability of its data or systems for the benefit of customers.

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.

Operational Resiliency

Strategic priorities

Risk of interruption to critical production services and inability to execute operational processes and deliver on contractual obligations due to operational inefficiencies and discontinuity, defects, errors and delays, which could damage customer relations, decrease potential profitability and expose the Group to liability.

Risk impact	Progress during 2022	Plan for 2023	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. An unexpected disruption to operational performance that may cause damage to customer relations or financial loss to the business.	› Completed our Group-wide Disaster Recovery (DR) testing for all applications across all Group locations. › Completed the DR data centre build, and core systems migration in Jordan. › Completed the self-onboarding portal build for UAE. Self-onboarding portal build completed for Saudi Arabia for pre-paid and debit card issuers. › Completed the technological production readiness for Saudi Arabia market entry, including proving of DR capability. Other key strategic objectives completed include Enterprise Resource Planning (ERP), Application Programming Interface (API), and Data Lake for enterprise-wide data analytics. › Continued with automation and optimisation of processes across regions to enable scale in processing volumes, faster turnaround times and enhanced controls. › Completed the automation of reports in Jordan for customers to have instant access to reports thereby enhancing customer experience. › Enhanced security patching process to mitigate cyber security threats by implementing monthly critical patches instead of quarterly.	› Hardware Security Module (HSM) upgrade to enhance the stability and security, and ensure payments eco-system runs on hardware compliant with PCI and regulatory requirements in UAE. › Authorisation switch system upgrade in GCC to extend hardware and software support until 2026. › Enhance UAE switch system to support Payment Authorisation Application Programming Interfaces (APIs). › Optimise existing automation solutions through re-engineering and re-design at back office to deliver more efficiencies across all regions. › Continue to enhance self-service portals to digitise and deliver optimum services to customers. › Enhance systems availability for Africa by implementing High Availability on Network Lite platform. › Improve resilience and increase bandwidth for switch connectivity to schemes.	 Improvements in maintaining high availability of tier 1 systems, service levels and disaster recovery capabilities. Investments in new data centre in Jordan and enhanced security patching process. **Risk appetite: Informed** We are accepting some level of modest disruption and operational failure from time to time, within the relative norms of the markets in which we operate, provided the impact of failures remains within acceptable limits. However, we ensure appropriate levels of resilience are in place to minimise the impact to our customers.

Execution

Risk of the Group's ability to maintain its position as the best payments partner in the Middle East and Africa. Our ambitious growth and expansion plans could be compromised if we are not able to deliver key strategic projects within expected deadlines. Our growth plans could create heightened levels of risk with regard to people and organisational capacity as we execute our growth plans to ensure on time delivery without disruption to our day-to-day operations. Failure to do so could expose us to adverse financial and reputational risk and negatively impact our return on investment.

Strategic priorities

Risk impact	Progress during 2022	Plan for 2023	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. We fail to deliver critical strategic projects on time and on budget, deferring or stalling growth and increasing operational and capital expenses.	› Digital onboarding developed to capture full suite of use-cases and capabilities. Self-onboarding capability developed for UAE and digital onboarding enhanced in Egypt, Jordan and DPO Africa. › Continued momentum in online merchant sign-ups, supported by DPO Pay in UAE. › ERM Framework implemented in the DPO business as per the integration plan. › Deployment of infrastructure in Saudi Arabia and progressed on securing the required licences and certifications, with a healthy business pipeline for 2023. › Expanded our products into new markets with our Merchant Services offering being introduced to Egypt. › We have adopted a 'Cloud First' strategy for all new market entry where permissible. This has been implemented in Saudi Arabia and can be replicated in other markets as opportunities present themselves.	› Continue to deliver revenue growth for the Group by cross-selling both DPO and Network products to existing customers and in other markets. › Improve ease of doing business with Network through advancement in our technology platforms such as APIs, self-onboarding and self-service portals. › Explore new revenue streams by extending our analytics offerings through Cloud-based platforms that support advance analytics. › Execute on all aspects of our 2023 strategic plan. › Continue expansion of our product suite and value-added services offering to client banks and merchants.	 **Risk appetite: Informed** Revenue growth in line with investor expectations and no dilution of Group's market position in its markets of operation. The Group has limited appetite for late or over budget delivery of critical strategic projects.

People

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

Strategic priorities

Risk impact	Progress during 2022	Plan for 2023	Risk trend
We are unable to effectively manage our workforce to ensure consistent delivery of the Group's strategy and/or operational performance.	› Corporate intranet portal was rolled out to enable better communication, collaboration, engagement and productivity in the workforce. › Automated the employee performance management process and also included ESG-based KPIs. › Created more comfortable and energising workspaces for employees by renovating existing offices and opening new offices in UAE, Egypt, Jordan and Saudi Arabia. › We delivered 60,244 hours of training (YTD) covering 100% of our employees across the Group. › Through the Training Needs Analysis survey, we identified and rolled out targeted high-impact learning programmes, Prevention of Sexual Harassment (POSH), leadership skills for managers, career counselling and mentorship programmes. › Network crossed the 30% mark for women representation in the workforce in 2022. › Encouraged inclusive behaviour and empowered our employees through initiatives such as 'Break the Bias', the 'Beacon Award' to recognise our exemplary women role models, 'ME Women Leaders' Summit' and 'Network Long Service Award'.	› Implement the Network Way and values behaviours along with alignment of core practices, policies and procedures in the DPO business. › Increase opportunities for collaboration through initiatives such as collaborative culture workshops, 'Cooperate and Collaborate' programmes, and focus group meetings. › Enhance career development by introducing skills and competencies-based training programmes, job rotation, mentorship programmes, and learning and development KPIs.	Engaged workforce with moderate attrition levels. **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.

Compliance

Failure or inability to comply with relevant laws, regulations, scheme rules and mandatory reporting requirements including failure to identify, monitor and respond to changing regulations or scheme rules.

Strategic priorities

Risk impact	Progress during 2022	Plan for 2023	Risk trend
A breach of or noncompliance with legal or regulatory standards leading to penalties, sanctions or reputational damage.	› Completed the annual compliance assurance reviews in line with the annual compliance monitoring plan. › Regulatory Change Management Committee monitored new and emerging regulations in the MEA region. › Acquired payments services licences from regulators in Ghana, Kenya and Egypt. › Received in principle approval from Central Bank of UAE to support the Group's acquiring business under 'Retail Payments Services and Card Scheme Regulations'. The Group has also received in principle approval from the Saudi Arabian Central Bank to conduct acquiring business in Saudi Arabia. › Implemented an AML monitoring system in Jordan to ensure effective and timely monitoring of AML risks related to our Merchant Services business in Jordan.	› Completion of our compliance monitoring programme for the year. The programme includes theme-based reviews to capture market abuse regulations, whistleblowing, anti-bribery and anti-corruption programme and a further review of DPO AML framework to align with the Group's practices. › Continue to implement new and revised regulatory requirements as and when received. › Further automation of our AML monitoring process in UAE and South Africa. › Continue to strengthen our compliance capabilities in our local regulated markets.	Wide ranging and extensive sanctions as a consequence of Russia–Ukraine conflict and inclusion of Myanmar in the Financial Action Task Force (FATF) blacklist. **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.

Geopolitical

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

Risk impact	Progress during 2022	Plan for 2023	Risk trend
A geopolitical event within our markets that impacts our ability to do business or to meet our strategic objectives.	› Completed country risk assessments for markets the Group identified as high risk. › Reviewed evolving regulatory changes in the markets where the Group provides its services. › Completed due diligence review for issuing clients across all relevant markets.	› Assessment of new regulations, amendments and local guidelines for new market entries the Group intends to progress with. › Risk assessments will be conducted for regions where the Group does not have a physical presence, and provides services on a cross-border basis, such as Libya, Uganda, DRC Congo, etc.	 **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

Risk of the Group's inability to have sufficient liquidity to meet its obligations including minimum capital funding requirements across geographies as they fall due. Adverse movements in foreign exchange rates arising from the Group's foreign operations and transactions in currencies other than AED and USD pegged currencies. Adverse interest rate risk primarily on its variable rate long-term borrowing/revolving working capital line of credit and exposure to inaccurate forecast of future business performance due to various forecasting models being used.

Strategic priorities

Risk impact	Progress during 2022	Plan for 2023	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.	› The Group has developed policies to manage financial risks concerning foreign exchange rates and other derivatives, debt management, bank relationship management and treasury operations. › On 11 August 2022, the Group announced a share buyback programme, the 'Initial Program'. As at 31 December 2022, shares amounting to USD 40.6 million have been purchased under the Initial Program. › We continued monitoring our liquidity position closely to ensure sufficient funds and liquidity headroom are available to meet our liquidity requirements. Initial share buyback programme does not impact Group liquidity position adversely. › Payment of term loan instalments (USD 37.5 million) and repayment of revolving credit facility of USD 35 million. The revolving credit facility has subsequently matured and been cancelled. › We considered and analysed options for interest rate hedge during the year, based on interest rate forecasts provided by our banking partners, and concluded not to proceed with interest rate hedging, based on the interest rate curves at the time of analysis.	› The Group will ensure adherence to policies to manage financial risk arising from FX rate fluctuations, interest rate changes and other treasury activities. › With the completion of the Initial Program of share buyback up to an aggregate amount of USD 50 million in 2023, the Group launched buyback of a further tranche of up to USD 50 million. › We will continue close monitoring of our liquidity position to ensure sufficient funds and liquidity headroom are available to meet our financial obligations and share buyback programmes are not expected to adversely impact Group liquidity position. › Repayment of the term loan instalment (USD 75 million) as contractually due or earlier. › Continue to monitor interest rate curves and appropriate decision will be taken to hedge the interest rates on our variable rate borrowings. › As LIBOR will cease to exist by June 2023, we will prepare for shifting to an alternative risk-free rate 'SOFR' by proactively engaging with banks to minimise the impact of any expected increase in effective rate on our borrowings. › Monitor FX risk arising from cash flows from international locations subject to significant currency fluctuations.	 The Group has sufficient liquidity backed up by improved business performance post recovery from the pandemic. **Risk appetite: Informed** The Group will manage its liquidity, FX and interest rate risks in line with agreed policies and thresholds.

Third Party

Strategic priorities

Risk of the Group's dependencies on various third parties to provide core systems, technologies, infrastructure, product and service-related support which may increase the Group's risk exposure in the event of a material service disruption, delay or cyber-attack with no alternative arrangements. Also, risk of failure of third parties to comply with contractual obligations, applicable laws and international standards.

Risk impact	Progress during 2022	Plan for 2023	Risk trend
A third-party provider does not meet its obligations, which negatively impacts our customer relationships, and causes disruption to business performance.	› Re-engineered the annual vendor risk assessment review process. › Thorough reviews were conducted for vendors who provide critical services to Network. › All significant findings identified as part of the 2021 reviews were closed in accordance with agreed-upon mitigation plans. › A vendor performance questionnaire was shared with internal stakeholders to measure the performance of high-risk vendors. › Implemented annual financial due diligence reviews and contractual reviews for all high-risk-rated vendors.	› Continue to conduct risk assessments for high and medium-risk-rated vendors. › Monitor and close the open risks with high-risk vendors identified through reviews. › Address any contractual deficiencies for high-risk vendors identified during vendor review process, where appropriate. › Monitor the performance of high-risk vendors. › Redefine risk assessment questionnaire based on the nature of service the vendor delivers. › Create scope-specific scorecards to measure the performance of high-risk vendors utilising KPIs/SLAs from their agreements. › Conduct financial due diligence checks for high-risk vendors at the time of onboarding. › Vendor lifecycle will be managed through Oracle-based solution with vendor onboarding, Risk and Compliance approvals being obtained through the system.	 **Risk appetite: Low** The Group will not accept risks which may compromise the confidentiality, integrity and availability of its data and its customers' data.

Fraud and Credit

Strategic priorities

Risk of compromise of card or merchant data or compromise of systems or networks or collusive merchants with the intention of performing unauthorised payment transactions for financial or non-financial gain resulting in losses to the Group or the Group's clients. Risk of financial or non-financial losses arising due to internal or external parties making a negligent and/or intentional fraudulent misrepresentation against the Group or any of its clients. The risk of merchants' inability to meet obligations resulting in chargebacks, refunds, scheme fines, fees and other charges. Risk of clients' inability to settle invoices for services received as part of issuing or acquiring processing. The risk that the Group will be liable for meeting the settlement obligation of sponsored issuing clients where such clients are unable to do so or comply with scheme rules.

Risk impact	Progress during 2022	Plan for 2023	Risk trend
Higher level of losses resulting in material impact on reported results and material damage to reputation.	› Fraud detection processes and best practices proven in the UAE were implemented in the new markets where the Group has expanded the Merchant Services portfolio. › Credit and fraud risk profile of the DPO business was re-assessed and the Group Enterprise Risk Management Framework was embedded. › Close monitoring and recovery efforts have resulted in reduced delinquency levels of Outsourced Payment Services business clients' receivables and unrecoverable chargeback. Credit losses were at very low levels, well within our risk appetite	› A 'state of the art' system with artificial intelligence and machine learning driven fraud detection and deflection capabilities will be implemented in UAE for acquiring fraud management. › Airline customer portfolio of the DPO business which is currently with other acquirers will be migrated under the sponsorship of the Group's acquiring business in UAE to benefit commercially and to align with the Group's risk monitoring framework.	 **Risk appetite: Informed** Acquiring fraud losses as a percentage of sales to be less than market average of 6 bps. Enterprise level net fraud losses to be less than 5% of the annual net profit of previous year of the Group. The ratio of unrecoverable chargebacks and credit losses to annual net profit of previous year of the Group not to exceed more than 5% of 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 Risk & Technology Committee and Board of Directors for their review and assessment.

Our ERM process ensures emerging risks are considered to aid the Risk & Technology 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 list of some current emerging risks of relevance to the Group are set out below.

Increasingly sophisticated cyber security threats:

We expect to see an increase in the level of sophistication of cyber-related attacks as a result of the shifting geopolitical 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.

Competition risk:

The Group has contributed to the acceleration of 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 Payment Service Providers operating in certain territories, be it through competitive pricing, enhanced capabilities and solutions, or skilled resources with local market knowledge.

Increasing geopolitical risks:

The Russia–Ukraine conflict carries significant risks for the world economy that has yet to fully recover from the impact of the global pandemic. A further prolonged conflict will pose additional risks to the global economic recovery as the impact of wide-ranging sanctions including those affecting international financial and payment systems take effect. There is also a heightened risk in times of political uncertainty on this scale of an increase in the number, frequency and scale of cyber-related activity across all sectors.

Macroeconomic risk:

The recent surge in inflation, interest rates, inflationary impact on costs and merchant trading can have an impact on markets that are not properly regulated which can result in both a short and long-term concern for financial institutions and Payment Service Providers. Some of the macroeconomic factors that can influence macro risk include unemployment rates, interest rates, exchange rates and commodity prices. There are also potential risks to financial stability from an unchecked broadening of access to credit in countries with weaker regulatory supervision.

The table and cross-references below aim to help stakeholders better understand the Group's approach to key non-financial matters and identify where they can find all relevant non-financial information in this report.

Reporting requirement	Internal policies and standards	Page
Environmental matters	Corporate Social Responsibility Health and Safety Environmental Management Policy	51 31 41
Climate change	Corporate Social Responsibility Health and Safety Policy	51 31
Colleagues	Code of Conduct Employee Charter Health and Safety Policy Equality, Diversity and Inclusion Learning & Development Employee engagement survey Whistleblower Policy	48 162 31 35 33 29 132
Human rights	Modern Slavery Statement Code of Conduct Whistleblower Policy Group Procurement Policy Vendor Code of Conduct	49 48 132 49 49
Social matters	Corporate Social Responsibility Equality, Diversity and Inclusion Policy	51 52
Anti-corruption and anti-bribery	Code of Conduct Anti-Bribery and Anti-Corruption Policy Sanctions Compliance Policy Anti-Money Laundering/Counter Terrorism Funding (AML/CTF) Policy Conflicts of Interest Policy Market Abuse Regulation (MAR) Manual Whistleblower Policy	48 33,48 48 48 48 48 132
Business model	N/A	6
Principal risks and uncertainties	Enterprise Risk Management Framework	102
Non-financial key performance indicators	N/A	24, 28

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, 120, 164 and 190 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 consumers; 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. The Board is committed to building our business for long-term growth. Our ambition to be the fastest growing and most innovative customer-centric payments company in the Middle East and Africa is supported by our strategy that has two growth pillars: to accelerate – serve more customers; and to innovate – serve customers better. Pages 6 to 9 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. 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 Risk & Technology Committee and the Audit Committee, has embedded a robust risk and control 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 24 to 27 in this report). The Board is mindful of our purpose (described on page 6) and of maintaining and developing those relationships when reviewing the strategy. During the year, the Board has maintained its focus on monitoring the Group's relationships with 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 'Culture and Values' section of this report on pages 28 to 37 and within our ESG section from page 38. The Remuneration Committee is cognisant that the CEO to employee pay ratio is a key lens when considering the appropriateness of executive pay outcomes and ensures that wider colleague pay and policies, and cultural context are intertwined with its remit and activities. The Remuneration Committee provides ongoing monitoring and oversees the engagement mechanisms between management and the wider workforce and regularly provides updates to the Board.
- 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 ESG Strategy section of this report on pages 38 to 57. This year, we have developed our TCFD reporting and provide more comprehensive disclosures on pages 58 to 77, providing greater depth across the TCFD recommendations, and new information about our strategy for managing climate-related risks and opportunities.
- 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 pages 28 to 37 within the Strategic Report and on page 132 in the Corporate Governance Report).
- Strong governance is important to our business, and we are pleased with progress during the year in embedding our high governance standards within DPO. The Risk & Technology Committee and the separate Audit Committee created in 2021 made good use of the breadth of the experience of our Independent Non-Executive Directors. Those Committees swiftly achieved a good rhythm of work, each covering their broad remit and, particularly the Audit Committee, provided oversight of the Group's ESG strategy. The membership of the Remuneration Committee was strengthened during 2022 and continued to provide workforce engagement oversight. The Nomination Committee expanded its workload, overseeing the implementation and progress made against targets set within the Group's Equality, Diversity and Inclusion Policy. Throughout 2022, the Committees provided a huge level of quality support for the Board. The Board is satisfied that our governance arrangements comply fully with the UK Corporate Governance Code, as explained within the Governance Report on pages 120 to 145.
- The Company has a strategic and commercial agreement with Mastercard as described within the Governance Report on page 137. Separately at the time of the IPO, Mastercard acquired shares in the Company (as disclosed in the Directors' Report on page 141). 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. The Company continually strives to improve the transparency of reporting and maintains a comprehensive investor relations programme for the benefit of its shareholders.

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
Group Chief Executive Officer
8 March 2023

Corporate Governance

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Actively engaging with all of our stakeholders

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. Comprehensive feedback from engagement with our shareholders and other stakeholders is given to the Board on a timely basis.

The Board welcomes feedback from investors and all stakeholders and we will continue with our programme of engagement in 2023 and beyond and look forward to your support at our fourth Annual General Meeting on 18 May 2023. More details on the engagement with the Company's stakeholders can be found in the Strategic Report on pages 24 to 27 and our s.172 statement can be found on pages 117 to 118, which provides examples of how the Board has considered stakeholders in its decision making.

More details on the engagement with the Group's stakeholders can be found in the following sections of this report:

S.172 statement can be found on p117–118

How we engage with our stakeholders on p24–27

Group values

Our new values underpin the execution of our revised strategy and support our approach to sustainable and responsible business.

Be open and honest with positive intent

Own every decision

Always do the right thing

Celebrate wins, sunshine failures

Dear Shareholder,

Introduction

Strong governance is important to our business, and it is particularly pleasing that we now fully comply with the UK Corporate Governance Code (the Code). During the year, we built upon our strong foundations of sound governance, with integration of the DPO business with the same standards as the rest of the Group having been largely completed. We also strengthened the membership of our Remuneration Committee and satisfied ourselves that workforce engagement oversight provided by that Committee is wholly effective and aligned with the requirements of the Code. Full details of our governance arrangements are given throughout this report.

The Board and Committees

In recent years, we have constructed a high calibre independent Board and therefore we decided during 2022 not to make any additional appointments. Accordingly, there were no changes to the membership of our Board during the year, until the retirement of Suryanarayan Subramanian, Non-Executive Director, on 31 December 2022. On behalf of the Board, I would like to take this opportunity to thank Surya, who has been a Director of Network since September 2013 and a key contributor to the Group's growth journey from a privately owned business to a publicly listed company, operating in high growth markets across the Middle East and Africa.

Surya has made a tremendous contribution to Network over the years and the Board has benefited greatly from his deep knowledge of the financial services sector within the MEA region. His expertise, coupled with his longstanding strategic and shareholder experience, has helped lay the foundations for Network's future growth. Surya left the Network Board with our best wishes.

> **"Strong governance is important to our business and, therefore, it is particularly pleasing that we now fully comply with the Code."**
>
> **Sir Ron Kalifa OBE**
> Chairman

In terms of Board diversity, we now meet the gender targets set by the Hampton-Alexander Review and exceed the ethnicity targets set by the Parker Review. We are mindful of the new Listing Rule gender and ethnicity targets, which we will have to formally report against next year, and we will take these into account should we make any further Board appointments in the year ahead. This year we are early adopting the disclosures and will set out our progress and action plans in future Annual Reports, maintaining full transparency in all we report and meeting the standards rightly expected of our shareholders and other stakeholders.

The Audit Committee and the separate Risk & Technology Committee that we created in 2021 made good use of the breadth of the experience of our Independent Non-Executive Directors. I am pleased that those Committees swiftly achieved a good rhythm of work and, throughout 2022, have provided a huge level of quality support for the Board. Also, we strengthened our Remuneration Committee in February 2022 with the additional appointment of Monique Shivanandan, bringing the membership of that Committee in line with the Code.

We conducted an externally facilitated evaluation of the Board that commenced at the end of 2022, which built on and refreshed the useful insights gained from our external evaluations in 2020 and early 2022. Our practice of regular externally facilitated Board reviews is a demonstration of our commitment to continuous review and improvement. Comprehensive disclosure is made within the Governance Report on page 141.

DPO acquisition and integration

During the year, the Board and its Committees provided oversight of the Group's comprehensive integration plans of the DPO business which we acquired in the autumn of 2021, monitoring progress by tracking a range of KPIs. As you will read in the Principal Risks and Uncertainties section from page 102, we have successfully implemented the Group's Enterprise Risk Management Framework (ERMF) and processes across the DPO business.

Environmental, social and governance strategy

In the past year, we have made good progress against each pillar of our environmental, social and governance (ESG) strategy that the Board approved in 2021. The Board, supported by the work of the Audit Committee, has enhanced the existing framework of appropriate policies and has provided oversight of progress against a range of KPIs on a regular basis. Our ESG strategy and execution framework is fully disclosed within the Strategic Report on pages 38 to 57. As a Board, we will ensure that the Group complies with good ESG practices for a company of comparable size and operating in our industry and geography, maintains transparent disclosures and KPIs and ensures that ESG compliant behaviour is ingrained in the organisation.

Employees and culture

We believe that the quality of the people who work across our organisation differentiates us from our competitors and drives our performance. Accordingly, the recruitment, motivation and retention of our employees across all levels is critical to the future success of the business and the Board monitors progress at each of its meetings. In addition, the Remuneration Committee provides detailed oversight of our employee engagement mechanisms, and the Risk & Technology Committee monitors the risk culture across the organisation. Both Committees regularly report their findings to the Board.

The diversity of our employees reflects the global reach of our business, and there are over 60 nationalities represented across our workforce. We are pleased that active steps to recruit from all sections of society have resulted in our gender diversity crossing the committed 30% mark across the organisation.

Our most recent employee engagement survey, which included employees working within our DPO business for the first time, produced lower results than in the prior year. The reduction in scores is, we believe, due to a number of factors best summarised as the degree of change throughout the organisation. Management has analysed the results carefully and has listened to the concerns raised within the survey and, with the support of the Board, a range of initiatives have been introduced to support our colleagues. The Board supports this additional investment in our people and will monitor progress throughout the year. Further details of the survey results and the range of initiatives that have been introduced are disclosed on pages 26 and 39.

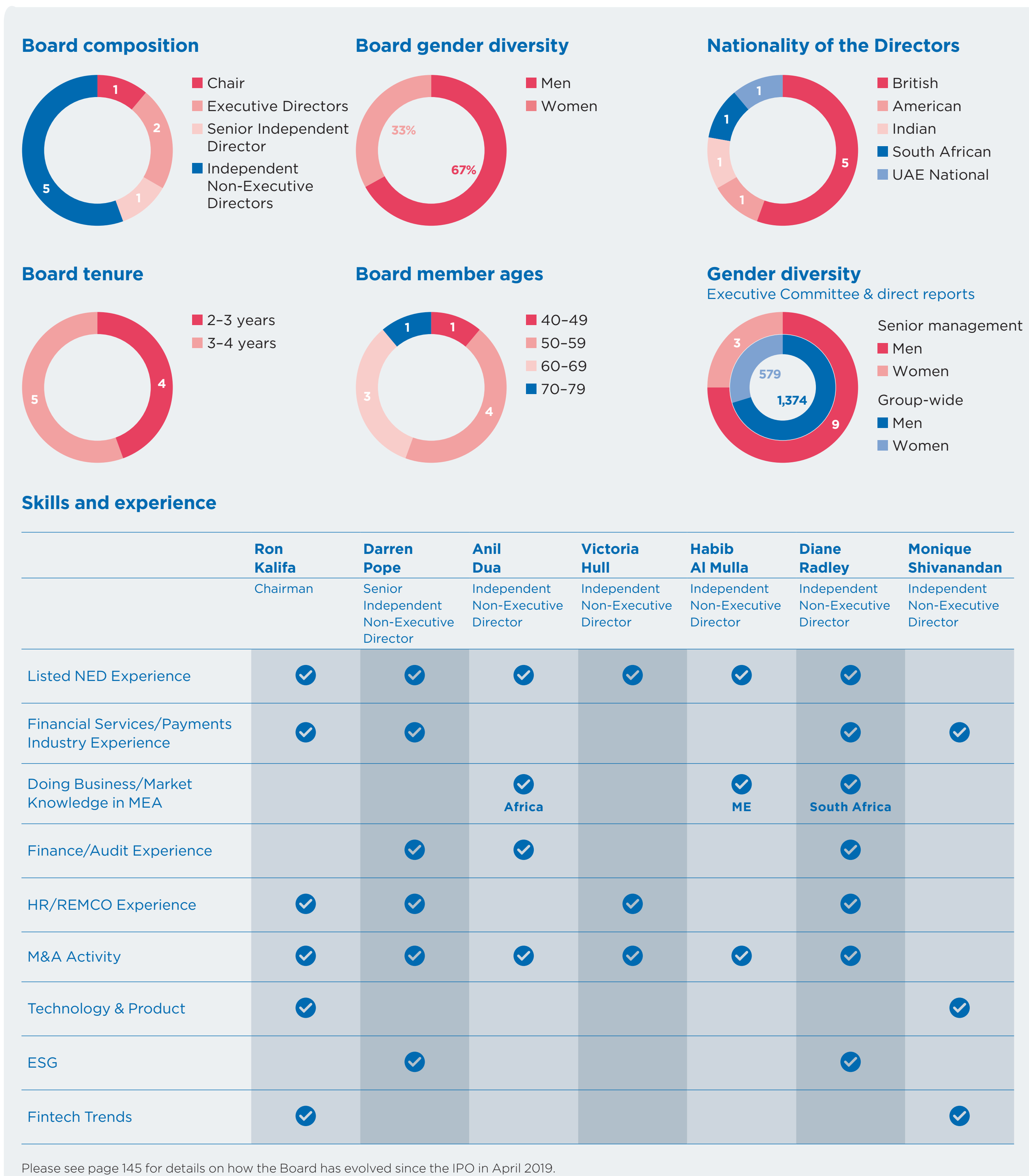
Our Nomination Committee conducted a comprehensive review of the Group's talent pipeline for senior management and ExCo positions and was encouraged by the wealth of high calibre individuals across our regions. The Board now has clear plans for improved exposure to, and ongoing engagement with, our senior people and high potential employees across our Group.

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 28 to 37.

Sir Ron Kalifa OBE
Chairman
8 March 2023

Highlights of progress made during 2022

At Network, we maintain solid governance throughout our organisation and drive the application of our Equality, Diversity and Inclusion Policy. Here are the highlights of the significant progress we have achieved during the year:



Skills and experience

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

Please see page 145 for details on how the Board has evolved since the IPO in April 2019.

Data on diversity of individuals on the Board and in its Executive Management

A) Gender

	Number of Board members	Percentage of the Board	Number of senior positions on the Board as defined by the Listing Rules (Chair, SID, CEO, CFO)	Number of other senior positions – Chairs of Board Committees[1]	Number in Executive Management	Percentage of Executive Management
Men	6	67%	4	2	9	75%
Women	3	33%	0	2	3	25%

B) Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board as defined by the Listing Rules (Chair, SID, CEO, CFO)	Number of other senior positions – Chairs of Board Committees[1]	Number in Executive Management	Percentage of Executive Management
White British or other white	4	44%	1	3	3	25%
Mixed multiple ethnic groups	0	–	0	0	0	–
Asian/Asian British	4	44%	3	1	4	33%
Black/ African/ Caribbean/ Black British	0	–	0	0	0	–
Other ethnic group, including Arab	1	11%	0	0	5	42%

1 Audit Committee, Nomination Committee, Remuneration Committee and Risk & Technology Committee.

We have early adopted the tables required by LR 9.8.6R (10) and in each table have added an additional column analysing the gender and ethnic background of the Chairs of the four Committees as we believe that those Committees are vital to the effective functioning of the Board and, accordingly, the Committee Chairs should be regarded as senior positions on the Board. Please see page 163 for further details.

The Board

We have built a strong and diverse Board with a breadth of skills, experience and knowledge. Our diversity metrics are shown on pages 122 to 123.

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.
- The Audit and Risk & Technology Committees have enhanced the support given to the Board within their respective areas of responsibilities in their first full year of operation since the separation of audit and risk and creation of two Committees, one with an added technology remit, in June 2021.
- All three members of the Risk & Technology Committee are members of the Audit Committee to ensure a high degree of coordination; and a joint meeting is held at least once a year to review the Group's assurance plans before making recommendations to the Board.
- An externally facilitated Board and Committee evaluation was carried out during the year as we believe that the rigour and expertise of an external review is significantly beneficial and demonstrates a commitment to continuous development. Our agreed action plan builds upon the positive momentum created in previous years.
- The review covering 2022 concluded that the Board was considered highly effective with follow up actions primarily focused on increasing the Board exposure to senior talent and focusing deeper on talent management, reviewing more structured insights into strategic delivery, increasing the review of culture and leadership and scheduling more face to face Board meetings.

Risk management and assurance:

- The Risk & Technology Committee, formed in June 2021, has completed its first full year of operation, fully covering its wide remit of responsibilities for providing risk management, technology and compliance oversight to the Group's business and advising the Board on the Group's risk appetite, tolerance and strategy.
- We have a clear risk governance structure utilising the three lines of defence model to ensure effective risk management, oversight and assurance.
- Our Enterprise Risk Management Framework is now fully embedded throughout our organisation, having been successfully implemented within the DPO business, and there is an ongoing process to identify and evaluate risk, supporting our decision making and the way we manage our business.
- The Board, Audit Committee and Risk & Technology Committee provided oversight of the DPO integration plans.
- The Audit Committee provided oversight of our ESG programmes and set viable targets against which progress was monitored.
- An external quality assurance review of our Group Internal Audit function, which was strengthened in 2019/20, was carried out this year by PWC. The results of that review were exceptional and assessed the Group Internal Audit function at the highest rating of 5 that their review model could generate.

Our people and culture:

- We have continued to progress our People agenda. Management has been working in partnership with all employees to ensure that our new culture, introduced in 2021, remains embedded throughout the organisation in support of our strategy.
- Our Nomination Committee has conducted a thorough review of the talent pipeline across the Group to identify potential successors for ExCo and other senior management considering the challenges and opportunities facing the Group and future leadership requirements. Additionally, the Nomination Committee reviewed the Group's Equality, Diversity and Inclusion (EDI) Policy and monitored its implementation and progress against objectives.
- Management have developed a detailed plan to improve the employee engagement scores in 2023 (see page 51) following the lower results in the 2022 employee engagement survey.
- There are over 60 nationalities represented across our workforce and, having taken active steps to ensure we are recruiting from all sections of society, gender diversity has crossed the committed 30% mark across the organisation.
- We have maintained our enhanced workforce engagement mechanisms, which are reviewed by 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 Chairman has also engaged with a number of larger-sized shareholders during the year, to discuss matters of corporate governance and broader strategic topics.
- Building on the success in previous years, our third Annual General Meeting was held by 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 on and oversight of key customer relationships, which are 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.

Sir Ron Kalifa OBE
Chairman

Committee membership
Chair of Nomination Committee and member of Remuneration Committee

Appointed March 2019

Other current appointments
- Non-Executive Director, England & Wales Cricket Board
- Non-Executive Director, Court of the Bank of England
- Trustee of the Royal Foundation of the Duke and Duchess of Cambridge
- Member, Build Back Better Council, United Kingdom

Relevant experience
Sir Ron 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 advisors. Sir Ron also sits on the boards of the Bank of England and the England & Wales Cricket Board and Transport for London, and is a member of the Council of Imperial College, London. Sir Ron was awarded an OBE in 2018 for services to Financial Services and Technology, and chaired the Independent Review of UK Fintech published by the UK Government in February 2021. In 2022, Sir Ron was appointed as a Trustee of the Royal Foundation of the Duke and Duchess of Cambridge, and very recently received a knighthood in the Queen's Platinum Jubilee Honours list for his work supporting the financial services and technology industries in the UK.

Nandan Mer
Group Chief Executive Officer

Committee membership
None

Appointed February 2021

Other current appointments
None

Relevant experience
Mr Mer has more than 32 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, 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.

Victoria Hull
Independent Non-Executive Director

Committee membership
Chair of Remuneration Committee and member of Nomination Committee

Appointed March 2019

Other current appointments
- Independent Non-Executive Director, Alphawave Group plc
- Independent Non-Executive Director, IQE plc
- Independent Non-Executive Director, Hikma Pharmaceuticals plc

Relevant 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.

Darren Pope
Senior Independent
Non-Executive Director

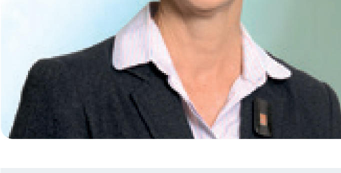
Committee membership
Chair of Audit Committee and member of Nomination Committee and Risk & Technology Committee

Appointed March 2019

Other current appointments
- Independent Non-Executive Director, Virgin Money UK plc*
- Chairman of UK subsidiary of Silicon Valley Bank
- Independent Non-Executive Director, Hargreaves Lansdown plc

Relevant experience
Mr Pope is a qualified accountant with over 31 years of experience in the financial services industry. 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 was the senior independent director of Equiniti Group plc.

* Stepping down on 26 May 2023.



Diane Radley
Independent
Non-Executive Director

Committee membership
Chair of Risk & Technology Committee and member of Audit Committee and Remuneration Committee

Appointed January 2021

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

Relevant 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 at Old Mutual South Africa from 2008. She has led the Transaction Services Group at PwC South Africa.

Anil Dua
Independent
Non-Executive Director

Committee membership
Member of Audit Committee

Appointed January 2020

Other current appointments
- Non-Executive Director, Liquid Telecom
- Non-Executive Director, African Export Import Bank
- Non-Executive Director, Geregu Power Plc

Relevant 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.

Rohit Malhotra
Group Chief Financial Officer and Group Chief Strategy Officer

Committee membership
None

Appointed June 2020

Other current appointments
None

Relevant experience
Mr Malhotra has more than 22 years of experience in financial activities. Prior to joining Network 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.

Habib Al Mulla
Independent
Non-Executive Director

Committee membership
Member of Nomination Committee

Appointed March 2019

Other current appointments
- Executive Chairman, Habib Al Mulla & Partners

Relevant 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. He 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.

Monique Shivanandan
Independent
Non-Executive Director

Committee membership
Member of Audit Committee, Remuneration Committee and Risk & Technology Committee

Appointed January 2021

Other current appointments
- Ms Shivanandan is the Group Chief Information Security Officer (CISO) for HSBC, leading the cyber security function for the Group

Relevant experience
Ms Shivanandan specialises in technology transformation in financial services with a specific focus on business transformation leveraging technology and Fintech advisory. She was the 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.

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.

Relevant experience
Nandan has more than 32 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, 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 and Group Chief Strategy 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.

Relevant 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.

Jay Razzaq
Chief Risk Officer and Group Company Secretary

Joined
April 2017

Role
Jay is the Group 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.

Relevant experience
Jay joined the Group in 2017 after working at Elavon, a subsidiary of US Bancorp, where she served as Head of Legal – International Markets. Jay has over 25 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.

Jamal Al Nassai
Group Chief Operating Officer & Country Head – UAE

Joined
March 2008

Role
Jamal is Group Chief Operations Officer, responsible for leading operations across all the markets served by the Group. Jamal's 15 years of experience with Network in business, technology, delivery management, governance and operations helps enhance the Group's operational expertise and capabilities while driving cost efficiencies and overall profitability.

Relevant experience
Prior to his current role at Network, Jamal was SVP – Group Head of Delivery Management, having previously worked as SVP – Group Head of Governance where he oversaw strategic and project governance across all streams of Group Operations – including PMO, Audit and Risk, Vendor Management, Quality and Controls, and Inventory and Assets Management. His previous positions with the Company include VP – Head Of Enterprise Delivery Management, VP – Head of Customer Experience, and Associate Vice President for Projects.

Sandeep Chouhan
Chief Business Transformation and Technology Officer

Joined
November 2022

Role
Sandeep is the Chief Business Transformation and Technology Officer. He joined Network in November 2022, and is responsible for defining and delivering the Digital, Technology & Operations strategy across the enterprise.

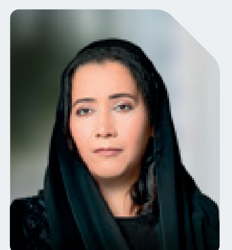
Relevant experience
Sandeep was most recently the Chief Operating Officer and Interim CEO of Abu Dhabi Islamic Bank (ADIB). Sandeep brings with him over 30 years of consumer banking and payments experience in business management and technology. He has built, set up and run technology and operations at Citi, Discover Card, Barclays, Mashreq and ADIB.

Andrew Key
Group Managing Director – Acquiring

Joined
July 2017

Role
Andrew is the Managing Director – Acquiring for the Group, responsible for the strategic plan, financials, customer proposition and overseeing all execution related to servicing merchants and governments across all of the Group's geographies. He joined the Company in 2017 and was the Managing Director for Africa prior to his current role.

Relevant experience
Andrew has 26 years of experience with a significant track record of success in the payments industry. Andrew was previously the President of Elavon Europe, a subsidiary of US Bancorp (USB), and responsible for the 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.



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 resources strategy and programmes. Under her stewardship, the Group has won government recognition and awards for human development and Emiratisation.

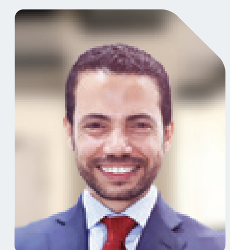
Relevant experience
Hend has more than 22 years' experience working with and leading HR departments at various national and international operations based in the UAE. She is a recipient of the prestigious Dubai Human Development Award given by the Dubai Economic Department. She is also part of the Women's Committee in the Banking Sector, which is run by the Emirates Institute for Banking and Financial Studies.

Navneet Dave
Managing Director and Co-Head of Processing – Middle East

Joined
February 2022

Role
Navneet is Managing Director and Co-Head of Processing – Middle East, leading a client-focused business unit serving financial institutions, fintechs and payment partners. Prior to this, Navneet was Network's Regional Managing Director for Processing in the GCC.

Relevant experience
Navneet joined the Company in 2022 and has over three decades of experience in retail banking with domain expertise in cards, payments, partnerships, unsecured loans, digital, sales and distribution. Navneet previously served as Senior Vice President for Market Development – MENA at Mastercard.



Reda Helal
Managing Director and Co-Head of Processing – Africa

Joined
November 2016

Role
Reda is the Managing Director and Co-Head of Processing – Africa, leading a client-focused business unit serving financial institutions, fintechs and payment partners. Reda has been with Network from 2007 to 2012 and since 2016 in several roles, including partnering with the Kingdom of Saudi Arabia team to launch the Group's business in the Kingdom as well as being Group Chief Sales Officer – Processing.

Relevant experience
Reda is passionate about payments innovation, financial inclusions and cashless societies, with over 23 years of experience in Digital Payments, Strategic Planning and Execution, New Market Entries and Leadership Practices in multinational payments organisations. He has also held various leadership roles in international banks across the Middle East, Africa and North America including Citibank, United Bank and Arab Bank. Reda holds a doctorate degree from the University of Liverpool, UK, and a Master's degree from York University, UK.

Abdulaziz Al-Dahmash
Managing Director – Kingdom of Saudi Arabia

Joined
January 2022

Role
Abdulaziz is responsible for implementing the strategy for driving business growth in Saudi Arabia.

Relevant experience
Abdulaziz is well-known in the Saudi payments industry, having been a member of the Saudi Central Bank (SAMA) and having played a major role in initiatives such as growing the Saudi National Card Payment Network (MADA). He was previously the Head of Digital Banking and Payments at Saudi British Bank (SABB) which he helped build as the largest e-commerce acquirer in Saudi Arabia. He was also a former Board Member of Saudi Financial Lease Contract Registry Company (SIJIL).

Dounia Saidi
Group Chief Marketing Officer

Joined
December 2017

Role
Dounia is the Group Chief Marketing Officer. In her role, Dounia drives the marketing strategy with a focus on brand management and the development of the Group product marketing strategy to enable and accelerate growth. Having taken on key customer-facing roles across the Middle East and Africa since joining Network in 2017, she has a deep understanding of the payments value chain and the needs of key partners and stakeholders.

Relevant experience
Dounia has over 24 years of experience in the payments industry, including Business Development, Relationship Management, Digital Payments, and Solutions Design. Her various leadership roles in financial services across the MEA region include stints with Visa, Société Maghrébine de Monétique (S2M), and Attijariwafa bank. She was previously in charge of overseeing Network's sales and business development functions to achieve revenue growth across the GCC markets.

Ian Cox
Group Chief Internal Auditor

Joined
September 2019

Role
Ian is the Group's Chief Internal Auditor, responsible for leading Group Internal Audit to provide independent assurance to Executive Management and the Board on the effectiveness of the Company's control framework and risk culture.

Relevant experience
Ian has more than 25 years of experience in the financial services industry including investment banking, insurance, payments and retail banking. Prior to joining Network, Ian worked for the Barclays Group where he held positions including the head of internal audit for the global retail and business banking division, and the global Barclaycard business.

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 118.

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 2022, we have maintained our high standards of governance, and aligned those standards within the DPO business that was acquired in September 2021.

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

For the period 1 January to 15 February 2022, the Company did not comply with provision 32 regarding the composition of the Remuneration Committee as only two members of that Committee were Independent Non-Executive Directors, 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, is a member of the Remuneration Committee and was so during the January to mid-February period, but as Chairman, he could not be counted towards the minimum membership of three. On 15 February 2022, Monique Shivanandan, Independent Non-Executive Director, 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, including the Company's ESG strategy (see pages 38 to 57); additionally, the Board held a corporate strategy meeting during the year, where the progress made against the refreshed strategy for accelerating growth and cultural transformation was reviewed.

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. During 2022, the Group's Enterprise Risk Management Framework (ERMF) and processes were largely implemented across the DPO business as that business aligned with the standards and practices of the rest of the Group. More information about the ERMF is included in 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 organisation so it can satisfy itself that the Company's values and culture are aligned with its purpose and 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 1 to 21 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.

Further progress with our People agenda has been achieved during 2022, as described in the 'Our Culture and Values' section and in the relevant parts of the ESG section within the Strategic Report on pages 28 to 37. During 2021, new values in support of the revised strategy were developed and rolled out to all employees. The CEO, with the support of his executive colleagues, took the necessary steps to ensure these new values and our positive culture were embedded across the organisation, including through regular training programmes, internal communications and reminders at team meetings.

Our most recent employee engagement survey, which included employees working within our DPO business for the first time, produced lower results than in the prior year. The reduction in scores is, we believe, due to a number of factors best summarised as the degree of change throughout the organisation. Management has analysed the results carefully and has listened to the concerns raised within the survey and, with the support of the Board, a range of initiatives have been introduced to support our colleagues. The Board supports this additional investment in our people and will monitor progress throughout the year.

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 auditor; and face to face meetings. A culture dashboard, part of the CEO report, provides the Board with a consistent range of metrics aligned against each element of the Network Way to enable it to monitor and assess the Group's culture.

The Company has a positive risk culture supported by the ERMF, which is more fully described in the Principal Risks and Uncertainties section of the Strategic Report on pages 102 to 115. During the year, the Group's ERMF and processes were largely implemented across the DPO business. 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 (Executive Committee) 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 Group'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 Group 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. The Whistleblowing process was enhanced in 2021 and since then, continuous steps have been taken to ensure there is a high level of awareness amongst employees. The Whistleblowing process includes a dedicated hotline, 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 Committee, the designated Whistleblowers' champion, 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 Committee. The Chair of the Audit Committee presents his report to the Board on the proceedings at each Audit Committee meeting, and if any significant 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 Committee, Group Internal Audit conducted a review in 2021 of the process for handling high risk issues identified from whistleblowing cases and found that the key components of an appropriate whistleblowing framework are in place and that the framework is effective.

Workforce engagement

The Board acknowledges that the Company does not meet the qualifying criteria to report on some of the legislation introduced under 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 'Our Culture and Values' section and in the relevant parts of the ESG section of the Strategic Report on pages 28 to 37. 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 monthly Town Halls.

The Board maintains 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 Group's 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 Committee.

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. The Board is satisfied that the Group is in compliance with the Code provisions in respect of workforce engagement.

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; and the Chairman has met with shareholders on matters of governance and broader strategic topics. More information on our shareholder engagement is disclosed within the Strategic Report on page 24 and in the Chairman's Governance letter on page 120. Regular feedback from 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 Board, through the Investor Relations team, maintains contact with each of our major shareholders to enquire whether they would find it helpful to deepen their ongoing engagement by meeting with the Chairman.

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. Building on the experience during the COVID-19 restrictions, and in line with our commitment to make our meetings as accessible as possible, the Board conducted the AGM held on 19 May 2022 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 Group'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 CEO reports to the Board) and other senior management. More information on key stakeholders and engagement is available in the Strategic Report on page 24.

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, Risk & Technology, 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.

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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 auditor;
- 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 preliminary results announcement, the Annual Report and Accounts, the half year results announcements and quarterly trading updates;
- 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; and
- Monitoring and, at least annually, 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 its meetings during 2022, the Board discharged its responsibilities, and in particular it carried out:

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and business performance across the Group as well as culture indicators and stakeholder engagement; and the Chief Financial Officer presents a detailed analysis of the financial performance, both at Group and operating segment levels. In view of the critical importance to the Group's business, the Board reviews progress reports on 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 the Group's technology strategy, technology platforms and cyber security conducted by the Risk & Technology Committee.

The Board continuously reviews the Group's strategy at each of its meetings and, in addition, holds one dedicated 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.

"Our strong and diverse Board has met its responsibilities and duties effectively during 2022."

Sir Ron Kalifa OBE
Chairman

Strategic

- Ongoing strategic updates and progress reviews at each meeting with selected deep dives into specific strategic issues and key markets built into the annual Board programme
- Reviews of the M&A pipeline
- Review of the Group's technology strategy and prioritisation of strategic technology projects
- Approval of capital projects requiring Board approval under the Delegation of Authority

Operational, business and financial performance

- Review of CEO reports at each Board meeting
- Assessment of the Group's culture
- CFO reports at each Board meeting
- DPO performance reviews
- Approval of and review of progress of the share buyback programme
- Review of financial forecasts
- Approval of annual budget

Reporting

- Review and approval of the 2021 preliminary results announcement, the 2021 Annual Report and Accounts and the 2022 H1 results, and all statements and confirmations therein
- Review and approval of Regulatory News Service announcements, including quarterly trading updates, issued to the market

Internal control and risk

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

Shareholder and stakeholder oversight

- Review of reports from Investor Relations and brokers
- Ongoing oversight of progress with the Group's People agenda
- Ongoing oversight of the corporate culture and the review of the 2022 employee engagement survey results and management actions to address employee concerns
- Review of engagement with the Company's other stakeholders including Mastercard and customers

Directorate

- Retirement of Suryanarayan Subramanian, Non-Executive Director
- Review and approval of Directors' other directorships and any potential or perceived conflicts of interest

Governance

- Approval of amendments to the terms of reference of the Risk & Technology Committee and the Audit Committee
- Approval of changes to the composition of the Board's Committees
- Approval of matters recommended by the Board's Committees
- All proposed resolutions within the Notice of the 2022 Annual General Meeting and subsequent review of the voting results of that meeting
- Policy and insurance approvals
- Review of compliance with the Group's policy and approval of the Board's annual statement in respect of modern slavery
- Regular reviews of performance against the Group's environmental, social and governance strategy and approval of relevant policies and related compliance
- External Board effectiveness reviews conducted in the early part of 2022 and at the end of the year
- Oversight of compliance with UK and US sanctions imposed on business dealings with third-party Russian financial institutions
- Approval of change of registered office
- Meetings between the Chairman and the Independent NEDs
- Governance enhancements in compliance with the 2018 UK Corporate Governance Code

Effectiveness of risk management and internal control systems

Each year, the Board, through the work of the Audit Committee and the Risk & Technology 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. There is an ongoing process for the identification and evaluation of risk management and internal control processes. 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 Committee by the Group Chief Internal Auditor. The Board, through the work carried out by the Audit Committee, in reviewing the effectiveness of the system of risk management and internal control, can confirm that the internal control environment is working effectively in all material respects and necessary actions have been or are being taken to remedy any significant failings or weaknesses identified from that review.

Assessment of the Group's emerging and principal risks

The Board, through the work of the Risk & Technology Committee, carried out a robust assessment of the Group's emerging and principal risks during the year. Disclosure of these risks, the procedures to identify them, the Board's risk appetite, and an explanation of how they are being managed and mitigated are included in the Risk & Technology Committee report on pages 156 to 159 and the Principal Risks and Uncertainties section on pages 102 to 115.

Board composition

As at 31 December 2022, the Board comprised the Non-Executive Chairman (independent on appointment), two Executive Directors and six Independent Non-Executive Directors (analysis determined after one non-independent Non-Executive Director retired on that date). As at the date of this report, the ratio of Independent Non-Executive Directors to other Directors (excluding the Chairman) is 6:2 which continues to be in compliance with the requirements of the Code. The biographical details of each of the current Directors can be found on pages 126 to 128 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/**.

Board and Committee membership, appointments and diversity

There were no changes to the composition of the Board during the year, other than the retirement of Suryanarayan Subramanian on 31 December 2022.

The current compositions of the Board's Committees and the one change made during the year (the appointment of Monique Shivanandan to the Remuneration Committee on 15 February 2022) are shown in the relevant Committee sections on pages 146 to 189. In view of his longstanding experience with the business and the market, and his financial expertise, Mr Subramanian was invited to attend the meetings of the Audit Committee and the Remuneration Committee until he retired from the Board on 31 December 2022. He was not a member of those Committees, did not receive any additional fee for his attendance, had no voting rights and was not counted towards the quorum. Please see below regarding his independence and confirmation that there was no conflict of interest in respect of his attendance at these meetings.

The search, selection and appointment process for Non-Executive Directors is shown in the section on the Nomination Committee on page 160.

When considering the appointment of new Independent Non-Executive Directors, the Nomination Committee and the Board have regard to the 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 and the Nomination Committee are also mindful of the targets set by the Hampton-Alexander Review (gender) and the Parker Review (ethnicity) (both of which have been achieved by the Company) and the recently introduced Listing Rule requirements (not yet applicable to the Company) in relation to both gender and ethnicity composition of the Board. Whilst the Listing Rule requirement in relation to ethnicity has been achieved, the Company falls short of the target that at least 40% of the individuals on the Board are women, and the target to have

one of the senior positions on the Board of Chair, CEO, CFO and SID held by a woman. These targets were introduced in April 2022 and are not applicable to the Company until its 2023 financial year. The Board and the Nomination Committee will include these new targets in their considerations throughout the process prior to the appointment of any new Director in the future.

The diversity of the Board members is shown graphically on page 122. We have early adopted by one year the Listing Rule requirement to present tables analysing gender and ethnic background of the Board and Executive Management – see page 123. As these tables are voluntary this year, we have inserted, in addition to the requirement to analyse the Directors who hold senior Board positions as defined by the Listing Rules, an additional column in both tables analysing the number of other senior positions – Chairs of Board Committees – as we believe that those Committees are vital to the effective functioning of the Board and, accordingly, the Committee Chairs should be regarded as senior positions on the Board.

The Board Appointments 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, if and when conducting a search for additional Directors, 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.

Time commitment and external appointments

The Board recognises the benefit to the Company of those Directors holding directorships in other companies where no conflict of interest arises. The Board requires that the Non-Executive Directors should have sufficient time to meet their Board responsibilities and acknowledges that such time commitment may vary from time to time, depending upon the demands of the business and other external events. In addition to attendance at scheduled meetings, the Directors are often required to attend ad-hoc meetings, often at short notice. The chart on page 141 discloses the attendance record of each Director in respect of the meetings of the Board and each Committee of which they are a member.

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 6 March 2023, 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, it considered the criteria set out in provision 10 of the Code amongst other matters and determined that all six Non-Executive Directors, namely Victoria Hull, Habib Al Mulla, Darren Pope, Anil Dua, 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, 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 (available on the Company's website), 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:

- Suryanarayan Subramanian, Non-Executive Director, was not regarded as being independent during the year until his retirement from the Board on 31 December 2022.
- He was nominated for appointment to the Board in March 2019 pursuant to the relationship agreement between the Company and ENBD (which subsequently terminated on 13 November 2019), and continued as a Director until his retirement on 31 December 2022. He had informed the Board that, with effect from 1 January 2020, he no longer held the position of the Group Chief Financial Officer of ENBD. ENBD also informed by its letter dated 16 July 2020 that Suryanarayan Subramanian did not represent ENBD's interest on the Company's Board. Accordingly, the Board acknowledged that in accordance with provision 10 of the Code, Suryanarayan Subramanian could not be regarded as independent, but was satisfied that since 1 January 2020, there was 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 18 May 2023 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 all Directors gained a high level of knowledge about the Group so that they 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.

A thorough induction programme was designed and developed in previous years 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 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. In the past, new Director induction programmes have also included extensive meetings with many members of the management team in the areas of HR, Product, Technology, Operations, Audit, Risk, Strategy and Finance. These induction meetings are beneficial not just for the Directors, but also for the members of the management team who gain first-hand exposure to new members of the Board. 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.

Operation of the Board and its Committees

The Board and its Committees each have a forward programme of work 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 ExCo 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. Since the lifting of travel restrictions that had been in place due to the COVID-19 pandemic, there was a combination of physical, video conference and hybrid scheduled Board and Committee meetings during the year. Additional ad-hoc meetings were held by video conference in order to facilitate attendance by the Directors at short notice.

At scheduled Board meetings, the Chairman meets with the Independent Non-Executive Directors in the absence of the 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 129.

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 2022. Non-attendance at one Board meeting each by Dr Habib Al Mulla and Victoria Hull and one Nomination Committee meeting by Victoria Hull was due to unavoidable prior business commitments. In each case of absence, the concerned Director gave their inputs to the Chairman/Committee Chair on the matters being taken up at the meetings.

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 2023. In late 2022, the Nomination Committee conducted a review of the time commitments of each of the Non-Executive Directors – see page 162 for further details – and concluded that each of the Directors had sufficient capacity available commensurate with the nature and size of the Group's business.

Individual Director attendance at scheduled meetings during the year 2022

Name	Board	Audit Committee	Risk & Technology Committee	Nomination Committee	Remuneration Committee
No. of meetings held	**8**	**8**	**7**	**5**	**6**
Ron Kalifa	8/8	–	–	5/5	6/6
Nandan Mer	8/8	–	–	–	–
Darren Pope	8/8	8/8	7/7	5/5	–
Victoria Hull	7/8	–	–	4/5	6/6
Diane Radley	8/8	8/8	7/7	–	6/6
Monique Shivanandan	8/8	8/8	7/7	–	6/6
Habib Al Mulla	7/8	–	–	5/5	–
Anil Dua	8/8	8/8	–	–	–
Rohit Malhotra	8/8	–	–	–	–

Attendance at scheduled meetings during the year 2022 by former Directors who retired/resigned during the year

Name	Board	Audit Committee	Risk & Technology Committee	Nomination Committee	Remuneration Committee
Suryanarayan Subramanian	7/8	–	–	–	–

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. The second annual evaluation of the Board, which was finalised at the start of 2022, was facilitated by Egon Zehnder, building on the outcomes and actions from the review they facilitated in the latter part of 2020. Both reviews were conducted by way of questionnaires and individual interviews and the outputs and Board agreed actions from the second evaluation were reported in the Company's 2021 annual report and accounts.

In line with its commitment to ongoing review and improvement, the Board conducted a further evaluation at the end of 2022. This review was facilitated by Egon Zehnder by way of a comprehensive questionnaire issued to each of the Directors.

Our Board evaluation process at the end of 2022:

- The Board agreed that its third Board effectiveness review should again be externally facilitated by Egon Zehnder to provide consistency and continuity.
- The Chairman discussed and agreed the scope of the evaluation with Egon Zehnder. Separately, the Senior Independent Director led the evaluation of the Chairman.
- Egon Zehnder issued comprehensive questionnaires to all Board members and reviewed the qualitative and quantitative data collected from them.
- Egon Zehnder prepared a report of their findings from the review, identifying strengths, challenges and opportunities to improve and embed higher performance.

- Egon Zehnder's report was first shared with the Chairman and the Senior Independent Director and then presented to and discussed by the Board, which agreed an action plan to enhance Board effectiveness for the year ahead.
- The action plan will be continually monitored by the Chairman with the support of the Company Secretary.
- The Board evaluation to be conducted in 2023 will reflect on the actions from the late 2022 review.

Process and context

A thorough evaluation of the Board and its Committees was conducted by Egon Zehnder and the section above explains the process undertaken at the end of 2022.

Egon Zehnder was appointed in view of their specific knowledge of the Board and to build upon the outcomes and actions from the review they facilitated in late 2020 and early 2022. Egon Zehnder did not carry out any other assignments for the Company during 2022, although as previously disclosed, they did conduct the searches resulting in the appointments in January 2021 of Diane Radley and Monique Shivanandan as Independent Non-Executive Directors and in February 2021 of Nandan Mer, Group CEO.

The latest review was carried out in the context of a full transition from the restrictions previously imposed by governments in response to the COVID-19 pandemic; more than a full year's operation of the Risk & Technology Committee (separating risk from the Audit Committee in June 2021); and the retirement from the Board of Surya Subramanian on 31 December 2022.

Egon Zehnder issued questionnaires to all Board members.

The comprehensive report prepared by Egon Zehnder was debated by the Board, which then agreed to an action plan for improvement, in February 2023.

Summary of outputs

The Board effectiveness review concluded that the Board was functioning well and that its dynamics and culture led to a high level of engagement around the Boardroom table, where open and honest debates take place and members feel they can challenge each other, underpinned by very effective leadership from the Chair. Likewise, the Committees continue to be well structured, are run effectively, and contribute strongly in their respective areas of responsibility. The Board members bring a wealth of expertise and experience, and engage well with senior management, with whom there is good exposure. The agendas cover the right areas leading to proactive discussions with increasing time spent on forward looking issues. There continues to be a strong focus on risk and a very good understanding of risk oversight. The Board is satisfied with the time spent on strategy and that attention is given to ensuring that the right organisational resources are in place to execute on the strategy. Overall, the Board members are well aligned with the growth agenda and support the Group's strategic vision. There continues to be a high degree of confidence in the Chairman, who provides strong and effective leadership. He is proactive and keeps Board members up to date on relevant issues and possesses a high level of industry knowledge and experience. The Chair fosters a transparent, trusting and inclusive collaborative culture and supports debate and constructive challenge, and ensures everyone's opinions are listened to.

Egon Zehnder's report acknowledged a number of positives and key strengths, and identified areas for continued improvement, including a deeper focus on talent management and succession planning, increasing more structured insights into strategic delivery and ways to hold management to account, to increase Board discussions on the organisation's culture and leadership, increase the proportion of face-to-face Board meetings and at different office locations, and a strengthening of Board paper quality and improvement in circulation times. Their report set out some clear recommendations, which were discussed by the Board in February 2023.

The following table presents a high-level summary of the outputs and areas for continued improvement from the late 2022 Board effectiveness evaluation and the proposed actions by the Board.

Outputs from the 2022 Board evaluation	Board agreed actions
A deeper focus on talent management and succession planning. Increase the Board's exposure to senior talent	To be built into the Board's agenda and engagement programme
More structured insights into strategic delivery and ways to hold management to account at each Board meeting	To be built into the Board's agenda with sufficient time allocated
Further discussion on the softer aspects of the Board's mandate such as the organisation's culture and leadership	To be built into the Board's agenda with sufficient time allocated
Additional face-to-face Board meetings including in London	To be built into the Board's agenda and engagement programme
Board papers to be strengthened and circulation times to be improved	Greater focus and priority to be given to this action in 2023

Status update on the actions from the early 2022 evaluation

Outputs from the early 2022 Board evaluation	Board agreed actions	Status
Continued preparation for top bench succession	Additional Nomination Committee meetings built into the corporate calendar	Additional meetings held in 2022. Deeper focus on talent management and succession planning in the plan for 2023
Increase exposure to management, particularly below Executive team level to deepen the understanding of the business and better inform talent management discussions	Increased interactions with top talent, both in Board meetings and less formal settings	Good exposure between the Board and senior management. Solid relationship between the Board and ExCo in terms of knowledge sharing, information and views. More focus required on the Board's engagement with the next level of management – see the actions from the late 2022 Board evaluation above
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	Achieved
Integrate strategic discussions about key emerging themes and leadership development and succession into the Board programme	Board's forward programme to reflect this recommendation	Achieved
Improve the distribution lead times of papers issued prior to meetings to allow the Board ample time for preparation	All papers to be issued at least five days prior to meetings	There is an ongoing improvement plan, although greater focus and priority to be given to this action in 2023
Integrate more in-person events (both formal and informal) into the corporate calendar to further enhance Board level relationships	A programme of events spread throughout the year to be developed	Good communication between meetings takes place when needed. Additional face-to-face meetings to be introduced in 2023 (see late 2022 effectiveness review action above)

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 page 173.

Management Committees

Executive Committee

In addition to the members of the Board, the day-to-day management of the Group's operations is conducted by its Executive Management Team called the Executive Committee which is made up of the key business heads of each function (please refer to pages 129 to 130 for details).

The ExCo is chaired by the Group CEO, and convenes throughout the year based on a series of planned meetings. These include a weekly Monday 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 Executive Committee meetings, many of which then subsequently came to the Board for approval in 2022, included:

- business performance and performance against KRIs;
- progress on the Group's IT strategy;
- continuous evaluation of the Group's management structure;
- progress of integration of DPO business with that of the Group;
- progress of implementation of the Group's ESG strategy;
- business developments in different geographies in which the Group operates;
- the Group's approach to risk management;
- results of the employee engagement survey;
- progress on culture and Board engagement with workforce; and
- review of the Group's talent pool.

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 commitments. The ERMC 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 2022, the ERMC reviewed regular reports in respect of the above areas of its mandate, including: ongoing monitoring and deep dive reviews of the Group's Principal Risks and new and emerging risks, performance of KRIs against those risks, risk acceptance reports and risk disclosures in the Annual Report and half year results announcement; and ongoing monitoring of technology resilience, cyber security, IT disaster recovery, fraud reports, Credit Risk Management Committee reports, regulatory compliance, assurance plans, DPO integration progress and the Enterprise Risk Management dashboard.

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 Technology Officer, Group Chief Internal Auditor, Group Chief Operations Officer, Group Managing Director – Acquiring, Managing Director & Co-Head of Processing – Middle East and Managing Director & Co-Head of Processing – Africa.

The Board's perspective on Risk & Control is covered in the Principal Risks and Uncertainties section within the Strategic Report on page 102 and within the Risk & Technology Committee report on page 156.

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)[1]
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 All other serving Directors are elected/re-elected by shareholders at the AGM	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
20 May 2021	Each Director is elected/re-elected by shareholders at the AGM	11	7:3
30 September 2021	Ali Mazanderani, Independent Non-Executive Director, resigns from the Board	10	6:3
31 December 2022	Suryanarayan Subramanian, Non-Executive Director, retires from the Board	9	6:2

1 The Code requires that at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent.

Audit Committee report

"We continue to focus on the production of high-quality, well-controlled financial statements to provide our stakeholders with the best-quality insight into our business. I have been particularly pleased with the progress in our DPO financial and audit integration and the exceptional outcome from the independent external quality review of our Internal Audit area. We have additionally significantly moved forward our ESG agenda and are delivering rigour and control around our progress here."

Darren Pope
Committee Chair

Other members

Anil Dua
Diane Radley
Monique Shivanandan

Number of meetings held in the year

Eight.

Attendance

Darren Pope (Chair)	8/8
Anil Dua	8/8
Diane Radley	8/8
Monique Shivanandan	8/8

Meetings also regularly attended by:

- Nandan Mer, Group Chief Executive Officer
- Rohit Malhotra, Group Chief Financial Officer
- Suryanarayan Subramanian, Non-Executive Director
- Jay Razzaq, Chief Risk Officer and Group Company Secretary
- Ian Cox, Group Chief Internal Auditor
- Vimal Relli, Group Financial Controller
- KPMG LLP

Read Directors' biographies on pages 126 to 128

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.

Dear Shareholder

I am pleased to present the Audit Committee report for the year ended 31 December 2022. 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) other than relating to Code provision 28 (assessment of principal and emerging risks), which is included in the separate Risk & Technology Committee report on pages 156.

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.

DPO finance and Internal Audit integration

The Committee provided oversight of the DPO finance, financial control and Internal Audit integration programmes and was pleased with the significant progress made and the pace at which it had been achieved. As a result, DPO's internal control framework made good progress in 2022. While an area for continued focus next year, as the year progressed, the Committee was encouraged by the improvement in the closure rate of Internal Audit issues by management in the DPO business, demonstrating its growing maturity and management's focus on alignment of standards within that business with the rest of the Network International Group.

Disclosures and year end reporting

We have maintained the high standards of disclosure achieved in prior years, having engaged with, and listened to, our shareholders in respect of the quality and transparency of the Group's external reporting.

We have undertaken a change in accounting policy to re-present the cash flow impact of restricted cash within cash and cash equivalents, in light of the IFRS agenda decision in April 2022. This is fully disclosed in note 2(f) on page 217.

The Committee has maintained its focus on going concern to ensure that the stress testing applied to the business was made under severe but plausible scenarios and that any management actions deployed are achievable, proportionate and properly costed.

The most material accounting estimate related to the assessment of impairment of the carrying value of DPO which is fully supported by the latest business forecast and robust to reasonable sensitivities as to discount and terminal growth rate assumptions.

ESG programme

As the Group expands on its commitments and public disclosures in relation to its ESG programme (see pages 38 to 57), the Committee was asked by the Board at the start of the year to lead the oversight of that programme, with a particular focus on the setting of viable stretch targets, the workstreams to deliver them and, in conjunction with the Risk & Technology Committee, the assessment of strategic risks and opportunities. The outcome of the work to date is presented on pages 58 to 77 and demonstrates very substantial compliance with the requirements of TCFD. A formal structure of regular reporting is now in place with a key roadmap against which performance can be monitored by management with oversight by the Committee.

External auditor

In the context of general market uncertainty with regard to the Wirecard failure, we had increased our audit scope significantly in the last couple of years. Audit scope has now been marginally reduced from 95% to 92% of the Group's revenues, but at this level it remains very conservative and high in the context of other FTSE 350 companies. This level reflects our natural prudence rather than any underlying concerns.

In view of KPMG's long tenure as external auditor, and as described more fully in this report below, the Group will conduct a formal audit tender process in 2023, leading to the appointment of a new external auditor for the statutory audit commencing with the 2024 financial year.

Internal Audit

Group Internal Audit (GIA) is consistently a valued partner and strong third line of defence within the organisation as a result of the ongoing significant upskilling of the function, including in the areas of technology and data, since 2019. As mentioned above, management within DPO has improved the level of closure of Internal Audit issues during the year and their efforts are being supported by the rest of the Group. Elsewhere in the Group, there is strong closure of Internal Audit issues by management and overdue audit actions remain low, illustrating the continuous high level of focus on control.

Our first externally facilitated external quality assurance review of Group Internal Audit was carried out this year by PWC. The Committee was delighted that their overall assessment was the highest rating of 5 that their review model generates. A tremendous result for the GIA team but not one that will make us complacent.

Assurance

We have continued to develop our overall assurance approach this year with a highly integrated plan agreed with the Risk & Technology Committee across Group Risk and GIA. 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.

Whistleblowing

We continue to be pleased with the usage of the whistleblowing facility and the robust way in which all matters raised are fully investigated. We closely monitor these cases as they are raised and the outcome of each investigation and believe the level of cases is symptomatic of widespread awareness amongst our people across the Group rather than any concern as to our control environment.

Looking ahead

We will continue to monitor the quality of the Group's financial reporting and financial controls and continue to refine and maintain oversight of the ESG targets and delivery programmes. The external audit re-tendering will be a focus of the Committee during 2023 as will the transition to the new external auditor after the audit of the 2023 results. We will continue to monitor and prepare for any changes to our processes and procedures in response to the UK Government proposals on the future of audit and corporate governance.

Darren Pope
Chair, Audit Committee
8 March 2023

Compliance with the Code

Throughout the year, there was full compliance with section 4 of the Code.

Composition of the Committee

The Audit Committee is comprised solely of Independent Non-Executive Directors. No changes were made to the membership of the Committee during the year.

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 GIA 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 adequacy and effectiveness of the Group's internal financial controls and the Group's internal control systems, including the Group's procedures for detecting fraud; and
- Oversee the Group Tax Policy and strategy, and the Group's Tax function.

Three members of the Committee (Darren Pope, Diane Radley and Monique Shivanandan) are members of the Risk & Technology Committee, which allows knowledge exchange, alignment and the avoidance of overlap or gaps of work between the two Committees. Furthermore, during the year, the terms of reference of both Committees were amended to include a provision for holding an annual joint meeting to consider the reports on the assurance plans prior to recommendation of the annual financial statements to the Board for approval. No other substantive changes were made to the Committee's terms of reference during the year. 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/**.

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.

Summary of principal activities of the Committee during the year

During the year, the Committee reviewed the following:

Financial and external reporting

- The integrity of the 2021 full year results, the 2022 half year results and, in 2023, the 2022 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 2021 (in 2023, in the 2022) 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 Audit Committee reports for inclusion in the 2021 (and in 2023 in the 2022) Annual Report;
- The quarterly trading updates;
- The DPO Finance and Group Internal Audit integration plan;
- The 'expected credit losses' back testing methodology and process; and
- An annual review of tax compliance across the Group.

The Committee reviewed the above, challenged management as appropriate and concluded that the appropriate financial reporting processes are in place, judgements and estimates are sound 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;
- The external audit strategy for FY 2022;
- The external auditor's response to their engagement with their stakeholders and ensuring smooth conduct of the audit of the Group's financial statements;
- The external auditor's review of internal controls at regional levels;
- Reports on auditor independence – non-audit services and fees;
- The effectiveness of the external audit process;
- Recommended the re-appointment of KPMG as external auditor for 2023; and
- The external audit re-tender process and timeline.

The Committee reviewed the external audit process, its effectiveness as well as future plans and satisfied itself with the performance of the external auditor and their independence.

Internal Audit

- The GIA Charter, to ensure continued alignment and compliance with the guidance published by the Chartered Institute of Internal Auditors;
- The GIA strategy for coverage of technology audits;
- The GIA plan for 2023 split between Network and DPO and approved its implementation;
- The reports from GIA reviews and management's responses and improvement action plans;
- Approval of the proposed approach for, and a review of the results of, the Group Internal Audit externally facilitated quality assurance review; and
- Appointed PWC to conduct an independent Quality Assessment review with the presentation of findings early in 2023.

The Committee concluded that the strengthening of the GIA function since 2019 had resulted in the planned improvement in its effectiveness.

ESG

- The appointment of a specialist ESG advisor to supplement internal resources; and
- Approval and oversight of a phased plan to define ESG strategy, set Scope 1 and 2 carbon emission targets, define and source Scope 3 measurements and develop a materially compliant TCFD report.

The Committee is very pleased with the progress made and the organisational commitment to ESG. Refining of strategic and tactical targets, actions and monitoring will remain a multi-year project. The Committee will also work with the Risk & Technology Committee to refine and oversee management's initial work on risks and opportunities arising from the Group's ESG Strategy.

Governance

- Separate meetings were held in the absence of management with the Chief Internal Auditor and the external auditor;
- Updates on matters raised under the whistleblower arrangements;
- Review of the procedures for detecting internal fraud;
- Status oversight of the critical activities prior to the go-live decision for the Oracle Fusion Enterprise Resource Planning implementation by the Finance function;
- An amendment to the terms of reference (see page 148); and
- A review of the Committee's work conducted measured against its terms of reference.

Key audit matters considered by the Committee during the year:

Key matter considered	Committee review and conclusion	Action taken/enhancements as a result of the Committee's review
DPO integration	The Committee provided oversight of the DPO financial and internal audit integration, monitoring achievements, overdue items and the next steps with timelines so that progress could be tracked. The Committee was pleased with the significant achievements made and the pace at which they were achieved; and was encouraged by the significant improvement in the closure rate of Internal Audit issues, demonstrating management's focus on aligning the standards within that business with the rest of the Group.	The Committee will continue to oversee the DPO integration programme until fully complete and will closely monitor the closure rate of Internal Audit issues.
ESG programme	The Committee provided oversight of the ESG programme and set viable stretch targets and the workstreams for delivery. With the Risk & Technology Committee, the Committee assessed the strategic risks and opportunities of that programme. A formal structure of regular reporting is now in place with a key roadmap against which performance can be monitored by management with oversight by the Committee. The Committee is satisfied with the rigour and control around the programme.	The ESG programme has a formalised strategy, with an understanding of both risks and opportunities, with targets against which performance can be monitored by management and the Board/Committees.
External audit	In view of KPMG's long tenure as external auditor, the Committee decided that the Group should conduct a formal audit tender process in 2023, leading to the appointment of a new external auditor for the statutory audit commencing with the 2024 financial year.	The Committee will oversee the formal external audit tender process and the outcome and recommend to the Board the appointment of a new external auditor.
Group Internal Audit	The Committee monitored regular reports from Group Internal Audit (GIA) and is satisfied that the team is regarded as a valued partner and strong third line of defence throughout the organisation. The Committee engaged PWC to conduct an independent quality assurance review and was delighted that their overall assessment of GIA was the highest rating of 5 that their review model generates.	The Committee will continue to oversee GIA, including the monitoring of their audit reports and the closure of open issues by management to ensure GIA remains a valued partner to the business and a strong third line of defence.
Taxation	The Committee reviewed the status of Group Tax compliance and the key accomplishments of the Group Tax team during 2022, including DPO integration, and approved the main focus areas of the Group Tax team for 2023. The Committee was satisfied with performance.	The Committee will continue to oversee the Group's tax arrangements and the performance of the Group Tax team.
Whistleblowing	The Committee continued to receive updates on all whistleblowing cases raised and was satisfied that they were being addressed appropriately by management.	The Committee will continue to monitor all whistleblowing cases, their underlying causes and the way in which they are being addressed by management.

Significant issues considered by the Audit Committee in relation to the financial statements

The key areas of judgement considered, and actions taken by the Committee during the year, which ensured that appropriate rigour has been applied to the 2022 Annual Report and Accounts, are detailed as follows:

Key issue/ area of focus	Brief description	Committee review and conclusion	Action taken/ enhancements as a result of the Committee's review
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.	No action required.
Impact of applicable new accounting standards and interpretations on the Group's accounting policies	To review and challenge the impact of new accounting standards on the consolidated financial statements and its accounting policies.	The Committee reviewed the update presented by the Chief Financial Officer on the amendments and interpretations applicable for the first time in 2022. The Committee noted the updates and concluded that other than the change in the accounting policy for the presentation of restricted cash in the consolidated statement of cash flows, no other accounting standard changes and new interpretations have any significant impact on the Group consolidated financial statements.	Based on the Committee conclusion, the consolidated financial statements have been appropriately updated to reflect the change in the accounting policy for the presentation of the Group's restricted cash. Please refer to Note 2(f) of the consolidated financial statements for details.
Accounting practices, estimates and judgements	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 Group consolidated financial statements and the related disclosures made. Management assessed and concluded that other than estimates used in the assessment of impairment related to one of the Group's cash generating units (CGUs) i.e. DPO (details of which are included in the consolidated financial statements), there are no significant accounting judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses in the consolidated financial statements for the year ended 31 December 2022. The Committee has reviewed and stress tested the estimates used by management in assessing the carrying value of the investment in DPO and supported the calculation of the comfortable excess recoverable value of USD 66 million (recoverable amount being 123.6% of carrying value). Given the relative size of the intangible asset the Committee will, of course, continue to monitor the planned business growth supporting this recoverable value.	The Committee will continue to monitor the performance of the CGU and will ensure appropriate action is taken in case of any indication of impairment in 2023.
	Changes in segment reporting disclosures in consolidated financial statements.	In line with the IFRS requirement, the Group produces segment reporting disclosures based on how the business operations are managed. During the year, the Group has changed its operating segment reporting from geographic basis (Middle East and Africa), to business lines (Merchant Services, Outsourced Payment Services) to align operating segment disclosure in line with internal reporting that is used by the Chief Operating Decision Makers (Network Executive Committee) and Board of Directors to assess the Group's performance and allocate resources. Detailed disclosure is included in note 5 of the consolidated financial statements. The Committee reviewed and assessed the appropriateness of the new segment reporting approach and concluded that the change made in the disclosures meaningfully aligns the operating segment disclosures with the internal reporting and performance assessment.	Post approval of the Committee, all related disclosures in the consolidated financial statements have been appropriately updated to reflect the change in the operating segments.

Key issue/ area of focus	Brief description	Committee review and conclusion	Action taken/ enhancements as a result of the Committee's review
Accounting practices, estimates and judgements	Accounting treatment of share buyback.	On 11 August 2022, the Group announced a share buyback programme (the 'Initial Program'). The Initial Program was for buyback of shares for a maximum aggregate market value equivalent to USD 50 million which ended on 27 January. The Company has launched a share buyback for a further tranche of up to USD 50 million following completion of the Initial Program. The programme's purpose was to reduce the capital of the Company and the ordinary shares purchased as at 31 December 2022 were recorded under treasury shares in the consolidated statement of changes in equity of the consolidated financial statements. The Committee noted that the share buyback programme was duly approved by the Board and the accounting treatment applied by the management in recording the impact of share buyback in the Group's consolidated financial statements is appropriate.	Post announcement of the share buyback programme to markets on 11 August 2022, the process of share buyback was initiated until 31 December 2022, and shares amounting to USD 40.33 million have been purchased and appropriately recorded in the consolidated financial statements.
	To review and challenge the impairment analysis on intangible assets including goodwill carried out by management.	As part of the yearly reporting process, management has conducted and presented to the Committee a detailed assessment on potential impairment of non-financial assets and goodwill carried in the books as at 31 December 2022. 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 agreed with management's conclusion that there is no impairment in the carrying value of goodwill and non-financial assets as at 31 December 2022.	The Group continue to monitor the planned business growth supporting the recoverable amount of DPO.
	Going concern assessment.	Management has carried out a detailed assessment to validate the Group's going concern assumption. In making this assessment, a forecast period of more than 12 months (until June 2024) has been considered. The 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 2022 should be prepared on a going concern basis.	No action required. Please refer to note 2(d) of the consolidated financial statements for detailed disclosure.
	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 over a three-year time horizon, carried out by management, and challenged them on the assumptions, stress scenarios considered and various mitigants incorporated in downside scenarios. 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 2025. Please refer to further details in the Viability Statement section on page 196 of the ARA.	No action required. Please refer to page 196 of the ARA for details.
	FRC publications related to thematic reviews of reporting and disclosures in the 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.	Post approval of the Committee, appropriate changes have been made in the ARA in line with FRC recommendations.

Group Internal Audit

The Committee oversees the activity of the GIA. GIA provides the third line of defence assurance work to the Group and is responsible, amongst other things, for evaluating the effectiveness of the Group's risk management, control and governance processes. 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 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 the Board, the external auditor and senior management across the business, considers the results of previous audits and monitors industry trends. This activity ensures that GIA focuses on the most significant risk areas and related key controls.

Although the approach for the 2023 Internal Audit plan for the DPO business was the same as for the rest of the Group's businesses, the risk assessment was considered separately by the Committee, recognising the developing maturity of GIA's risk assessment of DPO as they progress to completing first time audits in all areas of that business.

Additionally, in recognition of the Group's transition from a processing company to a technology driven organisation and a significant increase in technology spend, the Committee also reviewed and approved the Group's technology audit coverage strategy.

In approving the Internal Audit plan for 2023, the Committee concluded that the GIA function was sufficiently resourced and skilled to deliver the plan (welcoming the upskilling of the function having hired technology and data skill sets over the past two years) 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 covering the delivery of the Internal Audit plan, details of issued reports, and data on management's closure of audit report actions. There remains a consistent high level of management closure of Internal Audit issues across the Group excluding the DPO business and, during the course of the year, an improving closure rate within the DPO business.

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 2023 was reviewed and approved by the Risk & Technology Committee.

The Chief Internal Auditor reports to the Audit Committee Chair, and it is the role of the Audit Committee (as stated in its terms of reference) to assess the effectiveness of the Chief Internal Auditor and the GIA function. The Audit Committee terms of reference require an independent External Quality Assurance (EQA) review of GIA by April 2023. During the year, the Committee reviewed the results of a formal tender process and appointed PWC to conduct this work. The Committee approved the scope of the EQA review, which commenced in the latter part of the year. The EQA concluded that Internal Audit was operating at the highest level of maturity with "the right level of authority and gravitas", "industry expertise and technology skills" and is a "well motivated team with clear role and responsibilities and direction". There were of course some relatively modest actions which the Committee will oversee delivery against.

The Chief Internal Auditor attends all meetings of the Audit 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 Executive Committee meetings.

Whistleblowing

Whistleblowing relates to concerns which fall within the wider public interest, such as a breach of our policies and procedures; breaches of law and regulation; and behaviour that harms or is likely to harm the reputation or financial well-being of the Group. The Group 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 their line management, HR or employee forums. This includes a dedicated hotline established for this purpose, which is operated confidentially by an experienced third-party service provider. A significant majority of the Group's employees feel it is safe to raise concerns through the whistleblowing channels. The Group takes all whistleblowing cases seriously. Concerns raised through the hotline are sent simultaneously to the Chair of the Audit Committee, the designated whistleblowers' champion, for information, and the Chief Risk Officer for action. The Committee receives reports on whistleblowing policy and processes and monitors all reported and substantiated cases. All matters raised through the hotline are investigated thoroughly and, regardless of the outcome, formally reported to the Audit Committee, and all significant matters are reported by the Chair of the Audit Committee to the Board as part of his report on the proceedings at each Audit Committee meeting.

The Committee received assurance from GIA in 2022 that the key components of an appropriate whistleblowing framework are in place and that the framework is effective. During the year, the Committee reviewed all cases raised under the whistleblowing policy, noting the steps taken to investigate them and the outcome of those investigations.

External auditor

During the year the Committee undertook a review facilitated by Group Internal Audit of the external auditor's effectiveness using a confidential survey. The survey questions represent best practice and include, for example, questions explicitly on the external auditor demonstrating professional scepticism and challenge of management's key judgements. While the review concluded that the external auditor had operated effectively for the Group's 2021 audit, a small number of areas were identified where improvements should be made and these were discussed between the Chair of the Audit Committee, the Chief Internal Auditor and KPMG who agreed a remediation action plan.

External audit tender

KPMG were appointed as the Group's auditor in 2019 after a formal audit tender process in the months following the IPO of the Company in 2019. Given KPMG's long tenure as the Group's external auditor, the Committee recommended at that time that the appointment should be for a period of up to four or five years, at which time consideration should be given to conducting a re-tender process. During the year, the Committee reviewed and approved a proposal that the Group should conduct a formal audit tender process in 2023, leading to the appointment of a new external auditor for the statutory audit commencing with the 2024 financial year. The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Responsibilities) Order 2014 for the financial year under review.

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.

However, the auditor KPMG have identified and reported breaches of the FRC Ethical Standard (2016 and 2019) and IESBA Code relating to non-audit services provided by KPMG member firms to Network Group entities, as per their letter dated 1 March 2023 addressed to the Board Audit Committee. The services, which have been terminated, involved assistance with the local statutory financial statement preparation and foreign language translation in Egypt, Jordan and KSA and were provided during the years ended 31 December 2019 to 31 December 2022. KPMG assessed the impact of these breaches and concluded that these breaches are considered less significant and KPMG's objectivity and independence as auditor was not compromised as these services were routine, administrative and mechanical in nature and involve no management decision making by the KPMG member firms. The Audit Committee concurs with KPMG's view that this breach is not significant and does not impact the independence of KPMG as Group Auditors.

The total fees payable to KPMG (Group Auditor) in respect of 2022 amounted to USD 1.9 million, out of which the fee for non-audit services, (including half year review and covenant compliance certification), is USD 0.2 million. Comparative figures for the prior year are included in note 21.1 to the financial statements on page 241.

Independence

Both the Board and the external auditor, KPMG, have safeguards in place to protect the objectivity of the external auditors. In addition to the non-audit services policy referred to above, the Group also has in place a policy that prohibits the employment by the Group of any current employee of KPMG and restricts the employment by the Group of former employees of KPMG or any immediate family member of an employee of KPMG. KPMG have confirmed their independence as auditor of the Company in a letter addressed to the Directors.

Board statements and confirmations following review and recommendation from the Audit 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 Group CEO, 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 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;
    - That the report when taken in the round is Fair Balanced and Understandable;
    - 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 102. In March 2023, a joint meeting between the Committee and the Risk & Technology Committee was held to coordinate their ongoing reviews of the Group's systems of risk management and internal control before recommending the following statement to the Board for approval.

During the year, the Board, through the work of the Audit Committee and the Risk & Technology Committee, have conducted a coordinated 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, noting: the improvement to the risk and control framework within the DPO business during the year as the integration measures taken by management become effective; and a high level of maturity within the rest of the Group. Further planned improvements within DPO will continue during 2023. 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 Committee by the Chief Internal Auditor. The Committee, in reviewing the effectiveness of the system of risk management and internal control, can confirm that whilst the Internal Audits identified a number of issues for management to address, GIA did not identify any failings or weaknesses that would be classed as significant. GIA's regular reporting to the Audit Committee included details of open and past due-date audit issues and the Audit Committee satisfied itself: that management within DPO had improved their audit issue closure performance during the year; that elsewhere throughout the Group management had maintained their strong record of closing Internal Audit issues on time throughout 2022; and that necessary actions have been or are being taken to remedy any weaknesses identified.

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 review by the Audit Committee;
ii. a formal audit by KPMG, external auditor; 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 2022 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 199 and in note 2(d) to the consolidated financial statements on page 216. 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 196.

The Committee reviewed and challenged the viability assessment (including the three-year time horizon selected) undertaken by management in the 2022 Annual Report and Accounts. The Committee considered the process to support the Viability Statement in conjunction with an assessment of principal risks (carried out in tandem with the Risk & Technology Committee), 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 196 to 198) to the Board for approval.

Risk & Technology Committee report

> "As the Group continues its expansion across a number of countries across the Middle East and Africa, safeguarding the Group's reputation by ensuring compliance with all regulatory requirements, fostering strong ethical business practices and creating positive working relationships with local regulators will be critical to future success."

Diane Radley
Committee Chair

Other members

Darren Pope

Monique Shivanandan

Number of meetings held in the year

Seven.

Attendance

Diane Radley (Chair)	7/7
Darren Pope	7/7
Monique Shivanandan	7/7

The terms of reference of the Risk & Technology Committee are available on the Group's website at: **https://investors.networkinternational.ae/investors/corporate-governance/**.

Meetings also regularly attended by:

- Nandan Mer, Group Chief Executive Officer
- Rohit Malhotra, Group Chief Financial Officer
- Jay Razzaq, Chief Risk Officer and Group Company Secretary
- Mark Diamond, Chief Technology Officer, up to November 2022
- Sandeep Chouhan, Chief Business Transformation and Technology Officer, with effect from November 2022
- Ian Cox, Group Chief Internal Auditor
- KPMG LLP

Read Directors' biographies on pages 126 to 128

Dear Shareholder

I am pleased to present the Risk & Technology Committee report for the year ended 31 December 2022. This report describes the work of the Committee during the year and reports how we have applied the principles and provisions of section 4 of the 2018 UK Corporate Governance Code (the Code) relating to risk.

In addition to providing oversight in respect of the Group's risk management, assurance and compliance activities, we provide a high level of support to the Board in evaluating, monitoring and directing the use of technology in support of the Group's strategic objectives. In the past year, we have also provided oversight and direction in respect of the integration of DPO in all areas within our remit. Each workstream had key deliverables with timelines and the Committee receives regular updates on progress. Separately, the Committee has provided oversight in respect of the development of climate change risk-related Key Risk Indicators, which have been integrated within our existing principal risks.

I am pleased to report that in the Committee's first full year of operation since it was constituted in June 2021, we have achieved a good rhythm of work with the focus and frequency of reports presented to us fully covering the wide remit of responsibilities as set out in our terms of reference. 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.

We regularly review comprehensive management dashboards setting out KPIs in respect of key strategic technology projects, tech up-time resiliency and cyber security; as well as monitoring the Group's risk profile and our assurance and compliance programmes.

The Principal Risks and Uncertainties section of the Annual Report from page 102, which was reviewed and approved by the Committee, sets out our approach to risk management, the successful implementation of our ERMF and related processes within DPO and our principal and emerging risks and how they are being mitigated in line with our Board approved risk appetite.

With the acquisition of the DPO Group and the entry into new markets, the Group's regulated status as a payments services provider has materially increased in the past year and is expected to continue growing as the Group's regulatory footprint expands. In response to this increasing oversight and regulatory change from multiple regulators, a robust framework has been developed for the Group, and this is being continuously enhanced to ensure compliance with regulatory requirements. The Committee confirms that the Group is committed to adhering to the highest regulatory standards in the markets where it operates and has recently appointed Corporate Country Officers in each market where the Group has a material presence. These officers play a crucial role in protecting the Group's franchise within their countries of operation, including forging positive working relationships with our local regulators and coordinating the overall business efforts.

Our overall risk profile remained stable for all our principal risks with no material breach to our risk appetite.

Looking ahead, we will continue to:

- Increase focus on those of our principal risks where the risk trend is increasing;
- Monitor climate-related impacts embedded in our principal risks;
- Ensure appropriate assurance and monitoring of key risks;
- Increase focus on individual risk items in deep dives to support Board decision making;
- Advise the Board on current and future risk exposures;
- Continue to work closely with the Audit Committee;
- Monitor the key technology projects in support of strategy delivery; and
- Ensure strong cyber security measures to protect the businesses.

Diane Radley
Chair, Risk & Technology Committee
8 March 2023

Compliance with the Code

Throughout the year, there was full compliance with section 4 of the UK Corporate Governance Code relating to risk. The Committee conducted a thorough and robust review and assessment of the Group's emerging and principal risks and a detailed description of those risks, the procedures in place to identify emerging risks and an explanation of how these are being managed or mitigated are given within the Principal Risks and Uncertainties section of the Strategic Report on pages 102 to 115.

Composition of the Committee

The Risk & Technology Committee is comprised solely of Independent Non-Executive Directors. No changes were made to the composition of the Committee during the year and to the date of this report.

Role of the Committee

The Committee is responsible for providing risk management, technology and cyber security oversight to the Group's business and for advising the Board on the Company's risk appetite, tolerance and strategy. It also supports Board decision making by advising it on current and future risk exposures which have the potential to impact on the delivery of the Group's strategy.

The Board has delegated to the Committee authority to:

- Review the Group's risk profile, its principal risks and uncertainties and advise the Board in respect of risk appetite, management's mitigation plans and the potential impacts on the Group; and to oversee the Group's Risk function;
- Exercise ongoing oversight in respect of the Technology function, the technology real estate, all related policies and procedures, including disaster recovery and cyber security, the ongoing oversight of technology acquisitions and developments and to ensure that an Information and Technology Governance Framework is in place together with a technology strategy supporting the strategic intent of the Group;
- Oversee the Group's Compliance function, including oversight of the Group's Risk Assurance and Compliance plans, and the review and implementation of the Group's policies on the prevention of bribery and corruption, and money laundering.

Governance

All three members of the Committee are also members of the Audit Committee, which allows knowledge exchange, alignment and the avoidance of overlap or gaps of work between the two Committees. Furthermore, during the year, the terms of reference of both Committees were amended to include a provision for holding an annual joint meeting to consider the reports on the assurance plans prior to recommendation of the annual financial statements to the Board for approval.

The Committee has a forward programme of work to ensure it covers its areas of responsibility. At the end of 2022, the Committee conducted a review of its work against its terms of reference and concluded that it had fully discharged its responsibilities. To enable it to carry out its duties effectively, the Committee relies on information and support from the Chief Risk Officer and Group Company Secretary as well as other management across the Group.

During the year, the Committee twice met separately with the Chief Risk Officer and Group Company Secretary in the absence of management.

The Chief Risk Officer and Group Company Secretary reports to the Chief Executive Officer as well as having a clear reporting line into the Chairman of the Board and the respective Chairs of the Audit Committee and the Risk & Technology Committee.

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 2022 and are more fully described in the Principal Risks and Uncertainties section on pages 102 to 115.

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;
- The Risk and Compliance function assists 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.

Summary of principal activities of the Committee during the year

During the year, the Committee reviewed the following:

Risk (including compliance)

- The Group's risk appetite and approach to risk management within its risk framework and new, emerging and principal risks. These are described in the Principal Risks and Uncertainties section on pages 102 to 115.
- The Group's existing Key Risk Indicators leading to their classification for tier 1 and tier 2.
- Oversight in respect of the development of climate change risk-related Key Risk Indicators.
- Review of the Group's risk policies, approved consequent amendments and exercised oversight over compliance with Group policies, including in relation to anti-bribery and anti-corruption, vendor risk management, the Group Enterprise Risk Management Framework, the Group Operational Risk Policy, and the Group Fraud Risk Management Policy.
- Risk Assurance and Compliance monitoring reports.
- Group Risk and Compliance assurance and monitoring plans for 2023 and approved the plan for implementation.
- ERMF integration plan within the DPO business.
- Procedures for detecting internal fraud and the effectiveness of anti-bribery and anti-corruption controls.
- Assurance activities to assess whether the Group's security controls and processes were working as intended and were effective in protecting against emerging threats and trends.
- Reports on the outcomes of assurance reviews conducted.
- Review of the Group's insurance arrangements.

Technology

- Monitoring the Group's technology strategy.
- Monitoring the Technology Resilience dashboard.
- Monitoring the Group's cyber security arrangements and resilience.
- Assessment of the Group's strategic technology projects with the aim of prioritising future enhancements to architecture which supports Group strategy.

For more details, please refer to the Principal Risks and Uncertainties section on pages 102 to 115.

Nomination Committee report

> "We share the importance given increasingly by shareholders and other stakeholders on the gender and ethnicity diversity of individuals on the boards of listed companies and we are proud of the progress we have made."

Sir Ron Kalifa OBE
Committee Chair

Other members

Other members
Victoria Hull
Darren Pope
Habib Al Mulla

Number of meetings held in the year

Five.

Attendance

Member	Attendance
Ron Kalifa (Chair)	5/5
Victoria Hull	4/5
Darren Pope	5/5
Habib Al Mulla	5/5

Meetings also regularly attended by:

- Jay Razzaq, Chief Risk Officer and Group Company Secretary

Read Directors' biographies on pages 126 to 128

Dear Shareholder

During the year, the Committee conducted a comprehensive review of the Group's talent pipeline for senior management and Executive Committee (ExCo) positions and was encouraged by the wealth of high calibre individuals across our regions. Having emerged from a lengthy period of COVID-19 related travel restrictions, the Board now has clear plans for improved exposure to, and ongoing engagement with, our senior people and high potential employees across our Group.

We also reviewed the implementation and progress made against targets set within the Group's Equality, Diversity & Inclusion Policy, which was approved by the Board in March 2022. Given the global nature of our businesses we are proud to have a highly diverse international workforce, and comprehensive information about our people and the development programmes to support them is set out within the sections on Our Culture and Values, and ESG on pages 28 to 57. We continue to be pleased with the operation of the Group's overarching Employee Charter and its clear linkage with the Company's strategy and values and the significant progress made against the objectives.

In recent years, we have constructed a strong and diverse independent Board with individuals possessing a broad range of skills and experience, which we regularly assess against the needs of our business (see pages 126 to 128). Our assessment in February 2022 led to the Board's decision not to make any further appointments during the year. Accordingly, there were no changes to the membership of our Board until the retirement of Suryanarayan Subramanian, Non-Executive Director, on 31 December 2022. In my Governance highlights letter on page 120, I pay tribute to Surya, who made a tremendous contribution to Network over the past nine years.

In our 2021 Annual Report, I mentioned that the strength and range of experience held by our Non-Executive Directors (NEDs) enabled us to spread the workload amongst our NEDs. We formed the Risk & Technology Committee, separating the Board's oversight of risk from audit as well as broadening support in terms of the execution of our important technology strategy. This arrangement has worked very well, with positive feedback from management in respect of the insights given to them, and serves to remind us that sound governance is an important and integral part of conducting business.

We regularly review our Committee memberships, and these remained unchanged after the appointment of Monique Shivanandan as a member of the Remuneration Committee with effect from 15 February 2022.

We share the importance given increasingly by shareholders and other stakeholders on the gender and ethnicity diversity of individuals on the boards of listed companies and we are proud of the progress we have made. Our Board has achieved the targets set by the Hampton-Alexander Review (gender) and the Parker Review (ethnicity) and we have early adopted, by one year, the analysis required by the Listing Rules – please see pages 122 and 123.

We are mindful of the enhanced targets set by the Listing Rules and are developing an action plan to achieve them. The Board's diversity is a reflection of the diversity across our Group; and we are pleased to report within the Our Culture and Values section of this Annual Report that there are over 60 nationalities represented across our workforce and, having taken active steps to ensure we are recruiting from all sections of society, gender diversity has crossed the committed 30% mark across the organisation.

The Committee provides oversight of the annual evaluation of the Board, the Committees and the individual Directors. We conducted a thorough externally facilitated evaluation of the Board that commenced at the end of 2022 leading into the start of 2023, which built on the useful insights gained from our external evaluations in 2020 and early 2022. Comprehensive disclosure of the Board's agreed action plans and progress made since previous evaluations is made within the Governance Report on page 143.

Our practice of regular externally facilitated Board reviews demonstrates our commitment to continuous review and improvement. I look forward to reporting further progress in the coming year.

Sir Ron Kalifa OBE
Chairman and Chair of
the Nomination Committee
8 March 2023

Composition of the Committee

Ron Kalifa (Board Chairman and Chair 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 the authority to:

- Review the size and structure of the Board, to consider succession planning for Directors and the ExCo 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 Chair's position 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 2022 to the date of this report, the Committee:

- Conducted a review of the time commitment of each of the Non-Executive Directors (NEDs) and separately considered the independence, effectiveness and time commitment of the Directors before reviewing the proposed election or re-election of the Directors at the 2022 and 2023 AGMs;
- Considered proposed changes to external appointments held by the Directors to ensure there were no potential conflicts of interest and that any proposed additional external appointment did not impact on the time commitment the Director was able to give to the Company;
- Conducted a review of the skills, experience and knowledge of the Non-Executive Directors and mapped them against the strategy of the Group;
- Reviewed the composition of the Board's Committees and recommended to the Board the appointment of Monique Shivanandan to the Remuneration Committee with effect from 15 February 2022;
- Reviewed the implementation of the Group's policy on equality, diversity and inclusion that lies within the Group's Employee Charter launched in 2019, noting the clear linkage with the Group's strategy and values and the significant progress made against the objectives (as reported, along with diversity statistics, within the ESG Strategy section of the Strategic Report on pages 50 to 53 and within the Corporate Governance section on page 122 to 123);
- Reviewed the various external stakeholder policies and current/future targets in respect of Board membership diversity – please see page 122 and the Board diversity charts on page 123;
- Reviewed 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;
- Reviewed the ongoing engagement between the Chairman, Independent NEDs and high potential talent across the Group.
- Reviewed the Nomination Committee report for inclusion in the 2021 (and in 2023 in the 2022) Annual Report;
- Reviewed the Committee's terms of reference and its annual work programme measured against those terms of reference; and
- Provided leadership and oversight of the second annual Board evaluation, which was conducted at the start of 2022, and the third evaluation, which commenced at the end of 2022, both of which were conducted by Egon Zehnder, building on the outcomes and actions from the review they conducted in the latter part of 2019. The process, outcomes and action plans are disclosed on pages 141 to 143 of the Governance Report.

Commitment of Non-Executive Directors

The Board seeks to attract and retain high-calibre Non-Executive Directors with a breadth of skills, experience and knowledge that will enable them to contribute fully to the long-term sustainable success of the Group. The Board also recognises the benefit to the Group of those Directors holding directorships in other companies where no conflict of interest arises. The Board requires that the Non-Executive Directors should have sufficient time to meet their Board responsibilities and acknowledges that such time commitment may vary from time to time, depending upon the demands of the business and other external events. In addition to attendance at scheduled meetings, the Directors are often required to attend ad-hoc meetings, often at short notice. The chart on

page 141 discloses the attendance record of each Director in respect of the meetings of the Board and each Committee of which they are a member.

At Network, the Board takes its responsibilities seriously and has in place, through the work of the Nomination Committee, the following to monitor the commitment of each Director:

- A thorough Board appointments policy and process as described below. This includes an assessment, prior to any appointment being made, of the time availability of the candidate (noting the commitments in respect of their other roles, including their listed company NED mandates) compared against the expected time commitment of the role at the Company as stipulated in the letter of appointment.
- Application of the relevant principles and provisions of the Code in respect of time commitment and contribution and acknowledgement that some investors have published policies that seek to restrict the number of mandates undertaken by individual NEDs. Such investor policies set mandate limits rather than time commitment and contribution, so the Board has to recognise the range of requirements and balance those with the needs of the Group set in the context of the Code.
- As a condition within the NEDs' letters of appointment, they are required to obtain prior Board approval before accepting any additional appointments. Such approval will only be given by the Board if it is satisfied that the proposed additional appointment, taking into account their existing mandates, will not impact on the time commitment given to the Company. The reasons for permitting significant appointments will be explained in the Annual Report.
- The attendance and contribution of individual Directors is continuously monitored by the Company Secretary and Chairman respectively.
- The annual Board evaluation considers whether each Director prepares for all meetings and continues to contribute effectively. In addition, in respect of each Director the Board conducts an assessment of their aggregate time commitments for all their mandates, including listed companies, private companies, trusts and any other appointment that requires a time commitment on their part, and considers whether each individual has sufficient time availability for their role with Network.
- At its meeting in March each year, the Board considers in respect of each Director standing for re-election at the Annual General Meeting (AGM), the specific reason why their contribution is, and continues to be, important to the Group's long-term success. As part of this process, the Board takes into account all outputs from the Board evaluation, including those summarised above. Each of the NEDs standing for election or re-election has to first give assurance to the Board that they remain committed to their role and will ensure that they devote sufficient time to it, including attendance at Board and Committee meetings. Such assurance is disclosed in the Notice of AGM.

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. The Board Appointments Policy reflects the above and the benefits of diversity including gender diversity and also reflects 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 has significantly improved the gender diversity of the Board with recent appointments. The Board has achieved the Hampton-Alexander diversity target with our Board now comprising 33% women. The Board exceeds the targets set out in the Parker Review in respect of Board member ethnicity. The Nomination Committee and the Board are mindful of the new Listing Rule gender and ethnicity targets, which the Company will have to formally report against next year, and these targets will be taken into account in the process leading to future Board appointments. The Board has early adopted the Listing Rule requirement to publish gender and ethnicity diversity analysis tables in the Annual Report and these can be found on pages 122 to 123. 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/**.

Board Appointments Process

The Board Appointment Process is led by the Committee and is rigorous and thorough. In line with the policy, the process involves a review of the skills, experience and knowledge of the existing individual Directors and of the Board collectively and the conduct of a gap analysis by mapping the results against the strategic priorities and main trends affecting the long-term success of the Company. The Committee reviews the experiential requirements of additional Directors and then considers and agrees the attributes that would be desirable to ensure best fit with the culture of the Board and the organisation. The output from that process is then used to provide a comprehensive brief to an external search and selection firm, which is engaged to produce a diverse shortlist of suitable candidates. Candidates are interviewed by the Chairman and separately by each of the other members of the Committee, and also meet the senior executives of the Company. The Committee then considers the outputs from the process and agrees a proposal to the Board.

Directors' Remuneration Report

> "We are putting forward our revised Remuneration Policy for shareholder approval, which will support our strategy, and aims to ensure that we continue to retain and attract the best talent to drive performance."
>
> **Victoria Hull**
> Chair of the Remuneration Committee

Attendance

	Meetings attended[1]
Victoria Hull (Chair)	6/6
Ron Kalifa	6/6
Diane Radley	6/6
Monique Shivanandan[2]	5/5

1 The FY22 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, out of a total six meetings held. As and when required, Suryanarayan Subramanian has been asked to attend by invitation to provide advice and expertise.
2 Member since 15 February 2022.

Report structure

This report consists of three sections:

Remuneration Overview
Pages 168 to 171

Chair Statement, Summary of proposed Directors' Remuneration Policy including intended implementation in 2023 and remuneration in context.

Annual Report on Remuneration
Pages 172 to 180

Remuneration received by the Executive and Non-Executive Directors in the financial year ending 31 December 2022.

Directors' Remuneration Policy
Pages 181 to 189

Our revised Directors' Remuneration Policy to be put to shareholders for approval at the 2023 AGM.

Dear Shareholder

I am pleased to present to you the Directors' Remuneration Report (DRR) for the year ended 31 December 2022. This DRR is presented in three sections: 1) Remuneration Overview, 2) Annual Report on Remuneration and 3) Directors' Remuneration Policy.

This year has seen a notable growth trajectory across our markets, having delivered positive results. Accelerated revenue growth of 24%, coupled with margin expansion, whilst also progressing against our ESG ambitions is reflected in the Executive Directors' bonus outturns this year.

As this was the third year of our previously approved Remuneration Policy, we undertook a detailed review and considered a number of alternative approaches. Following this review and having consulted with a number of our major shareholders, we are putting forward a slightly revised Remuneration Policy for shareholder approval, which supports our strategy and aims to ensure that we continue to retain and attract the best talent to drive performance.

FY22 Executive Directors' pay arrangements

Fixed pay

The salary for the CEO was set at USD 550,000 p.a. at the time of his appointment in February 2021 and for the CFO at USD 457,454 set at the time of his appointment to the Board in June 2020. The salaries for both Executive Directors have remained at these levels throughout 2022.

Benefits

Core benefits include private medical cover for self, spouse and up to three children, life insurance and relocation allowance. Executive Directors are also eligible for the reimbursement of any UK income tax liability incurred in respect of the conduct of their Executive duties necessarily performed in the UK.

Annual Deferred Bonus Plan (ADBP)

The maximum opportunity under the ADBP is 200% of fixed salary. Performance under the ADBP for FY22 was based on a balanced scorecard of financial metrics (45% Revenue and 25% EBITDA) and ESG-related strategic measures (30%). On-target delivery against our revenue and EBITDA growth KPIs combined with the strong achievement against strategic ESG objectives has resulted in an annual bonus payout level of 72.5% of maximum (145% of fixed salary for the CEO and CFO). The Committee did not apply discretion to outcomes. The Executive Directors have voluntarily deferred half of their bonus into shares for at least 18 months; with the portion over 100% of salary deferred into shares for three years, in line with our Policy.

FY19 LTIP

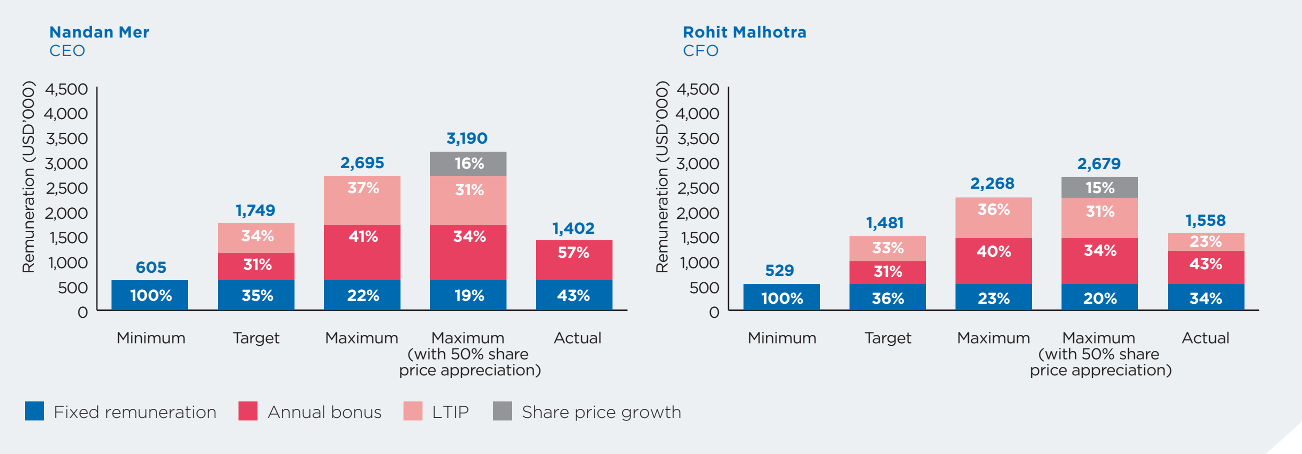
Performance against targets for the FY19 LTIP was assessed in the year, which was based on EPS (50%), Revenue (25%) and TSR relative to the FTSE 250 (25%). The Committee determined that no element of the award would vest, and no discretion was applied.

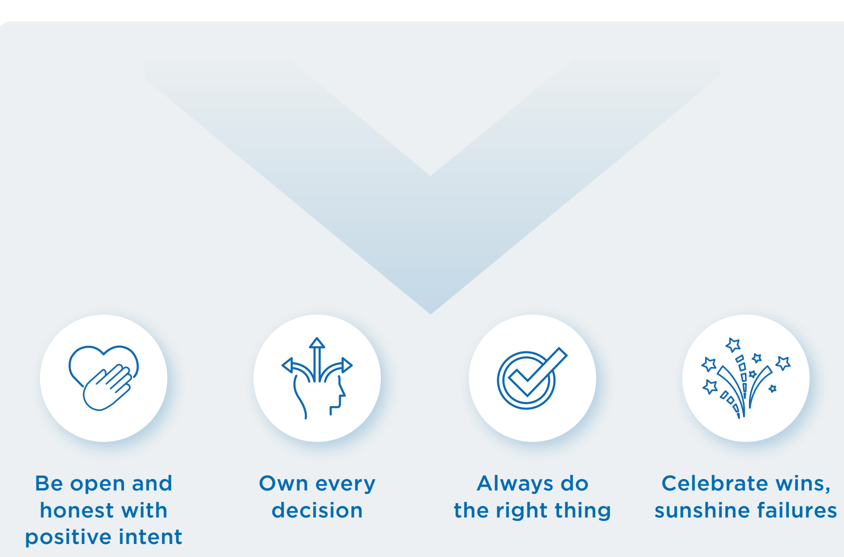
FY20 LTIP

Performance against targets for the FY20 LTIP was assessed in the year, which was based on EPS (50%), Revenue (25%) and TSR relative to the FTSE 250 (25%). Strong performance was achieved to the end of the performance period against our financial measures, exceeding the stretch EPS target and performing strongly against revenue targets. Relative TSR performance was below median. Final vesting will be assessed at the end of the vesting period in August 2023.

Illustration and application of the current Directors' Remuneration Policy for 2022

The charts below illustrate the potential split between the different elements of the Directors' remuneration under four different performance scenarios: Minimum, Target, Maximum and Maximum with 50% share price growth, alongside actual outcomes for the year.





Continuous improvement/wider workforce

Leadership defined what Network stood for by articulating its Purpose, Values, Ambition and the Network Way.

To embody and imbibe these values into our culture 'Network DNA', a slew of initiatives was spearheaded in 2022, starting with 'One Source – One Network' Intranet, followed by automation of HR processes and Employee Self Service (ESS) and finally the enhancement and expansion of office workspaces.

Corporate Intranet Portal

The Corporate Intranet Portal was built on four key pillars, namely Communication, Collaboration, Engagement and Productivity. The platform allows employees to strike up a conversation with colleagues irrespective of location and provides access to an extensive repository of information and resources, among others.

Automation of HR processes and Employee Self Service (ESS)

During the year, Network automated the employee performance management process and linked personal goals to the department objectives and in turn the corporate goals including ESG-based KPIs. The programme was followed by rolling out modules on Learning and Development, Career progression, Succession Planning and Core HRMS to give our employees the complete 'One Source – One Network' experience.

Workspace enhancement

The leadership put a significant amount of emphasis around the strategy of creating more comfortable and energising workspaces for employees by renovating existing offices and opening new ones in UAE, Egypt, Jordan and KSA.

Focused interactive sessions and town halls

All our technology-enabled progress on employee engagement was brought together through constant connection of the leadership with employees via town halls and online interactive focus sessions. These sessions enable us to better gauge the employee pulse and keep them motivated. The most recent Group-wide town hall was jointly chaired by the CEO, CHRO and CFO with the theme being 'Investing in Our People'.

FY22 LTIP

The FY22 LTIP awards were granted in the form of conditional awards to the CEO, CFO and other members of the leadership team on 25 April 2022. While the Policy allows for an award of up to 200% of fixed salary, the FY22 LTIP was scaled back to 180% of fixed salary for the CEO and CFO in recognition that the share price was lower than at the time of the prior year's award. Awards are conditional on the achievement of i) stretching EPS (50%), revenue (25%) and relative TSR (25%) performance metrics and ii) a ROCE underpin over the three-year performance period which could reduce levels of vesting by 10% if not met.

Proposed Remuneration Policy from FY23

We have put forward a slightly revised Remuneration Policy for FY23 for shareholder approval, which we believe supports our strategy and enables us to attract and retain the right calibre of executives. As part of this process, the Committee engaged with our largest shareholders and proxy voting bodies, as well as internal stakeholders, to develop the proposed Policy. We considered a number of structures when developing our proposed Policy, with shareholder feedback playing a key role in us ultimately putting forward a proposal largely in line with our current Policy, with a minor change in order to better align our Policy with the markets we operate in, whilst increasing shareholder alignment:

Operation of the Annual Deferred Bonus Plan (ADBP)

The main elements of the ADBP are unchanged, with no change to the maximum or the proportion deferred into shares.

We propose amending the operation of the deferred portion of the annual bonus plan, such that the deferred shares are awarded in full immediately (at the same time as the cash bonus is paid) and then released in equal tranches over the three-year period (i.e. one third per year), subject to Executive Directors having met their shareholding requirement (300% of salary).

Allowing the deferred bonus shares to be owned by the Executive Directors at the outset creates greater and more immediate share ownership and shareholder alignment. This approach, with phased releasing of shares over the three years, is more closely aligned to key competitors for talent and the markets we operate in.

FY23 Directors' pay arrangements

Fixed pay

Effective 1 February 2023, the CEO's salary is USD 600,000 and the CFO's is USD 500,000. This reflects a c.9% increase from 2022, just below the average given to the wider workforce (10%).

Decisions around salaries are linked to the increased responsibilities of both roles since salaries were last set. When reviewing salaries, the Committee noted that the CEO and CFO have not received salary increases since their appointments to the Board in 2021 and 2020 respectively, voluntarily waiving previous increases in light of broader conditions. The CEO's salary was set in line with his predecessor at IPO in 2019, and reflected that this was the CEO's first role as a main board director in the listed environment.

The Company has notably increased in size and complexity, with the acquisition of DPO and expansion into new markets, and the responsibilities of both Executive Directors have increased substantially. Coupled with inflationary pressures, the Committee is therefore looking to make an additional c.9% increase in 2024, to increase the CEO's and CFO's salaries to USD 650,000 and USD 550,000 respectively. This increase will only be made subject to continued corporate performance and wider conditions. Salaries continue to be set relatively conservatively against the market, whilst providing a fair and reasonable remuneration package given overall performance and responsibilities. Further details can be found on page 180.

FY23 Annual Deferred Bonus Plan (ADBP)

The maximum opportunity under the ADBP will remain at 200% of fixed salary. Any payment in excess of 100% of fixed salary will be deferred into shares, which are released in equal tranches over three years, subject to the executive having met their shareholding requirement.

The performance assessment under the ADBP for 2023 will be based on revenue (45%), EBITDA (25%), and a range of ESG measures (30%) linked to, for example, carbon footprint, senior management diversity, and robust governance processes.

Targets are commercially sensitive and will be disclosed in full retrospectively.

FY23 Long Term Incentive Plan (LTIP)

The maximum opportunity under the LTIP will remain at 200% of salary, with the ability to award up to 300% of fixed salary in special circumstances such as recruitment of an Executive Director. The Committee will review the performance measures and weightings for the FY23 grant, which will continue to be based on stretching, predominantly financial, metrics over a three-year period, with a two-year holding period. Full details around award size, performance measures and targets will be disclosed by RNS announcement on grant.

Shareholder engagement

When developing the proposed changes, the Committee has consulted with our largest shareholders and investor bodies. In particular, we consulted extensively on the appropriateness and effectiveness of the current LTIP, including considering alternatives. During this consultation we noted that there was a preference from certain shareholders for the existing LTIP structure to be retained. Shareholder feedback is taken into careful consideration by the Committee, and the proposals set out incorporate changes made as a direct result of this feedback. We are very grateful to those shareholders for their time and engagement.

We look forward to your support at our AGM on 18 May 2023. The Committee remains committed to maintaining an open and constructive dialogue with shareholders, and I would like to express my gratitude for your support and engagement throughout the year.

Victoria Hull
Chair of the Remuneration Committee
8 March 2023

Section 1: Remuneration Overview

Proposed Remuneration Policy table

The table below summarises our proposed Directors' Remuneration Policy (DRP) and implementation for FY23 subject to shareholder approval at our AGM on 18 May 2023. Full details of our proposed DRP can be found on pages 181 to 189.

DRP element and link to strategy	Operation (Policy)	Rationale for change	Performance measures, assessment and proposed operation in 2023
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 February. 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.	No change. The current approach remains fit for purpose and market-aligned.	Nandan Mer: USD 600,000 Rohit Malhotra: USD 500,000
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 & wider workforce. 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.	No change. The current approach remains fit for purpose and market-aligned.	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.	No change. The current approach remains fit for purpose and market-aligned.	The Executive Directors are eligible for end of service gratuity.
Benefits To provide competitive and cost effective benefits in line with local markets.	Core benefits include private medical cover for self, spouse and up to three children, life insurance and relocation allowance. Executive Directors are also eligible for the reimbursement of UK income tax liability incurred in respect of the conduct of their Executive duties necessarily performed in the UK.	No change. The current approach remains fit for purpose and market-aligned.	Private medical cover and life insurance, in line with FY22.
Annual Deferred Bonus Plan To incentivise the achievement of annual objectives which support the Company's short-term performance goals and protect long-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. Maximum bonus of 200% of annual fixed salary. Any portion of an Executive Director's annual bonus amount over 100% of annual fixed salary is deferred into shares of which one third are released each year over three years, with no further performance conditions. Shares continue to be subject to the shareholding requirement. The remainder of an annual bonus is paid in cash.	Change from single three-year vesting to one third each year over three years to create greater and more immediate share ownership and shareholder alignment, and better mirroring arrangements found in the markets we operate in and compete for talent.	Maximum opportunity of 200% of salary with anything payable in excess of 100% of salary deferred and released in equal tranches over three years. Targets are commercially sensitive and will be disclosed retrospectively.

DRP element and link to strategy	Operation (Policy)	Rationale for change	Performance measures, assessment and proposed operation in 2023
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.	No change. The current approach remains fit for purpose and market-aligned.	The Committee will review the performance measures and weightings for the FY23 grant, which will continue to be based on stretching, predominantly financial, metrics over a three-year period, with a two-year holding period. Full details around award size, performance measures and targets will be disclosed by RNS announcement on grant.
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.	No change. The current approach remains fit for purpose and market-aligned.	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.	No change.	N/A

Remuneration alignment to financial and strategic performance

Strategic pillars	Annual bonus	LTIP
The key pillars of our corporate strategy, set out below, are closely linked to our variable remuneration. Our key strategic pillars focus on growing to provide a service for more customers, whilst innovating to better serve existing customers. Commitment to ESG is reflected in both elements of the Policy.	Based on the key in-year performance indicators linked to delivery of our corporate strategy.	The LTIP focuses on building long-term shareholder value.
Accelerate › Faster sign up of merchants and financial institution customers. › Grow the merchant base by lowering the cost of payment acceptance. › Access new revenue pools.	**Revenue growth (40%)** Primary KPI in the 'accelerate' strategy. Reflective of sign up of new customers and partnerships; as well as accessing new revenue pools.	**Financial metrics** Metrics such as Revenue, adjusted EPS and TSR will ensure that long-term shareholder value is achieved through underlying performance.
Innovate › Harness the power of partnerships. › Add new revenue streams to every transaction. › Be the e-commerce champion in the region.	**EBITDA (30%)** Ensures maintaining and exceeding margins whilst driving revenue, increasing revenues per transaction.	
› Support the advancement of financial inclusion in the markets where we operate. › Promote responsible business practices under a robust governance framework. › Continue to build a well-trained, happier, inclusive equal and diverse working environment. › Minimise our environmental impact.	**Governance (15%)** Ensuring responsible business practices as part of our commitment to becoming a champion in the industry. **Social (15%)** Covering key strategic areas such as diversity and inclusion, employee engagement and financial inclusion.	

Employee engagement

Share ownership across our employees

The Company believes that extending share ownership throughout the workforce encourages loyalty and engagement, whilst allowing employees to participate in the Company's success. It also aligns the employees' interests with those of shareholders.

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. In subsequent years, the Company has awarded a small cohort of individuals with shares under our LTIP.

Direct engagement with employees

Whilst the requirement to report on employee engagement under the UK Corporate Governance Code 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.

To this end, the Committee evaluated the effectiveness of Network's existing processes and employee engagement channels across five key criteria from the Code:

- Ensuring workforce views are taken into account by Directors in decision making
- Effectiveness of processes to ensure employees are able to raise matters of concern and receive feedback on steps taken to address those concerns
- Adequacy of disclosures around employee engagement in external reporting
- Ensuring key stakeholder views, including those of employees, are properly considered by the Board in its discussions and decision making and whether those processes are clearly reported to shareholders through the Annual Report
- The method through which the Board engages with employees

Key actions that reflect how the Company engages with employees are described in the 'Driving global cultural engagement' section of the Strategic Report. This includes a combination of town hall meetings, mechanisms to allow employees to engage with the CEO directly through email and in person, Q&A sessions with members of the Board and members of the leadership team, annual employee engagement survey and the independent whistleblower reporting process. Where appropriate, we take action as a direct result of feedback from our employees, for example in 2023 we will be increasing our focus on learning and development opportunities across the Group, as well as rewarding employees through a range of rewards and recognition programmes. Further details can be found on page 33.

Consideration of wider workforce remuneration

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.

Indicative gender pay gap

At Network, equality and fairness are the cornerstones of all our people practices and policies. The diversity of our workforce enables us to create more innovative ideas, better understand our customers, and develop more relevant solutions. We are committed to creating and nurturing an inclusive workplace through programmes and engagement initiatives supporting our philosophy, which is further described in detail on pages 35 to 37.

Understanding the gender pay gap aids in promoting a positive change as part of these broader initiatives. In the context of our UAE based employees, the mean gender pay gap (total remuneration) to 31 December 2022 is 20%, whilst the median gender pay gap is 29%. We understand that 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. The male population equates to 73% of the overall population whilst the female population is 27%.

As such, we are taking various measures to enhance our overall female population, particularly at more senior levels. In FY22 the percentage of women in our Executive Management Team and their direct reports has increased to 31%, up from 25% in FY21. In June 2022, we joined the Global Council for Women in Banking and Fintech, aiming to support our women executives to achieve their full potential. We have a number of other initiatives and programmes, including our ME Women Leaders' Summit, our Women Leaders' Mentorship Programme, and 'Break the Bias' Empowerment Programme. Further details of the measures we are taking can be found on pages 52 to 53.

Furthermore, we acknowledge the FCA's rules relating to diversity on Boards and the Executive Committee. Our Board members and senior leadership team encompass a range of ethnicities and cultural backgrounds. Our Board currently comprises 33% women (25% at Executive Committee level), and no senior Board positions (as defined by the Listing Rules) are held by women. Further details of these demographics can be found on pages 122 to 123. We recognise that this falls short of the FCA's rules, but remain comfortable with our progress in light of the markets we operate in. We continue to prioritise gender diversity at senior levels, and this year have introduced gender diversity targets into our Executive Director annual bonus metrics, increasing accountability for delivering on our diversity ambitions.

Section 2: Annual Report on Remuneration

Payments in FY22 were made under our current DRP, which was approved by 96.6% of shareholders at our AGM on 30 April 2020. Full details of this DRP can be found on pages 136 to 139 of our 2020 Annual Report and Accounts, available on our website **https://investors.networkinternational.ae/media/1304/annual-report-accounts-2020.pdf**.

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 FY22 and FY21. 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.

Executive Director	Year	Fixed salary USD'000	Benefits[1] USD'000	Annual bonus – cash USD'000	Annual bonus – shares USD'000	LTIP vested[2] USD'000	End of service gratuity[3] USD'000	Sub-total (fixed pay) USD'000	Sub-total (variable pay) USD'000	Total USD'000
Nandan Mer	FY22	550	23	399	399	–	32	605	797	1,402
	FY21 (from 01/02/2021)	504	23	406	406	–	29	556	812	1,368
Simon Haslam	FY21 (to 31/01/2021	46	2	–	–	–	10	57	–	57
Rohit Malhotra	FY22	457	34	332	332	365	38	529	663	1,558
	FY21	457	34	338	338	–	257	749	675	1,424

1 Relates to private medical insurance and life insurance. This benefit is non-pensionable.
2 The first LTIP awards, which were made in FY19, vested in May 2022 but did not yield a payout as performance conditions were not met. The performance conditions for the FY20 LTIP were completed in the year. Final vesting will be determined in August 2023. Indicative vesting is based on a closing share price of £2.98 as at 31 December 2022. The conversion USD exchange rate used is 1.2066 (as at year end 2022).
3 Relates to the provision accrued during the year. The FY21 gratuity for Rohit Malhotra reflects a catch-up based on alignment with his employment contract.
› No other items of remuneration received in FY22 other than as disclosed in the table.
› Neither of the FY22 or FY21 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.
› For the year FY22 bonus, the Executive Directors elected to receive a part of the cash element of their bonus in ordinary shares in addition to a portion which is deferred into shares for three years under our Remuneration Policy; for further details see page 165.

Fixed salary (audited)

The Remuneration Committee determined that no changes would be made to Executive Director salaries at the 2022 salary review, taking into account the broader business and economic context.

Benefits (audited)

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. In FY22 benefits provided to Executive Directors related to private medical cover and life insurance. Executive Directors are also eligible for the reimbursement of any UK income tax liability incurred in respect of the conduct of their Executive Director duties necessarily performed in the UK.

End of service gratuity (audited)

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 FY22.

2022 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 once again focused on Revenue (45%) and EBITDA (25%). The remaining 30% of the annual bonus was reviewed against a scorecard of individual strategic measures which reflects the introduction of ESG measures as part of our evolving strategy alongside our commitment to achieving financial success and other strategic priorities.

Figure 2: 2022 Annual bonus metrics (Audited)

	Financial (70%)					
Performance measures	Revenue (USDm)			EBITDA (USDm)		
Weighting	45%			25%		
	Threshold	Target	Stretch	Threshold	Target	Stretch
Targets	425	440	450	175	180	185
Payout levels (as a % of max.)	25%	50%	100%	25%	50%	100%
Outcome (2022 Actuals)		446			180	
Performance achieved		80%			50%	
Bonus achieved (% of max.)		36%			12.5%	
Bonus earned (USD'000) – Nandan Mer		**396.0**			**137.5**	
Bonus earned (USD'000) – Rohit Malhotra		**329.4**			**114.4**	

› Revenue and EBITDA for the bonus outturn are calculated on a constant currency basis.

	Strategic (30%)																	
ESG	Environment (E)			Social (S)									Governance (G)					
Performance measures	Carbon Footprint (Scope 1 & 2)			Voice of the Customer – Net Promoter Score (NPS)			Touching our community – Financial Inclusion			Voice of the Employees – Engagement Score			Business Sustainability (Minimise data leakage)			Strong Governance Practices (Rapid addressal of audit highlights)		
Weighting	5%			5%			5%			5%			5%			5%		
Targets	Accept-able	Above Expect-ed	Strong	Accept-able	Above Expect-ed	Strong	Accept-able	Above Expect-ed	Strong	Accept-able	Above Expect-ed	Strong	Accept-able	Above Expect-ed	Strong	Accept-able	Above Expect-ed	Strong
Payout levels (as a % of max.)	60%	80%	100%	60%	80%	100%	60%	80%	100%	60%	80%	100%	60%	80%	100%	60%	80%	100%
Outcome (2022 Actuals)	See next section																	
Performance achieved	100%			100%			100%			0%			100%			80%		
Bonus achieved (% of max.)	5%			5%			5%			0%			5%			4%		
Bonus earned (USD'000) – Nandan Mer	**55.0**			**55.0**			**55.0**			**–**			**55.0**			**44.0**		
Bonus earned (USD'000) – Rohit Malhotra	**45.7**			**45.7**			**45.7**			**–**			**45.7**			**36.6**		

Figure 3: 2022 performance measures

Strategic measures	Performance summary	Outcome
Carbon Footprint (Scope 1 & 2) 5%	› 553 tons equivalent of RECs purchased to offset 27.8% of carbon emissions (vs a total CO_2 emissions of 1,987 tons in 2021)	Above expected
Voice of the Customer – Net Promoter Score (NPS) 5%	› Net Promoter Score (2022): 31 pts (vs 2021 NPS: 27 pts)	Above expected
Touching our community – Financial Inclusion 5%	› Network delivered against the 3 financial inclusion initiatives planned for 2022	Above expected
Voice of the Employees – Engagement Score 5%	› 84% of Network's employee base took the survey in 2022 with a resultant satisfaction score of 57% (3% lower vs benchmark)	Below threshold
Business Sustainability (Minimise data leakage) 5%	› No material data security breaches	Above expected
Strong Governance Practices (Rapid addressal of audit highlights) 5%	› 86% of all audit issues have been addressed within the stipulated timeframe/ original due dates versus the threshold of 75%	Above expected

Long Term Incentive Plan (LTIP)

FY19 LTIP award

The FY19 LTIP was subject to EPS, Revenue and relative TSR performance measures. Final vesting for the 2019 LTIP grant is reported as 'Nil'. No Committee discretion was applied.

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Performance period	Actual performance to end of performance period[1]	Actual vesting	Actual proportion of maximum achieved
Adjusted EPS (CAGR)	50%	12% compound growth p.a.	16.5% compound growth p.a.	1 January 2019 – 31 December 2021	(15.8%)	0%	0%
Revenue (CAGR)	25%	12% compound growth p.a.	14% compound growth p.a.	1 January 2019 – 31 December 2021	1.4%	0%	0%
Relative TSR against the FTSE 250	25%	Median	Upper quartile	10 April 2019 – 17 May 2022	Below median	0%	0%

1 Adjusted EPS and Revenue CAGR exclude DPO.
› The weighted reduction in share count is 2m, which changes the EPS by less than 0.1c. As such, the share buyback programme did not impact the vesting outcomes of the award.

FY20 LTIP award

The FY20 LTIP was subject to 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 was subject to an absolute TSR performance measure. The award is also subject to an ROCE underpin, which if not met could lead to a scale back of up to 10% of the amount vested. Final vesting will be reviewed and determined by the Committee following the end of the vesting period on 19 August 2023, as well as the portion of the award linked to share price appreciation.

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Performance period	Actual performance to end of performance period	Actual proportion of maximum achieved	Proportion of award achieved
Adjusted EPS (CAGR)	50%	18.27	20.53	1 January 2020 – 31 December 2022	21	100%	50%
Revenue (CAGR)	25%	386.10	441.90	1 January 2020 – 31 December 2022	406.6	53%	13.3%
Relative TSR against the FTSE 250	25%	Median	Upper quartile	1 January 2020 – 31 December 2022	Below median	0%	0%
Indicative vesting (before ROCE underpin %)							63.3%
Indicative vesting (after ROCE underpin %)							63.3%

› The weighted reduction in share count is 2m, which changes the EPS by less than 0.1c. As such, the share buyback programme did not impact the vesting outcomes of the award.
› Excluding impact of acquisition of DPO on number of shares, actual DPO performance and specially disclosed items related to amortization of IT transformation which was excluded from underlying performance when 2020 LTIP targets were finalised.

FY22 LTIP award

Figure 4: 2022 awards granted

LTIP awards were granted on 25 April 2022 as conditional share awards. For the 2022 LTIP, the grant was reduced to 180% of fixed salary, rather than the 200% stipulated in the policy, in order to mitigate potential windfall gains that may be realised as a result of the lower share price at the time of grant.

The share price at which the awards were granted was determined to be £2.55, i.e. the higher of the average share price calculated over a period of up to 30 trading days, or five trading days prior to 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 2024 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 vesting period and expiry of the holding period may be awarded in the form of additional shares.

Executive Director	Award type	Basis of award %	Shares awarded	Face value of award[1] (USD)	Percentage of award vesting at threshold performance	End of performance period
Nandan Mer	LTIP – conditional shares	180% of fixed salary	297,397	985,871	25%	31/12/2024
Rohit Malhotra	LTIP – conditional shares	180% of fixed salary	247,355	819,982	25%	31/12/2024

1 The face value of the award is based on the closing share price on the date prior to the award (£2.55). The conversion USD exchange rate used is 1.3000 which is based on an average of over five trading days prior to the date of grant.

Figure 5: 2022 award performance conditions

The approved performance conditions for the 2022 LTIP award are: i) Adjusted Earnings per Share (EPS), ii) Revenue, and iii) Relative Total Shareholder Return (TSR).

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[1]	50%	26.6	29.1
Revenue[1]	25%	582	638
Relative TSR vs FTSE 250[1]	25%	Median	Upper quartile
ROCE	Underpin which will reduce levels of vesting by up to 10% if not met	15% ROCE in 2024	

1 Straight-line vesting between points.

Figure 6: 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.

	Shareholding			Unvested: With performance conditions		Unvested: Without performance conditions			
Executive Directors	Shareholding requirement (% of fixed salary)[1]	Shareholding requirement % met (of fixed salary)[2,3]	Shares beneficially owned	LTIP-2021	LTIP-2022	LTIP-2020	ADBP 2019 – shares	ADBP 2021 – shares	IPO cash bonus conversion to shares[3]
Nandan Mer	300%	139%	80,885	278,120	297,397	N/A	–	131,269	–
Rohit Malhotra	300%	320%	20,000	154,215	247,355	101,514	9,226	109,181	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 £2.98 as at 31 December 2022 has been used for the purpose of calculating the current shareholding as a percentage of salary. The conversion USD exchange rate used is 1.2066 (as at year end 2022).

Payments to past Directors/payments for loss of office (audited)

There were no payments to past Directors or payments for loss of office in FY22.

Figure 7: Performance and Executive Directors' remuneration

The graph below illustrates the Company's Total Shareholder Return (TSR) performance against the FTSE 250 from our IPO in April 2019 to 31 December 2022. 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.

Historic total remuneration of the CEO

Executive Director	Year	Total single figure remuneration (fixed pay) (USD'000)	Total single figure remuneration (variable pay) (USD'000)	Total single figure remuneration (USD'000)	Annual bonus payment (% of maximum)	LTIP vesting (% of maximum)
Nandan Mer	FY22	605	797	1,402	72.5%	N/A
	FY21 (from 01/02/2021)	556	812	1,368	73.8%	N/A
Simon Haslam	FY21 (to 31/01/2021)	57	–	57	0.0%	N/A
	FY20	585	–	585	0.0%	N/A
	From 27/2/2019 (appointment date)	494	8,682	9,176	115.1%	N/A

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 FY22.

	(% change from FY21 to FY22)			(% change from FY20 to FY21)			(% change from FY19 to FY20)		
	Salary or fees[1]	Benefits[2]	Bonus	Salary or fees[1]	Benefits[2]	Bonus	Salary or fees[1]	Benefits[2]	Bonus
Executive Directors									
Nandan Mer	0.0%	-8.3%	-1.8%	N/A	N/A	N/A	N/A	N/A	N/A
Rohit Malhotra	0.0%	0.0%	-1.8%	0.0%	249.8%	675%	N/A	N/A	N/A
Non-Executive Directors									
Ron Kalifa	0.0%	23.3%	N/A	20.0%	-100%	N/A	3.3%	N/A	N/A
Darren Pope	3.2%	N/A	N/A	20.2%	N/A	N/A	0.0%	N/A	N/A
Victoria Hull	0.0%	N/A	N/A	20.0%	N/A	N/A	-4.8%	N/A	N/A
Anil Dua	0.0%	N/A	N/A	28.8%	N/A	N/A	N/A	N/A	N/A
Habib Al Mulla	0.0%	N/A	N/A	13.3%	N/A	N/A	4.2%	N/A	N/A
Suryanarayan Subramanian	0.0%	N/A	N/A	21.0%	N/A	N/A	1.6%	N/A	N/A
Monique Shivanandan	15.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diane Radley	5.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comparator group									
Average UAE Colleague[3]	-1.1%	1.2%	1820.1%	6.0%	20.9%	-10.2%	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 FY21 and FY22.
2 End of service gratuities are not included in the calculations. The FY21 gratuity for Rohit Malhotra reflects a catch up based on alignment with his employment contract.
3 Average UAE Colleague data is based on methodology 'C' in UAE.

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 FY22 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. Based on the methodology, the CEO's 2022 pay is compared against the 2021 pay for the wider workforce, resulting in a widening of the ratio due to the fact that 2021 did not see a Company-wide bonus payout due to the prevalent market conditions but chose to reward a selective cohort of high performers for their contribution to the Company during trying times.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022 (excl. Pre-IPO incentives)	C	28:1	17:1	11:1
2021 (excl. Pre-IPO incentives)	C	13:1	8:1	5:1
2020 (excl. Pre-IPO incentives)	C	13:1	8:1	5:1
2019 (excl. Pre-IPO incentives)	C	29:1	17:1	11:1

	Employees' total FTE remuneration (excl. CEO) (USD'000)		
	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
Total FTE remuneration for 2022 pay ratio	51	81	122
Total FTE remuneration for 2021 pay ratio	45	72	111
Total FTE remuneration for 2020 pay ratio	46	76	118
Total FTE remuneration for 2019 pay ratio	41	69	104

Relative importance of the spend on pay

The table below indicates how the earnings of Executive Directors compare with other financial disbursements.

	FY22[1] (USD'000)	FY21 (USD'000)
Distributions to shareholders by way of dividend[2]	**0**	0
Total tax contributions[3]	**8,773**	4,842
Overall spend on pay including Executive Directors[4]	**130,851**	107,957

1 Calculated on the same basis as the single total figure of remuneration on page 172.
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 page 214 of the consolidated financial statements).
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 FY22, $0 was made in dividend payments, $3.4 was paid in tax and $50 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 FY22.

Non-Executive Directors' remuneration

Figure 8: 2022 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 FY22.

Non-Executive Director	Year	Fees (GBP'000)	Benefits[1] (GBP'000)	Annual bonus (GBP'000)	LTIP vested (GBP'000)	End of service gratuity (GBP'000)	Sub-total (fixed pay) (GBP'000)	Sub-total (variable pay) (GBP'000)	Total[2] (GBP'000)
Ron Kalifa	**FY22**	**450**	**22**	**N/A**	**N/A**	**N/A**	**472**	**–**	**472**
(Chairman)	FY21	450	18	N/A	N/A	N/A	468	–	468
Darren Pope	**FY22**	**160**	**N/A**	**N/A**	**N/A**	**N/A**	**160**	**–**	**160**
(Senior Independent Director)	FY21	155	N/A	N/A	N/A	N/A	155	–	155
Victoria Hull	**FY22**	**120**	**N/A**	**N/A**	**N/A**	**N/A**	**120**	**–**	**120**
	FY21	120	N/A	N/A	N/A	N/A	120	–	120
Habib Al Mulla	**FY22**	**85**	**N/A**	**N/A**	**N/A**	**N/A**	**85**	**–**	**85**
	FY21	85	N/A	N/A	N/A	N/A	85	–	85
Ali Haeri Mazanderani[3]	**FY22**	**–**	**N/A**	**N/A**	**N/A**	**N/A**	**–**	**–**	**–**
	FY21	64	N/A	N/A	N/A	N/A	64	–	64
Anil Dua	**FY22**	**85**	**N/A**	**N/A**	**N/A**	**N/A**	**85**	**–**	**85**
	FY21	85	N/A	N/A	N/A	N/A	85	–	85
Suryanarayan Subramanian[4]	**FY22**	**75**	**N/A**	**N/A**	**N/A**	**N/A**	**75**	**–**	**75**
	FY21	75	N/A	N/A	N/A	N/A	75	–	75
Monique Shivanandan	**FY22**	**104**	**N/A**	**N/A**	**N/A**	**N/A**	**104**	**–**	**104**
	FY21	90	N/A	N/A	N/A	N/A	90	–	90
Diane Radley	**FY22**	**105**	**N/A**	**N/A**	**N/A**	**N/A**	**105**	**–**	**105**
	FY21	100	N/A	N/A	N/A	N/A	100	–	100

1 Relates to a payment for the purposes of obtaining private health insurance.
2 No other item of remuneration received in FY22 other than as disclosed in the table.
3 Ali Haeri Mazanderani stepped down from his position as Independent Non-Executive Director on 30 September 2021.
4 Suryanarayan Subramanian stepped down from his position as Non-Executive Director on 31 December 2022. No payments were made for the loss of office.

Figure 9: 2022 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 2022, including those held by connected persons.

Non-Executive Director	Number of shares held at 31 December 2022	Number of shares held at 31 December 2021
Ron Kalifa	**599,156**	599,156
Darren Pope	**8,824**	8,824
Victoria Hull	**66,319**	66,319
Habib Al Mulla	**0**	0
Suryanarayan Subramanian	**0**	0
Anil Dua	**0**	0
Monique Shivanandan	**0**	0
Diane Radley	**30,000**	15,000

Figure 10: 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	Original date of appointment	Date of re-appointment	Notice period	Unexpired term[1]
Ron Kalifa	Board Chairman	13-Mar-19	19-May-22	3 months	2 years 4 months
Darren Pope	Senior Independent Non-Executive Director	13-Mar-19	19-May-22	3 months	2 years 4 months
Victoria Hull	Independent Non-Executive Director	13-Mar-19	19-May-22	3 months	2 years 4 months
Habib Al Mulla	Independent Non-Executive Director	29-Mar-19	19-May-22	3 months	2 years 4 months
Suryanarayan Subramanian[2]	Non-Executive Director	13-Mar-19	N/A	N/A	N/A
Anil Dua	Independent Non-Executive Director	22-Jan-20	N/A	3 months	4 Months
Monique Shivanandan	Independent Non-Executive Director	01-Jan-21	N/A	3 months	1 year 4 months
Diane Radley	Independent Non-Executive Director	01-Jan-21	N/A	3 months	1 year 4 months

1 From January 2023.
2 Suryanarayan Subramanian stepped down from his position as Non-Executive Director on 31 December 2022.

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	Unexpired term[1]
Nandan Mer	Group Chief Executive Officer	01-Feb-2021	6 months	1 year 1 month
Rohit Malhotra	Group Chief Financial Officer	02-Jun-2020	6 months	5 months

1 From January 2023.

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 11: Remuneration Committee composition and meetings

The table below indicates the number of meetings held during 2022 and Remuneration Committee member attendance.

Member	Member since	FY22 meetings	Number of meetings attended[1]	% of meeting attendance
Victoria Hull	13 March 2019	6	6	100%
Ron Kalifa	13 March 2019	6	6	100%
Monique Shivanandan	15 February 2022	5	5	100%
Diane Radley	01 January 2021	6	6	100%

1 The FY22 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.

Figure 12: Remuneration Committee activity

The following table is a summary of the Remuneration Committee's activity during FY22. The Remuneration Committee meets a minimum five times a year. During FY22, the Remuneration Committee met six times at scheduled meetings.

The agenda items discussed at the meetings are summarised below.

February 2022	› 2021 Performance Update & recognition for significant performance › Updates to terms of reference for the Remuneration Committee
March 2022	› Update on DRR progress and review draft DRR for finalisation › Approval of 2022 Annual Bonus Measures & Targets
April 2022	› Approach to 2022 LTIP targets and measures › EDs & ExCo compensation benchmarking › Board engagement with employees
August 2022	› FTSE 250 mid-AGM season update
September 2022	› EDs & ExCo Remuneration Policy scope review
November 2022	› EDs remuneration review & shareholder consultation › 2023 Remuneration Policy review

Figure 13: Statement of voting

The table below sets out last year's Remuneration Report voting outcome, from our AGM held on 19 May 2022; as well as the voting outcome of our Remuneration Policy which was approved by shareholders at the AGM on 20 May 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)	482,371,017	98.22%	8,751,958	1.78%	491,122,975	87.53%	2,773,678

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 FY22, 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 proposed updates to the policy effective from 2023. 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 £108,000 were paid to PwC during the year in respect of remuneration advice received by the Remuneration Committee, 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 regard to advice provided to the Remuneration Committee exist. It is also satisfied that the members of the 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.

Implementation of proposed Remuneration Policy in FY23

Subject to approval of our proposed Remuneration Policy, we have set out below our intended implementation for FY23.

FY23 salaries and intended increases for FY24

The Committee has increased salaries for FY23 for the reasons set out below. Taking on board shareholder feedback, and acknowledging the wider workforce increases and current economic environment, we propose to stagger increases over two years, subject to performance. Effective 1 February 2023, the CEO's salary is USD 600,000 and the CFO's is USD 500,000. This reflects a c.9% increase from 2022, just below the average given to the wider workforce (10%).

From 1 February 2024, it is intended there will be a further c.9% increase to the CEO's and CFO's salaries to USD 650,000 and USD 550,000, respectively. This increase will only be made subject to continued corporate performance and wider conditions.

Nandan Mer

- Nandan's salary was aligned with his predecessor, whose salary was set on IPO in April 2019. The salary for the role of the CEO has therefore not increased in nearly four years.
- Since being appointed in 2021, Nandan has overseen the successful acquisition of DPO which has doubled our e-commerce revenue along with adding alternative payment capabilities and SME signings across the Group. Nandan has also steered the Company through the challenges of increasing complexity, market turbulence and delivering our new growth strategy – launching direct-to-merchant services in Egypt, new market entry to Saudi Arabia, and establishing new commercial payments processing contracts.

Rohit Malhotra

- Rohit's salary was set upon being appointed to the Board on 2 June 2020 and has not been increased since his appointment.
- Since being appointed to the Board, Rohit has taken on the additional role of Group Chief Strategy Officer (March 2021) and a number of other responsibilities such as leading the M&A function, and developing and executing the ESG strategy.
- Having been with the Company for 12 years, Rohit has deep financial knowledge of the Company and its market, long standing and highly valuable corporate history with Network, has provided stability for shareholders and also assimilated well on the increased complexity of the Company across his multiple roles.

The Committee reviews salaries taking into account our Remuneration Principles. Most notably, salaries provided should provide a fair and reasonable remuneration package given overall performance and responsibilities, and taking into account the competitiveness for top talent in the sector. The intended salaries continue to be set relatively conservatively against the market, looking at the FTSE 101-225 as well as a global payment processing peer group. The Executive Directors' salaries have not increased in a number of years, whilst the complexity of the business and the responsibilities of the roles have increased as both the CEO and CFO have demonstrable experience and performance in their roles, as set out above.

FY23 Annual Deferred Bonus Plan (ADBP)

Executive Directors will be eligible to receive awards under the ADBP of up to 200% of fixed salary, subject to achievement of performance conditions.

The performance assessment under the ADBP for 2023 will be based on Revenue (45%), EBITDA (25%), and a range of strategic measures (30%) linked to, for example, carbon footprint, senior management diversity, and robust governance processes. Targets are commercially sensitive and will be disclosed in full retrospectively.

Any payment in excess of 100% of fixed salary will be deferred into shares, which are released in equal tranches over three years, subject to the executive having met their shareholding requirement.

FY23 Long Term Incentive Plan (LTIP)

Executive Directors will be granted awards under the LTIP. The Committee will review the performance measures and weightings for the FY23 grant, which will continue to be based on stretching, predominantly financial, metrics over a three-year period, with a two-year holding period. Full details around award size, performance measures and targets will be disclosed by RNS announcement on grant.

Non-Executive Directors' annual fees

FY23 fee levels for NEDs and the Chair remain unchanged since FY19. Actual fees received are disclosed in the single total figure of remuneration for the relevant financial year.

Section 3: Directors' Remuneration Policy

Introduction

In accordance with the remuneration reporting regulations, the Policy as set out below will become formally effective at the AGM on 18 May 2023, subject to shareholder approval. It is intended to apply for a period of three years from the date of approval, unless a new Policy is approved by shareholders prior to its expiry.

Remuneration Principles

Our key principles when designing the Policy are outlined below:

- Support our ambition to be the fastest-growing and most innovative customer-centric payments company in the Middle East and Africa;
- To attract, retain and motivate high-calibre talent to help us deliver our strategy and align with the long-term interests of shareholders; and
- To ensure that remuneration arrangements are clear, simple, and support our high-performance, principled and inclusive culture.

Our proposed Remuneration Policy differs from the existing Policy in the operation of the annual bonus plan, and we believe this change will prove to be attractive to both Executives Directors and shareholders, in line with the principles set out above. Further details of our proposals can be found in the Policy table. Below we summarise the key changes and the rationale for change:

Amending the operation of the deferred bonus plan

- We are amending the deferred portion of the annual bonus plan so that the deferred shares are awarded in full immediately (at the same time as the cash bonus is paid) and then 'released' in equal tranches over the three year period (i.e. one third per year), subject to Executive Directors having met their shareholding requirement (300% of salary).
- Allowing the deferred bonus shares to be owned by the executives at the outset creates greater and more immediate share ownership and shareholder alignment. This approach, with phased releasing of shares over the three years, is more closely aligned to key competitors for talent.

Determining the Policy

The Committee's process for determining the Policy included:

- Developing a Policy which supports our strategy and alignment with the long-term interests of shareholders;
- Consulting internally with Executive Directors and other relevant members of the Executive Management Team to ensure that the proposals would motivate and retain key talent;
- Considering the practices and governance in the markets we operate in and compete for talent in, alongside the UK Corporate Governance Code;
- Reviewing the wider workforce remuneration and incentives to ensure the approach to executive remuneration is appropriately consistent;
- Consulting externally with our Remuneration Committee consultants, for an independent view alongside broader market insights from suitable peers; and
- Carrying out a consultation exercise with major shareholders and investor bodies on our proposals.

Remuneration Policy table

The table below describes each of the elements of the remuneration package for the Executive Directors:

DRP element and link to strategy	Operation (Policy)	Rationale for change
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 February. 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.	No change. The current approach remains fit for purpose and market-aligned.
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 and wider workforce. 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.	No change. The current approach remains fit for purpose and market-aligned.
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.	No change. The current approach remains fit for purpose and market-aligned.
Benefits To provide competitive and cost effective benefits in line with local markets.	Core benefits include private medical cover for self, spouse and up to three children, life insurance and relocation allowance. Executive Directors are also eligible for the reimbursement of UK income tax liability incurred in respect of the conduct of their Executive duties necessarily performed in the UK.	No change. The current approach remains fit for purpose and market-aligned.
Annual Deferred Bonus Plan To incentivise the achievement of annual objectives which support the Company's short-term performance goals and protect long-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. Maximum bonus of 200% of annual fixed salary. Any portion of an Executive Director's annual bonus amount over 100% of annual fixed salary is deferred into shares of which one-third are released each year over three years, with no further performance conditions. Shares continue to be subject to the shareholding requirement. The remainder of an annual bonus is paid in cash.	Change from single three-year vesting to one third each year over three years to create greater and more immediate share ownership and shareholder alignment, and better mirroring arrangements found in the markets we operate in and compete for talent.
Long Term Incentive Plan 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.	No change. The current approach remains fit for purpose and market-aligned.

DRP element and link to strategy	Operation (Policy)	Rationale for change
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.	No change. The shareholding guideline ensures shareholder alignment.
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.	No change.

In approving this Policy, shareholders give the Company authority to honour any commitments previously entered into with current or former Executive Directors (such as the vesting or exercise of past awards).

Key remuneration element of the Code

When designing the revised Policy, the Committee reflected the new remuneration elements of the UK Corporate Governance Code:

Key remuneration element of the Code	Alignment with our proposed revised Policy
A five-year period between the date of grant and realisation for equity incentives	› The LTIP awards are subject to a three-year vesting period, followed by an additional two-year holding period during which Executive Directors will be unable to sell their shares.
Phased release of equity awards	› The LTIP ensures the phased release of equity awards through annual rolling vesting. › The deferred portion of the annual bonus is released in annual tranches.
Discretion to override formulaic outcomes	› The Policy contains the ability to override formulaic outcomes and apply discretion where deemed necessary.
Post-cessation shareholding requirement	› There is a two-year post-cessation shareholding requirement.
Pension alignment with wider workforce	› The potential pension entitlement for Executive Directors is capped at 15% of fixed salary, in line with all-employee statutory pension requirements for 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, instead they will be eligible to an end of gratuity payment upon termination, as required under the UAE Labour Law for non-UAE nationals. The annual accrual is below this level.
Malus and clawback	› Malus and clawback provisions meet the best practice under the Code.

Alignment with the Code

The table below describes how the Remuneration Committee has addressed each of the factors set out in Provision 40 of the Code.

Factor	How the Policy aligns
Clarity	› The proposed Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated. › The performance conditions used for the annual bonus and LTIP awards are based on a number of the Company's KPIs ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors.
Simplicity	› The Company's share plans are designed to be easy to understand, simple and transparent to all stakeholders.
Risk	› The Policy includes: – setting defined limits on the maximum awards which can be earned under the annual bonus and the LTIP; – requiring the deferral of a substantial proportion of the incentives in shares for a material period of time; – aligning the performance conditions with the strategy of the Company; – ensuring a focus on sustainable performance through the performance period of the LTIP awards; – ensuring there is sufficient flexibility to adjust payments through malus and clawback; and – an overriding discretion to depart from formulaic outcomes under the Company's share plans. › These elements mitigate against the risk of target-based incentives by: – limiting the maximum value that can be earned; – deferring a significant proportion of the value earned in shares for the long term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours; – aligning any reward to the agreed strategy of the Company; – focusing on the sustainability of the performance over the longer term under the LTIP; – reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate; and – reducing the awards or cancelling them, if it appears that vesting is not linked to acceptable corporate or individual performance.
Predictability	› The Policy sets out clearly the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the checks and balances set out above under Risk are disclosed as part of the Policy.
Proportionality	› The Company's incentive plans clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long term. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.
Alignment to culture	› A key element of our culture is to ensure long-term sustainable performance. This is reflected directly in the type of performance conditions used in the Company's incentive plans which assess sustainable performance using a variety of non-financial and financial measures, as appropriate, including the use of ESG measures in our annual bonus. › The focus on share ownership (and the partnership ethos encapsulated in share ownership) and long-term sustainable performance is also a key part of the Company's culture.

Statement of considerations of shareholder views

The Committee is dedicated to a continuous and open dialogue with shareholders on the issues of executive pay. When developing the proposed Policy, the Committee engaged with the Company's largest shareholders and proxy voting bodies in order to obtain feedback on the proposed key remuneration changes and the 2023 Policy.

Following feedback, the Committee determined that it would continue with the existing Policy with only minor amendments. Those that we engaged with were supportive of the continued operation of the LTIP and the proposal to amend the operation of the Deferred Annual Bonus Plan and understood the supporting rationale. The Committee considers that the consultation process with shareholders and the governance community is a valuable opportunity to engage with shareholders and receive feedback. The Committee welcomes any shareholder feedback at the AGM, and throughout the year.

Considerations of employment conditions elsewhere in the Company

The remuneration policies and practices for all employees are determined in line with our overarching Remuneration Principles. In setting the Policy for Executive Directors, the pay and conditions of all employees of the Company are taken into account, for example when reviewing salary increases and by encouraging share ownership throughout the Company.

The Committee also reviews and approves the remuneration structure for the management level below the Executive Directors and uses this information to ensure consistency of approach. Whilst the Committee did not engage directly with employees on the drafting of the Policy, our commitment to employee engagement, including in respect of remuneration, is set out on page 133.

Malus and clawback

All incentive plans are subject to malus and clawback provisions. These are defined as:

- Malus is the adjustment (including to zero) of unpaid incentive awards as a result of the occurrence of one or more circumstances listed below.
- Clawback is the recovery of incentive payments as a result of the occurrence of one or more of the circumstances listed below.

The periods in which malus and/or clawback could apply are:

	Annual bonus	Annual share grant awards	LTIP awards
Malus	To the day of payment	To the end of the deferral period	To the end of the vesting period
Clawback	Two years following the bonus determination	N/A	Two years following vesting

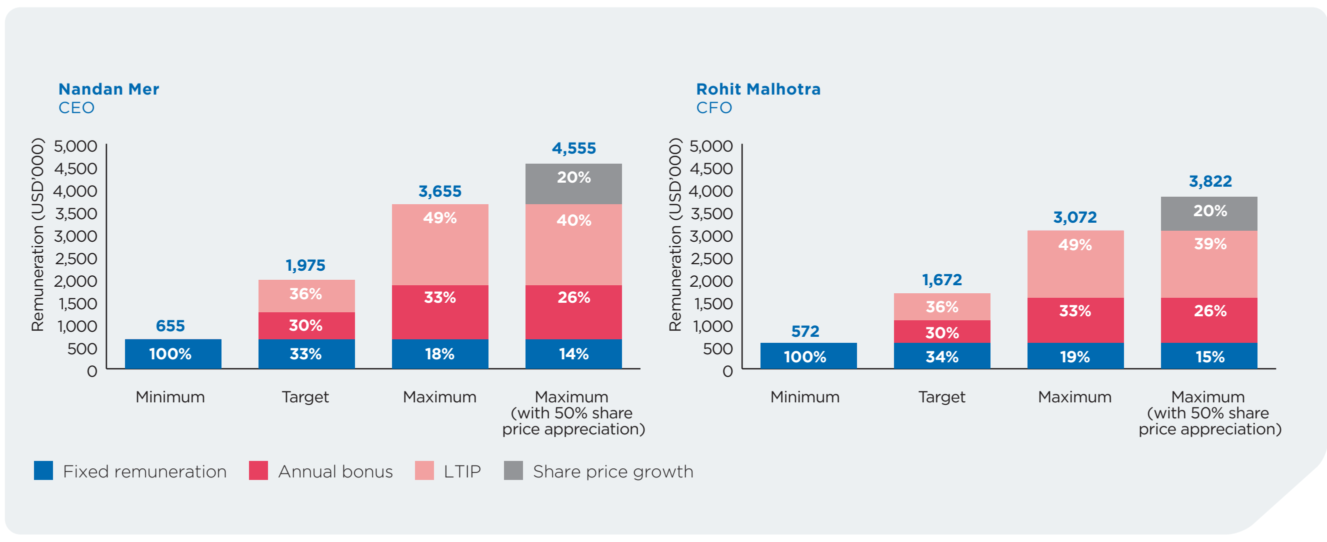
The circumstances in which malus and/or clawback could apply are:

- if the assessment of any performance target or condition in respect of an incentive award was based on error, or inaccurate or misleading information;
- if any information used to determine the number of shares subject to an award was based on error, or inaccurate or misleading information;
- the action or conduct of a participant does, in the reasonable opinion of the Board, amount to fraud and/or gross misconduct;
- events or behaviour of a participant led to the censure of the Company by a regulatory authority or have a significant detrimental impact on the reputation of the Company, provided that the Board is satisfied that the participant was, at least in part, responsible for the censure or reputational damage; and
- corporate failure.

The Committee believes that the results of the plans provide sufficient powers to enforce malus and clawback where required.

Application of Policy

The chart below provides an illustration of what could be received by the CEO and CFO under the revised 2023 Policy.



Note:
Minimum pay is: fixed salary, benefits (private medical cover and life insurance), and the end of service gratuity accrued in the year.
On-target pay includes fixed salary, benefits, gratuity, 50% of the maximum bonus (equal to 100% of fixed salary) and 60% vesting of the LTIP awards (with grant levels of 200% of fixed salary).
Maximum pay includes fixed salary, benefits, gratuity, and assumes 100% vesting of the annual bonus (200% of fixed salary) and the LTIP awards including the 50% kicker (i.e. 300% of fixed salary).
An additional scenario sets out the value of the long-term incentive assuming a 50% increase in share price between grant and vesting. All amounts have been rounded to the nearest USD 1,000.
Fixed salary levels (which are the base on which other elements of the package are calculated) are based on those applying at 1 February 2023.

Remuneration approach to recruitment and promotion

The Company's approach is for the remuneration of any new Executive Director to be assessed in line with the principles applied to the existing Policy. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role.

In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as considering the appropriateness of any performance measures associated with an award.

The Committee's Policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justified the provision of a replacement award, the value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated considering the following:

- the proportion of the performance period completed on the date of the Executive Director's cessation of employment;
- the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and
- any other terms and conditions having a material effect on their value.

The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.

The Committee has the ability to offer exceptional one-off LTIP awards, to a maximum of 300% of salary, in order to support recruitment activity and broaden our prospective talent pool.

Where an individual joins after the start of the incentive grant, an award may be made to bring the executive onto the 'in-flight' cycle, subject to the limits set out in the policy. Awards may be prorated for the portion of vesting period served.

Service contracts

The Committee's Policy for setting notice periods is that a six-month period will apply for Executive Directors unless the Committee determines that 12 months would be more appropriate in the circumstances. The 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
Nandan Mer	Group Chief Executive Officer	01-Feb-21	6 months
Rohit Malhotra	Group Chief Financial Officer and Group Chief Strategy Officer	02-Jun-20	6 months

Policy on payments for loss of office

The Committee will honour the Executive Directors' contractual entitlements. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case.

Element	Loss of Office Policy
Fixed salary, benefits, retirement benefit	› These will be paid over the notice period. In addition, provision is retained to make a payment in lieu of notice. › End of service gratuity may be paid in cash following the termination of employment as required under the UAE Labour Law for non-UAE nationals, and as described in the Policy.
Annual bonus	› Good leavers: performance conditions will be measured at the bonus measurement date. Bonuses will normally be time prorated for the period worked during the financial year (subject to exercise of discretion referred to below). Deferred bonus awards will vest and be released according to normal timescales. › Other leavers: no bonus payable for the year of cessation, any unreleased deferred bonus share awards will lapse. › Discretion: The Committee has the following discretions: – to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; – to vest and release deferred shares at the end of the original deferral period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and – to determine not to prorate the bonus for time. It is the Committee's intention to use discretion not to prorate in circumstances where there is an appropriate business case, which will be explained in full to shareholders.
LTIP	› Good leavers: all in-flight awards will be prorated to time and performance. › Other leavers: any unvested awards lapse. › Discretion: the Committee has the following discretions: – to determine that an Executive Director is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case, which will be explained in full to shareholders; – to determine that an award will vest on cessation, rather than on the normal vesting date (i.e. to measure performance over the original performance period or at the date of cessation). The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and – to determine not to prorate the number of shares which will vest based on the time from the date of grant to the date of cessation. It is the Committee's intention to use discretion to not prorate in circumstances where there is an appropriate business case, which will be explained in full to shareholders.

A good leaver reason is defined as cessation in the following circumstances:

- Death;
- Ill health;
- Injury or disability;
- Redundancy;
- Retirement;
- Transfer of employment to a company which is not a Group company; and
- Any other reason at the discretion of the Committee (except for dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal).

Policy on payments in the event of a change of control

Element	Change of Control Policy
Annual bonus	› Bonuses will be payable as soon as practicable after the relevant event, the amount of which will be determined by the Board taking into account the extent to which the performance conditions have been met. › Discretion: the value of the bonus may be prorated to reflect the reduced period of time between the start of the financial year and the relevant corporate event as a proportion of the relevant financial year unless the Board otherwise decides.
Deferred bonus	› Share awards made under the annual bonus plan will vest in full at the time of the relevant event.
LTIP	› In the event of a takeover, scheme of arrangement, or winding-up of the Company, the LTIP awards will vest early. The proportion of the LTIP awards which vest shall be determined by the Board taking into account the extent to which any applicable performance conditions have been satisfied at that time. In addition, unless the Board decides otherwise, vesting will be prorated to reflect the reduced period of time between grant and the participant's cessation of employment as a proportion of the normal vesting period. The Committee retains the right to apply discretion to formulaic vesting outcomes, particularly noting any potential windfall gains that may occur as a result of a change in control. › To the extent that LTIP awards granted as options vest in the event of a takeover, scheme of arrangement, or winding-up of the Company, they may be exercised for a period of six months measured from the date of the relevant event and will otherwise lapse at the end of that period. › In the event of a demerger, distribution or any other corporate event, the Board may determine that awards will vest, to the extent determined by the Board taking into account the same factors as set out above. › If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) alternatively decide that awards may be replaced by equivalent new awards over shares in the new acquiring company.

Board discretion

The Committee has the ability to exercise independent judgement and discretion when approving any of the outcomes of the Policy, including the ability to override formulaic outcomes which may involve upward or downward adjustments. Any discretion applied would take into account individual performance as well as the Company's performance, and the wider environment, including local labour laws such as Emiratisation.

- The Committee may also exercise some administrative and/or operational discretion under relevant plan rules approved by shareholders.
- The Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would, in the opinion of the Committee, be disproportionate to seek or await shareholder approval.
- Any exercise of discretion by the Committee will be communicated to shareholders in full in the Directors' Remuneration Report. The use of discretion enables the Committee to ensure that outcomes are consistent with business performance and the interests of shareholders.
- The Committee retains the ability to amend or set different performance measures or targets if exceptional events occur (for example, a strategic change, material acquisition and/or divestment, or a change in market conditions). If the Committee determines that the performance measures and/or targets are no longer appropriate and the amendment is required, they will be done in such a way that they achieve their original purpose and are not materially less difficult to satisfy.

Chair and Non-Executive Directors

The Policy for NEDs, other than the Chair of the Committee, is determined by the Chair and Executive Directors. The fee for the Chair is determined by the Committee (without the Chair present).

Element	Operation	Maximum	Performance measures and assessment
Non-Executive Director fees To provide a level of fees to support recruitment and retention of NEDs and a Chair with the necessary experience to advise and assist with establishing and monitoring the Company's strategic objectives.	The Policy for NEDs, other than the Chair, is determined by the Chair and Executive Directors. The fee for the Chair is determined by the Committee (without the Chair present). NEDs are paid an annual fee and additional fees for chairing Committees. The Chair does not receive any additional fees for membership of Committees, but may receive benefits such as health insurance, or cash-in-lieu of health insurance. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. NEDs do not participate in any variable remuneration arrangements.	In general, the level of fee increase of the NEDs and the Chair will be set taking into account the general rise in salaries across the wider workforce. The Company will pay reasonable expenses incurred by the NEDs and may settle any tax incurred in relation to these.	N/A

Victoria Hull
Chair of the Remuneration Committee
8 March 2023

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 2022.

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 1 to 118 and Governance Report on page 120 onwards:

Subject matter	Page reference
Likely future developments in the business	14–15
Research and development	15 & 21
Key performance indicators	22–23
Employee engagement, development, inclusion and diversity	28–37
Relationships with suppliers, customers and others	24–27
Principal risks and uncertainties	102–115
Energy consumption, greenhouse gas and carbon emissions	40–41
Disclosures required under TCFD recommendations	58–77
Directors' remuneration	164–189

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 120 to 145 and the Strategic Report on pages 1 to 118 (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

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	191
Listing Rule 9.8.6(8) Climate-related financial disclosures consistent with TCFD	58–77

Share capital

The structure of the issued share capital of the Company as at 31 December 2022 and information about the issue of shares during 2022 are set out in note 18 (on page 238) to the financial statements. The Company has one class of share: ordinary shares of £0.10 each, and this is the only class of shares in issue and carrying voting rights.

Issue and buy-back of shares

1. Issue of shares

The Directors were granted authority on 19 May 2022 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 19 May 2022 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 2023 or, if earlier, at the close of business on the date falling 15 months after the resolutions conferring them were passed on 19 May 2022. While the relevant institutional guidelines support disapplication of pre-emption rights upto 20% of the Company's issued share capital, the Board currently intends to seek to renew these powers at the 2023 AGM, for 10% of the Company's issued share capital in line with the authority granted on 19 May 2022.

The Directors did not exercise the authority to allot shares in the Company and to disapply pre-emption rights in the financial period under review.

2. Buyback of shares

The Company was granted authority on 19 May 2022 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 2023 or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it was passed on 19 May 2022. The Board currently intends to seek to renew this authority at the 2023 AGM.

Share buyback programme

On 11 August 2022, the Company announced the commencement of a share buyback programme with an aggregate market value equivalent of up to USD 100 million, which started on 15 August 2022. The sole purpose of the share buyback programme is to reduce the Company's share capital. During the year upto 31 December 2022, the Company bought back through market purchases on the London Stock Exchange 11,532,594 ordinary shares with a nominal value of 10 pence each, representing 2.055% of the issued share capital of the Company when the programme started, for a total consideration of approximately USD 40.63 million, including expenses of USD 0.3 million. The Board has decided to cancel the shares so bought back except for a certain number to be maintained in treasury. As on 7 March 2023, 18,536,743 ordinary shares with a nominal value of 10 pence each have been bought back, out of which 13,536,743 ordinary shares have been cancelled and 5,000,000 ordinary shares are being held in treasury.

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

Out of the shares issued on 28 September 2021 towards the stock component of the consideration of the purchase consideration for acquisition of the DPO Group, 1,302,907 ordinary shares are subject to a lock up for 18 months from the date of their issuance and may not be transferred to any party during this period.

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 page; (ii) as set out above; (iii) as set out in the Articles of Association; and (iv) 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 2022, and updated as at 7 March 2023, the Company had been notified of the following interests in voting rights of 3% or more over the issued share capital of the Company:

	As at 31 December 2022		As at 7 March 2023		
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	78,900,226	14.36	81,783,484	15.07	Indirect
Mastercard UK Holdco Limited	49,950,000	9.09	49,950,000	9.21	Indirect
BlackRock, Inc.	35,210,334	6.41	27,425,055	5.05	Indirect
Emirates NBD Bank PJSC	31,020,844	5.64	31,020,844	5.72	Direct
Moneta Asset Management SAS	29,441,921	5.36	29,485,093	5.43	Indirect
Wellington Management Group LLP	28,011,122	5.10	28,011,122	5.16	Indirect
Harding Loevner LP	25,572,878	4.65	25,572,878	4.71	Indirect
Norges Bank	17,727,489	3.23	22,456,693	4.14	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 7 March 2023, no Directors and/or their connected persons had an interest in 3% or more of the voting rights of the Company.

Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2022.

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 178.

The changes in the year and up to the date of signing the financial statements are as follows:

› the retirement of Suryanarayan Subramanian on 31 December 2022.

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 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 120. Biographical details of the Directors are set out on pages 126 to 128, as are the reasons why the Board believes their contribution is (and continues to be) important to the Company's long-term sustainable success. This information will also be set out in the circular which will accompany the notice of Annual General Meeting.

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 on page 139.

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 191.

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.

Significant agreements (change of control)
The common terms agreement dated 25 March 2020 for a term facility entered into by one of the subsidiaries of the Company and various lenders, to which the Company is also 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 any person or group of persons acting in concert 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 Company.

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 175.

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 252 to 258.

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 15.

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.

Political 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 37.

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 196 to 199 respectively and are incorporated into this Directors' Report by reference.

Events after the balance sheet date
On 26 January 2023, the Group announced its intention to commence the second tranche of the share buyback programme, for up to an aggregate market value of USD 50 million, following the completion of the initial share buyback program. The second tranche commenced on the 28 January 2023. Other than the above, there were no other subsequent events identified until the date of the issuance of these consolidated financial statements.

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 in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

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 UK-adopted international accounting standards 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 were also prepared in accordance with International Financing Reporting Standards as issued by the International Accounting Standards Board ('IFRSs 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 the Group's 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, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards; and in accordance with International Financing Reporting Standards as issued by the International Accounting Standards Board ('IFRSs 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.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the annual financial 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/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer 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
Group Chief Executive Officer
8 March 2023

Registered Office:
Suite 1, 7th Floor
50 Broadway
London, SW1H 0BL
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 2022. 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 in line with the 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 to deliver revenue growth of 20%+ over the medium–long term, as supported by underlying market growth, core business growth and strategic initiatives.

The key factors supporting the Group's prospects are:

- Long-term, loyal, blue-chip clients – Over the past 20 years, the Group has built longstanding 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 Services side, include more than 150,000 merchants, and on the Outsourced Payment Services 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 Merchant Services and Outsourced Payment Services. 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. Following the acquisition of DPO, the largest e-commerce payment platform in Africa, we are able to leverage best in class Cloud based proprietary technology to serve our merchant customers in the markets we operate in.
- Leadership position – We are the leading payments solution provider in Middle East and Africa (MEA) region, operating in structurally attractive, underpenetrated markets, with an accelerating digital payment adoption rate. 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.
- Group's liquidity – The Group has a strong liquidity position which is effectively managed by the cash generated in the business, term loans and overdraft facilities. These credit lines are availed to support our growth-oriented strategy, as well as to meet our operational working capital requirements and for general corporate purposes. As per the financing facility agreement for term loans, the Group is required to maintain a leverage ratio below the threshold of 3.5x of underlying EBITDA. The leverage ratio as at 31 December 2022 was 0.7x which is well below the threshold.
- 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 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 in 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 all business lines including DPO, are prepared for a time horizon of 3–5 years, with the first year of the financial forecast forming the Group's operating budget in line with overall Group strategy. The business plan for subsequent years is firmed up based on the detailed budget in line with overall strategic plan.

The operating budget is further updated through a rolling forecast process. Progress against financial budgets and key objectives is reviewed in detail on a regular basis by the 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 2023) was reviewed and approved by the Board in December 2022. This budget is based on the Group's current position and its prospects over the forthcoming year, and in line with the Group's stated strategy.

The Group's long-term prospects are guided by the following strategic priorities, operating within the agreed risk appetite:

- 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 at high teens in the near term, accelerating to 20%+ growth over medium to long term, supported by underlying market growth and strategic initiatives;
- EBITDA margin gradually returning to pre-pandemic levels, as we continue to deliver on new customer wins;
- Stable Capex spends on core business;
- No dividend payment to the shareholders; and
- Continuing with our ongoing share buyback programme to further buy back shares amounting to USD 50 million in market value; incremental Revenue and EBITDA uplift will come from growth opportunities, such as new markets, winning large financial institutions and multi-market customers, whilst enabling new payment flows.

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 plausible scenarios. These scenarios are designed to assess the Group's resilience to the principal risks as set out in the ARA and combinations of correlated risks. The key scenarios tested have been summarised below:

1. Slowdown in card spends due to sluggish market conditions for various reasons. We have considered the following downside scenarios to test the Group's viability:
   - Growth in the business plan is achieved up to 50% of projected growth.
   - No growth in the business plan vs 2022 performance, with cost increasing at 5%.
   - Decline in the performance by 5% y-o-y vs 2022 performance, with cost remaining same as in 2022.
2. Data breaches: The Group assessed its exposure of being held liable by its clients for any data breaches caused by operational or cyber security reasons. We have considered losses on accounts of claims lodged by third parties up to 7.5% of revenues, partly offset by the reimbursement up USD 25 million under insurance policies taken by the Group.
3. Loss of business/major clients: Under this sensitivity, we tested the Group's viability by considering the loss of various top 5 clients including Emirates NBD to assess if it remains viable after losing its top clients.
4. Technological interruption: To test the Group's viability against the risk of technological interruptions, we have considered an incremental capital expenditure up to 10% over the yearly budgets, with 20% recurring operational expenditure to mitigate the impact of these technological interruptions or unexpected redundancy.
5. Merchant attrition rate is doubled: We have considered an additional 100% spike in attrition rate on merchant base.
6. Geopolitical uncertainty impacting both international and domestic transactions volume.

Stress Testing Metrics	Slowdown in card spends due to slow market activity	Data breaches/ Cyber attack	Loss of business/ Major clients	Technological interruption	Merchant attrition rate is doubled	Geopolitical uncertainty
Principal Risks						
Cyber security	–	✓	–	✓	–	–
Operational resilience	–	✓	–	✓	–	–
Execution Risk	✓	✓	✓	✓	✓	✓
People	–	–	✓	–	–	–
Compliance Risk	–	✓	✓	✓	–	✓
Geopolitical	✓	–	✓	–	✓	✓
Financial	✓	–	✓	–	✓	✓
Fraud & Credit	✓	✓	–	–	✓	–
Third party	–	✓	–	✓	–	✓

The results of the stress testing demonstrate that, due to the Group's cash generation ability and the availability of sufficient liquidity backed by existing lines of credit, Network would be able to withstand the impact. The Group leverage ratio, after considering the above stress case scenario (individually and collectively), remains below the threshold of 3.5x underlying EBITDA, as specified in the financing agreements. The mitigants considered as part of this stress testing include: a) initiatives to be taken to reduce operating expenses by reducing personnel cost, variable compensation and other discretionary spends of the business, and b) rationalisation of capital expenditure.

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 geopolitical 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 2025.

Going Concern Statement

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

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

Revenue for both business lines, Merchant Services and Outsourced Payment Services, were impacted differently by the COVID-19 pandemic. The business operations have shown a continued recovery from the impact of COVID-19 and now all KPIs are trending higher than pre-pandemic levels. In Merchant Services, the Group's revenues are generated through fees dependent upon the value of transactions processed (TPV), as well as through value added services, and on an overall basis are very closely correlated to the underlying value of transactions processed, and hence, were significantly impacted by the COVID-19 pandemic. Historically, Merchant Services revenues are primarily generated in the UAE, Jordan and with the addition of DPO since September 2021, our direct-to-merchant services have also been expanded to Africa. The Outsourced Payment Services revenues are broadly balanced across Middle East and Africa. Under Outsourced Payment Services, Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore, our revenues for this business line are somewhat correlated to underlying transaction volumes but have greater resilience due to card hosting income stream and contractually fixed minimum revenue elements.

In terms of the Group's liquidity position, we continue to have sufficient liquidity headroom to meet financial obligations in the forecast period. The Group's leverage ratio also remains below the maximum threshold prescribed under the term financing facility agreement in the base case scenario as well as under severe but plausible downside scenarios as described below. Please refer to note 15 and note 29 of the consolidated financial statements for details of the Group's drawn and available facilities. The Group has a strong liquidity position which is effectively managed by the cash generated in the business, term loans and overdraft facilities. As per the financing facility agreement for term loans, the Group is required to maintain a leverage ratio below the threshold of 3.5x net debt to underlying EBITDA. The leverage ratio as at 31 December 2022 was 0.7x.

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

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

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

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

Having considered the above factors, the Directors have a reasonable expectation that the Group has adequate resources to remain in operation for at least 12 months from the approval of these consolidated financial statements and therefore continue to adopt the going concern basis in preparing these 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 2022 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 the notes to the Group financial statements, and the notes to the Parent Company financial statements.

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 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- 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.

Additional opinion in relation to IFRSs as issued by the IASB

As explained in note 2(a) to the Group financial statements, the Group, in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied International Financial Reporting Standards (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 committee.

We were first appointed as auditor by the directors on 28 March 2019. The period of total uninterrupted engagement is for the four financial years ended 31 December 2022. 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. Apart from the matters noted below, we have not performed any non-audit services during the year ended 31 December 2022 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023, we identified that certain KPMG member firms had provided preparation of local GAAP financial statement services and foreign language translation of those financial statements over the period 2019 to 2022 to some Group entities. Some of these entities are and have been in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making. The work had no direct or indirect effect on Network International Holding Plc's consolidated financial statements.

In our professional judgement we confirm that, based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The audit committee have concurred with this view.

Materiality: Group financial statements as a whole	USD 4.0m (2021: USD 2.9m) 4.3% of profit before tax (2021: 4.5% of normalised profit before tax)	
Coverage	92.1% (2021: 95.3%) of Group revenue	
Key audit matters		**vs 2021**
Recurring risks	Revenue recognition on acquiring revenue	‹›
	Recoverability of goodwill and parent's investment in DPO	^

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 decreasing order of audit significance, 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 – 73% of Merchant services revenue of USD 183.3m (2021: 61% of Merchant Solutions revenue of USD 160.5m)

Refer to note 19 for accounting policy and financial disclosures.

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 operational IT systems.

Our response

Our procedures included:

Control design: For acquiring revenue excluding DPO, which represents 21% of acquiring revenue, 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 automated controls.

Control operation: For acquiring revenue excluding DPO, which represents 21% of acquiring revenue, testing the design, implementation and operating effectiveness of automated 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: For acquiring revenue including DPO, testing the operating effectiveness of the manual controls over the reconciliation of transactions as reported by the operational IT systems.

Re-performance: On a sample basis checking 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 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.

Assessing whether the Group's disclosures in respect of revenue recognition provide sufficient detail for users to understand the nature of transactions.

Our results

Our testing did not identify weaknesses in the design and operation of controls that would have required us to expand the extent of our planned detailed testing (2021: no weaknesses identified). We found the revenue recognised in respect of acquiring revenue to be acceptable (2021: acceptable).

Recoverability of goodwill and parent's investment in DPO of USD 234.1m and USD 283.2m respectively (2021: Goodwill and parent's investment in DPO of USD 234.1m and USD 283.2m respectively)
Refer to page 151 of Audit Committee Report, accounting policy note 2(g) and note 8.2 to group financial statements and notes 4 and 5 to parent company financial statements (financial disclosures)

The risk	Our response
Forecast-based assessment The 3G Direct Pay Holdings Limited ("DPO") acquisition was completed in September 2021 – this resulted in a significant amount of goodwill in the Group as well as a significant parent Company's investment in DPO. The recoverable amount of DPO goodwill and the parent Company's investment in DPO is predicated on significant growth in the short to medium-term. This growth may be impacted by internal and external factors, which may influence its trading such as economic and political uncertainty, competition and consumer confidence affecting card spends. The estimated recoverable amount is subjective due to the inherent uncertainty involved in key assumptions relating to forecast financial performance including revenue growth rates and discount rate used in estimating the value in use. The effect of these matters is that the estimated recoverable amount of the goodwill and parent Company's investment has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In our audit report last year this key audit matter was in relation to the parent Company's investment in all its subsidiaries.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: **Our sector experience:** We considered the consistency of the Group's forecasts with our understanding of the sector and business, including changes in the business, in assessing whether these matters had been appropriately captured in their value in use impairment models. **Our valuation expertise:** Our valuation specialists assisted us in assessing the long-term growth rate and discount rate assumptions used by the Group. **Benchmarking assumptions:** We challenged and compared the Group's assumptions to externally derived data, including sector specific reports and our expectation based on our knowledge and experience of the Group, in relation to key inputs such as projected market growth and revenue growth rates. **Sensitivity analysis:** We performed sensitivity analysis which considered reasonably possible changes in the key assumptions that were revenue growth rates and discount rate, and their impact on the estimated recoverable amounts. **Assessing transparency:** We considered the adequacy of the Group's disclosure of the key risks and sensitivity around the outcome, and whether that disclosure reflected the risks inherent in the recoverable amounts of goodwill and the parent Company's investment in DPO. **Our results** We found the Group's conclusion that there is no impairment of goodwill and parent Company's investment in 2022 to be acceptable (2021: parent Company's investment in all its subsidiaries: acceptable).

In our audit report last year, we included the valuation of DPO acquired intangible assets as a key audit matter. As this was an event driven matter relevant to that year's financial statements, it is not identified as a key audit matter in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at USD 4.0m (2021: USD 2.9m), determined with reference to a benchmark of Group profit before tax of USD 93.4m, of which it represents 4.3% (2021: 4.5% of 2021 normalised Group profit before tax). In 2021 we normalised Group profit before tax by excluding the gain on sale of associate, share-based compensation, and M&A Costs, as disclosed in note 4.1.

Materiality for the parent Company financial statements as a whole was set at USD 3.0m (2021: USD 1.5m), determined with reference to a benchmark of parent Company total assets (2021: total assets), of which it represents 0.2% (2021: 0.1%).

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% (2021: 75%) of materiality for the financial statements as a whole, which equates to USD 3.0m (2021: USD 2.18m) for the Group and USD 2.25m (2021: USD 1.13m) 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 Committee any corrected or uncorrected identified misstatements exceeding USD 0.20m (2021: USD 0.15m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scope

Of the Group's 40 (2021: 43) reporting components, we subjected 9 (2021: 6) 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
Full scope audits for Group purposes 2022	92.1 %	85.6 %	93.0 %
Full scope audits for Group purposes 2021	95.3 %	88.3 %	93.6 %

The remaining 7.9% (2021: 4.7%) of total Group revenue, 14.4% (2021: 11.7%) of Group profit before tax and 7.0% (2021: 6.4%) of total Group assets is represented by 31 (2021: 37) reporting components, none of which individually represented more than 2.4% (2021: 3.0%) of any of total Group revenue, Group profit before tax or Group total assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group 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 team approved the component materialities, which ranged from USD 1.2m to USD 3.0m (2021: USD 0.75m to USD 2.5m), having regard to the mix of size and risk profile of the Group across the components. The work on 8 of the 9 components (2021: 5 of the 6 components) was performed by component auditors and the audit of the parent Company was performed by the Group team. For those items excluded from normalised Group profit before tax in 2021, in that year the Group team performed procedures on the remaining excluded items.

The Group team visited 6 (2021: 1) component locations in UAE, South Africa and Egypt (2021: UAE) to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors and the others that were not physically visited. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

4. The impact of climate change on our audit

In planning our audit, we have considered the potential impacts of climate change on the Group's business and its financial statements.

As noted in the Metrics and Targets section of the Task Force on Climate-Related Financial Disclosures on page 77, the Group have committed to reach carbon neutral for scope 1 and 2 emissions by 2030 and are at the early stages of setting their strategy and execution framework to monitor and address this.

As part of our audit we have performed a risk assessment, which included enquiries of the Group's risk and ESG finance personnel, to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. Taking into account the nature of the Group's business and the relatively short lives of most of the Group's assets, we assessed that there was no significant impact on the financial statements or our audit approach this year from climate change, and there was no impact on our key audit matters.

We have read the Group's disclosure of climate related information in the front half of the annual report as set out on pages 38 to 77 and considered consistency with the financial statements and our audit knowledge.

5. 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 parent Company or to cease their operations, and as they have concluded that the Group's and the parent 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 at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent Company's available financial resources and metrics relevant to debt covenants over this period included reduced consumer confidence leading to slowdown in card spends.

We also considered less predictable but realistic second order impacts, such as the risks of technical and operational interruptions which could impact the Group's ability to execute its strategy in the near to medium term.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We assessed the completeness of the going concern disclosure.

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 parent 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 parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 (d) to be acceptable; and
- the related statement under the Listing Rules set out on page 199 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 parent Company will continue in operation.

6. 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 committee, and 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 committee minutes.
- Considering remuneration incentive schemes and performance targets for directors.
- Using analytical procedures to identify any unusual or unexpected transactions.

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 audit team 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 the 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 processing revenue of Outsourced Payments Services is recorded in the incorrect accounting period and the risk that the Group and component management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk related to potential management bias in the determination of assumptions used by the directors in its impairment assessment over the recoverability of goodwill and parent Company's investment in DPO.

Further detail in respect of recoverability of goodwill and parent Company's investment in DPO is set out in the key audit matter disclosures in section 2 of this report.

We also 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 unauthorised users, those posted with specific high-risk descriptions, and those posted to unusual account pairings.
- For in-scope components, assessing the operating effectiveness of relevant controls within the processing revenue stream of Outsourced Payments Services, and for a sample of transactions around the period end, assessing whether revenue has been recorded in the correct period by comparing to source data.
- Assessing whether the judgements made in making accounting estimates including assessing estimates linked to recoverability of goodwill and parent Company's investment are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to 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.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 audit team 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 audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the 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: payment service provider licensing regulations, data localisation regulations, 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.

7. 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 on pages 107 and 138 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 196 to 198 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 parent Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements 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 section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. 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.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 194, 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.

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**.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. 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.

Simon Richardson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

9 March 2023

Consolidated Statement of Financial Position
As at 31 December

	Notes	2022 USD'000	2021 USD'000
Assets			
Non-current assets			
Goodwill	8	**495,782**	496,695
Intangible assets	8	**229,216**	243,081
Property and equipment	7	**58,148**	59,584
Investment securities		**246**	246
Long-term receivables		**333**	3,735
Deferred tax assets	24.4	**9,184**	7,633
Total non-current assets		**792,909**	810,974
Current assets			
Scheme debtors	10	**336,728**	364,025
Receivables and prepayments	11	**95,372**	88,374
Cash and cash equivalents (restricted)	10,12	**119,357**	86,801
Cash and cash equivalents (un-restricted)	12	**234,402**	270,345
Assets held for sale	16	**–**	4,347
Total current assets		**785,859**	813,892
Total assets		**1,578,768**	1,624,866
Liabilities			
Non-current liabilities			
Borrowings	15	**265,291**	336,739
Other long-term liabilities	17	**18,520**	25,815
Deferred tax liabilities	24.4	**18,195**	18,914
Total non-current liabilities		**302,006**	381,468
Current liabilities			
Merchant creditors	10	**285,791**	329,280
Trade and other payables	14	**122,711**	136,505
Income tax payable		**5,232**	8,826
Borrowings	15	**235,346**	154,605
Liabilities held for sale	16	**–**	1,769
Total current liabilities		**649,080**	630,985
Shareholders' equity			
Share capital	18	**73,077**	73,077
Share premium	18	**252,279**	252,279
Treasury shares	18	**(40,631)**	–
Share merger reserve	18	**52,971**	52,971
Foreign exchange reserve	18	**(36,501)**	(19,693)
Reorganisation and other reserves	18	**(1,544,066)**	(1,547,389)
Retained earnings		**1,870,715**	1,802,501
Equity attributable to equity holders		**627,844**	613,746
Non-controlling interest		**(162)**	(1,333)
Total shareholders' equity		**627,682**	612,413
Total liabilities and shareholders' equity		**1,578,768**	1,624,866

Notes 1 to 32 form part of these consolidated financial statements.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 8 March 2023 and signed on its behalf by:

Nandan Mer
Director and Group Chief Executive Officer

Consolidated Statement of Profit or Loss
For the year ended 31 December

	Notes	2022 USD'000	2021 USD'000
Revenue	19	**438,371**	352,245
Personnel expenses	20	**(130,851)**	(107,957)
Selling, operating and other expenses	21	**(128,917)**	(120,191)
Depreciation and amortisation	7,8	**(71,429)**	(60,958)
Share of profit of associate	9	**-**	4,694
Profit before interest, tax and gain on sale of a subsidiary/associate		**107,174**	67,833
Gain on sale of subsidiary/associate	9, 16	**2,170**	10,169
Net interest expense	22	**(18,547)**	(13,708)
Unrealised foreign exchange gains/(losses)		**2,639**	(910)
Profit before tax		**93,436**	63,384
Taxes	24	**(13,332)**	(6,826)
Profit for the year		**80,104**	56,558
Attributable to:			
Equity holders of the Group		**80,129**	57,438
Non-controlling interest		**(25)**	(880)
Profit for the year		**80,104**	56,558
Basic earnings per share in USD cents	23	**14.5**	10.4
Diluted earnings per share in USD cents	23	**14.3**	10.4

Notes 1 to 32 form part of these consolidated financial statements.

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

Consolidated Statement of Other Comprehensive Income
For the year ended 31 December

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

Notes 1 to 32 form part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity
For the year ended 31 December

	Share capital	Share premium	Treasury shares	Share merger reserve	Foreign exchange reserve	Reorganisation reserve	Other reserves[1]	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' equity
						USD'000					
As at 1 January 2022	73,077	252,279	–	52,971	(19,693)	(1,552,365)	4,976	1,802,501	613,746	(1,333)	612,413
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	80,129	80,129	(25)	80,104
Other comprehensive income for the year:											
Foreign currency translation differences	–	–	–	–	(16,808)	–	–	–	(16,808)	–	(16,808)
Remeasurement of defined benefit liability	–	–	–	–	–	–	2,345	–	2,345	–	2,345
Total other comprehensive income for the year	–	–	–	–	(16,808)	–	2,345	–	(14,463)	–	(14,463)
Total comprehensive income for the year	–	–	–	–	(16,808)	–	2,345	80,129	65,666	(25)	65,641
Increase in legal reserve	–	–	–	–	–	–	978	(978)	–	–	–
Purchase of treasury shares[1]	–	–	(40,631)	–	–	–	–	(16,889)	(57,520)	–	(57,520)
Share-based payment	–	–	–	–	–	–	–	5,952	5,952	–	5,952
Disposal of subsidiary with NCI	–	–	–	–	–	–	–	–	–	1,196	1,196
As at 31 December 2022	73,077	252,279	(40,631)	52,971	(36,501)	(1,552,365)	8,299	1,870,715	627,844	(162)	627,682

1 Refer to note 18.

Notes 1 to 32 form part of these consolidated financial statements.

	Share capital	Share premium	Share merger reserve	Foreign exchange reserve	Reorganisation reserve	Other reserves[1]	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' equity
	USD'000									
As at 1 January 2021	71,557	252,279	–	(19,438)	(1,552,365)	4,773	1,741,609	498,415	(453)	497,962
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	57,438	57,438	(880)	56,558
Other comprehensive income for the year:										
Foreign currency translation differences	–	–	–	(255)	–	–	–	(255)	–	(255)
Remeasurement of defined benefit liability	–	–	–	–	–	203	–	203	–	203
Total other comprehensive income for the year	–	–	–	(255)	–	203	–	(52)	–	(52)
Total comprehensive income for the year	–	–	–	(255)	–	203	57,438	57,386	(880)	56,506
Issuance of new shares	1,520	–	53,100	–	–	–	–	54,620	–	54,620
Share issuance cost	–	–	(129)	–	–	–	–	(129)	–	(129)
Purchase of treasury shares[1]	–	–	–	–	–	–	(5,563)	(5,563)	–	(5,563)
Share-based payment	–	–	–	–	–	–	9,017	9,017	–	9,017
As at 31 December 2021	73,077	252,279	52,971	(19,693)	(1,552,365)	4,976	1,802,501	613,746	(1,333)	612,413

1 Refer to note 18.

Notes 1 to 32 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December

	Notes	2022 USD'000	2021 USD'000 (Restated)[2]
Operating activities			
Profit for the year from operations		**80,104**	56,558
Adjustments for:			
Depreciation and amortisation	7,8	**71,429**	60,958
Provision for expected credit losses	11	**2,922**	393
Net interest expense	22	**18,547**	13,708
Taxes	24	**13,332**	6,826
Unrealised foreign exchange gains/(losses)		**(2,639)**	910
Gain on sale of a subsidiary/associate	9,16	**(2,170)**	(10,169)
Share of profit of associate	9	**–**	(4,694)
Charge for share-based payment	27	**5,952**	4,518
Interest paid		**(15,859)**	(14,064)
Taxes paid		**(8,773)**	(4,842)
Net cash flows before working capital balances		**162,845**	110,102
Changes in scheme debtors		**27,297**	(198,589)
Changes in merchant creditors		**(43,489)**	164,138
Changes in long-term receivables and other liabilities		**1,303**	(22,921)
Changes in other working capital balances[1]		**(28,754)**	(1,074)
Net cash flows from operating activities[2]		**119,202**	51,656
Investing activities			
Purchase of intangible assets and property and equipment	4.7	**(65,408)**	(55,062)
Sale of intangible assets and property and equipment		**–**	92
Proceeds from sale of subsidiary/associate		**4,330**	74,440
Interest received		**1,334**	550
Acquisition of subsidiary, net of cash acquired		**–**	(198,933)
Net cash flows from investing activities		**(59,744)**	(178,913)

1 Changes in other working capital balances reflects movements in receivables and prepayments and trade, other payables, and income tax payable adjusted for non-cash items.
2 Comparative year has been restated to reflect the change in IFRS guidance on the presentation of restricted cash in the statement of cash flows. Please refer to note 2f.

Notes 1 to 32 form part of these consolidated financial statements.

	Notes	2022 USD'000	2021 USD'000 (Restated)[2]
Financing activities			
Repayment of borrowings		**(73,368)**	–
Purchase of treasury shares (share buyback)		**(40,631)**	–
Purchase of treasury shares (share-based payments)		**(16,889)**	(5,563)
Payment of debt issuance cost		**(591)**	–
Payment of lease liabilities		**(6,261)**	(5,051)
Payment of share issuance expenses		**–**	(129)
Net cash flows from financing activities		**(137,740)**	(10,743)
Net decrease in cash and cash equivalents		**(78,282)**	(138,000)
Cash as part of held for sale		**–**	(2,619)
Effect of movements in exchange rates on cash held		**(7,303)**	(974)
Cash and cash equivalents at the beginning of the year		**280,057**	421,650
Cash and cash equivalents at the end of the year	12	**194,472**	280,057

Notes 1 to 32 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 address of the Company's office is Suite 1, 7th floor, 50 Broadway, London SW1H 0BL, England. The registration number of the Company is 11849292.

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

2. Basis of preparation

(a) Statement of compliance

These Group financial statements have been prepared in accordance with UK-adopted international accounting standards. These Group financial statements were also prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Included within these consolidated financial statements are Alternative Performance Measures (APMs) 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 functional currency of two of the Group's largest entities, (United Arab Emirates Dirham (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 on the Group's financial performance including under a base case and severe but plausible downside scenarios.

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

Revenue for both business lines, Merchant Services and Outsourced Payment Services, were impacted differently by the COVID-19 pandemic. The business operations have shown a continued recovery from the impact of COVID-19 and now all KPIs are trending higher than pre-pandemic levels. In Merchant Services, the Group's revenues are generated through fees dependent upon the value of transactions processed (TPV), as well as through value-added services, and on an overall basis are very closely correlated to the underlying value of transactions processed, and hence, were significantly impacted by the COVID-19 pandemic. Historically, Merchant Services Revenues are primarily generated in the UAE, Jordan and with the addition of DPO since September 2021, our direct-to-merchant services have also been expanded to Africa, whilst Outsourced Payment Services revenues are broadly balanced across Middle East and Africa. Under Outsourced Payment Services, 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 greater resilience due to card hosting income stream and contractually fixed minimum revenue elements.

In terms of the Group's liquidity position, we continue to have sufficient liquidity headroom to meet financial obligations in the forecast period. The Group's leverage ratio also remains below the maximum threshold prescribed under the term financing facility agreement in the base case scenario as well as under severe but plausible downside scenarios as described below. Please refer to note 15 and note 29 of the consolidated financial statements for details of the Group's drawn and available facilities. The Group has a strong liquidity position which is effectively managed by the cash generated in the business, term loans and overdraft facilities. As per the financing facility agreement for term loans, the Group is required to maintain a leverage ratio below the threshold of 3.5x net debt to underlying EBITDA. The leverage ratio as at 31 December 2022 was 0.7x.

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

a) revenue growth is 50% lower than the base forecast
b) no revenue growth in forecast period as compared to the actual 2022 performance

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

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

(e) New standards and interpretations

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

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

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

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

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

(f) Accounting policy change

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

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

2. Basis of preparation (continued)

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

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

In the consolidated statement of financial position, restricted cash continues to be presented separately from other cash and cash equivalents as a disaggregation of the total cash and cash equivalents as that presentation is more relevant to an understanding of the financial position.

(g) 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements and estimates

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

Impairment testing requires the Directors to assess whether the carrying value of assets or a CGU can be supported by their recoverable amount (i.e., the greater of value in use or its fair value less costs to sell). The key assumptions that Directors have used in performing impairment test of DPO are cash flow projections, pre-tax discount rate and terminal growth rate. Refer to note 8.2 for details.

Non-critical judgements and estimates

During the year, the Group has consistently applied the following non-critical accounting judgements and estimates to all periods presented. The brief description of these accounting judgements and estimates is included in the respective notes of the consolidated financial statements.

i. Specially disclosed items (SDI) (refer to note 4)
ii. Intangible assets and property and equipment, estimation of useful life (refer to notes 7 & 8)
iii. Impairment of loans and receivables (refer to note 11)
iv. Held for sale classification (refer to note 16)
v. Employee benefits (refer to note 17)
vi. Revenue recognition (refer to note 19)
vii. Taxes (refer to note 24)

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.

The accounting policies below describe the basis of consolidation and foreign currencies' accounting policies that relate 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 rights 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.

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 the loss of control, the Group derecognises 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 the 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.

3. Accounting policies (continued)

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

4.1 Specially disclosed items

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

The table below presents a breakdown of the specially disclosed items for each of the years ended 31 December 2022 and 2021.

	2022 USD'000	2021 USD'000
Items affecting EBITDA		
Share-based compensation[1]	–	3,657
M&A costs[2]	–	7,261
Total SDIs affecting EBITDA	–	10,918
Items affecting net income		
Amortisation and tax on acquired intangibles[3,4]	**8,946**	5,885
Total SDIs affecting net income	**8,946**	5,885
Total specially disclosed items[5]	**8,946**	16,803

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

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

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

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

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

4.2 Underlying EBITDA

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

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

4.3 Depreciation and amortisation to underlying depreciation and amortisation

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

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

4.4 Underlying EBITDA margin excluding share of associate

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

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

4.5 Underlying net income

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

The table below presents a reconciliation of the Group's reported profit to underlying net income for each of the years ended 31 December 2022 and 2021.

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

4. Alternative Performance Measures (continued)

4.6 Underlying basic earnings per share (EPS)

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

	Notes	2022 USD'000	2021 USD'000
Underlying net income (USD'000)		**86,880**	63,192
Non-controlling interest (loss) (USD'000)		**25**	880
Underlying net income – attributable to equity holders (USD'000)		**86,905**	64,072
Weighted average number of shares ('000)	23	**552,292**	552,859
Underlying basic EPS (USD cents)		**15.7**	11.6

4.7 Capital expenditure

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

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

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

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

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

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

4.8 Underlying free cash flow

Underlying free cash flow is calculated as underlying EBITDA adjusted for changes in other working capital, taxes paid, total capital expenditure, and in the prior year SDIs affecting EBITDA and adjustment for share of EBITDA of associate, less dividend. The Group uses underlying free cash flow as an operating performance measure that helps management determine the conversion of underlying EBITDA to underlying free cash flow.

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

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

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

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

1 Cash flow from operating activities for the comparative period has been restated to reflect the recent change in the IFRS guidance on the presentation of restricted cash in the consolidated statement of cash flows. Please refer to note 2(f) for details.

4.10 Underlying effective tax rate

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

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

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

5. Segment reporting

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

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

The Group reviews and manages the performance of these segments based on total revenue and contribution for each operating segment. Contribution is defined as segment revenue less operating costs (personnel cost and selling, operating and other expenses) that can be directly attributed to or controlled by the segments. Contribution does not include allocation of shared costs that are managed at Group level and hence shown separately under central function costs.

2022

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

5. Segment reporting (continued)

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

1 This includes goodwill amounting to USD 495.8 million.

2021

Statement of profit or loss (restated)	Merchant Services	Outsourced Payment Services	Non-attributable	Total
		USD'000		
Revenue	129,670	214,082	8,493	352,245
Contribution	91,261	147,096	5,805[1]	244,162
Contribution margin (%)	70.4%	68.7%	–	69.3%
Central functions costs	–	–	(109,146)	(109,146)
Specially disclosed items affecting EBITDA	–	–	(10,919)	(10,919)
Depreciation and amortisation	–	–	(60,958)	(60,958)
Share of profit of associate	–	–	4,694	4,694
Gain on sale of an associate	–	–	10,169	10,169
Net interest expense	–	–	(13,708)	(13,708)
Unrealised foreign exchange losses	–	–	(910)	(910)
Taxes	–	–	(6,826)	(6,826)
Profit for the year	91,261	147,096	(181,799)	56,558

1 2021: Non-attributable contribution has direct cost of USD 2.7 million associated to Mercury.

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

1 This includes goodwill amounting to USD 496.7 million.

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

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

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

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

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

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

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

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

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

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

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

6. Business combination and disposals
6.1 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.

In December 2021, the Group entered an agreement to sell its 70% shareholding in Mercury. The sale was subsequently completed on 14 January 2022 for a consideration of USD 4.5 million. Post completion adjustment, the Group received USD 4.3 million, resulting in a gain on disposal of USD 2.2 million. As at 31 December 2021, the Group has classified Mercury as 'Held for sale' in the consolidated financial statements. Refer to note 16 for details.

6.2 Network International Investment Holding 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 recognised goodwill amounting to USD 260.1 million (refer to note 8 for details).

3G Direct Pay Holdings Limited – Direct Pay Online (DPO)
On 28 July 2020, the Group entered into an agreement to acquire (the 'Transaction') a 100% stake in 3G Direct Pay Holdings Limited ('DPO'), the leading, high-growth online commerce platform in Africa. The agreement was amended by the deed of amendment and restatement dated 7 April 2021, and the deed of amendment dated 28 September 2021.

The acquisition was subsequently completed on 28 September 2021. The total consideration for the transaction amounted to USD 291.5 million, of which USD 228.8 million was paid in cash and the balance was paid in the form of 11.1 million shares at an agreed share price of GBP 4.1 per share (amounting to USD 62.7 million). The fair value of shares transferred at the date of acquisition (i.e. 28 September 2021), was GBP 3.59 per share, resulting in a fair value of consideration of USD 283.4 million (cash – USD 228.8 million and fair value of shares – USD 54.6 million).

6. Business combination and disposals (continued)

The acquisition of DPO will help further consolidate the Group's presence in Africa, strengthen our position across the entire payments value chain and accelerate our growth. This acquisition widens the Group's capabilities across online, mobile and alternative payments; bring an extensive and diverse range of direct merchant relationships to our business; and provide a wider range of solutions for the Group's existing customers.

The details of the consideration, fair value of the net assets at the date of acquisition and residual goodwill are as follows:

	2021 USD'000
Cash paid	228,769
Share capital issued	54,620
Fair value of consideration transferred (A)	**283,389**
Recognised amounts of identifiable net assets	
Property and equipment	1,944
Acquired intangible assets	63,400
Intangible assets	321
Deferred tax assets	5,239
Trade and other receivables	11,492
Restricted cash	45,487
Cash and cash equivalents	29,836
Total assets (B)	**157,719**
Borrowings – non-current	5,677
Other long-term liabilities	849
Merchant creditors	45,867
Deferred tax liability	15,528
Trade and other payables	35,648
Borrowings – current	4,844
Total liabilities (C)	**108,413**
Fair value of assets acquired (B-C = D)	**49,306**
Goodwill on acquisition (A – D)	**234,083**

Goodwill capitalised represents the expected future benefits of improving the breadth of the Group's service offering and anticipated operational synergies, providing the Group with access to future merchants in African markets where online payments are expected to grow.

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 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 – 8
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.

The useful life of these 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 property and equipment are reasonably changed during the year ending 31 December 2023, this would not be expected to result in material adjustment to the carrying values of intangible assets. Hence estimates related to useful life of the property and equipment are not considered critical for the purpose of the consolidated financial statements.

Capital work in progress (CWIP)

Capital work in progress for property and equipment and intangible assets represents spending related to 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
			USD'000			
2022						
Cost						
Balance as at 1 January 2022	5,736	23,448	6,910	165,955	5,600[1]	207,649
Additions	–	–	1,909	4,030	14,331	20,270
Right of use asset additions during the year	–	3,412	–	–	–	3,412
Disposals	(145)	–	(92)	(3,924)	–	(4,161)
Transfers from CWIP	–	–	1,083	16,096	(17,179)	–
Transfers to/from intangible assets	–	–	(38)	1,286	–	1,248
Effects of change in foreign exchange	(157)	(4,222)	(546)	(5,018)	(544)	(10,487)
As at 31 December 2022	5,434	22,638	9,226	178,425	2,208	217,931
Accumulated depreciation and impairment						
Balance at 1 January 2022	947	10,321	5,245	131,552	–	148,065
Charge for the year	338	–	1,063	16,156	–	17,557
Disposals	(145)	–	(92)	(3,924)	–	(4,161)
Depreciation on right of use asset	–	3,812	–	–	–	3,812
Effects of change in foreign exchange	(217)	(1,006)	(541)	(3,726)	–	(5,490)
Balance as at 31 December 2022	923	13,127	5,675	140,058	–	159,783
Carrying value	4,511	9,511	3,551	38,367	2,208	58,148

1 CWIP balance of USD 3.3 million previously impaired has been removed from cost and amortisation opening balance since carrying value of the balance is Nil.

7. Property and equipment (continued)

	Land and building	Right of use asset	Leasehold improvement, furniture and fixtures	Computer and office equipment	Capital work in progress (CWIP)	Total
			USD'000			
2021						
Cost						
Balance as at 1 January 2021	5,801	17,690	6,024	150,509	5,749	185,773
Additions	–	–	145	4,608	18,025	22,778
Right of use asset additions during the year	–	4,933	–	–	–	4,933
Disposals	–	–	(99)	(777)	–	(876)
Transfers from CWIP	–	–	253	14,653	(14,906)	–
Transfers to intangible assets	–	–	–	(3,376)	–	(3,376)
Reclassified as held for sale	–	–	–	(15)	–	(15)
On assets acquired in business combination	–	872	624	445	–	1,941
Effects of change in foreign exchange	(65)	(47)	(37)	(92)	–	(241)
As at 31 December 2021	5,736	23,448	6,910	165,955	8,868	210,917
Accumulated depreciation and impairment						
Balance at 1 January 2021	851	7,260	4,622	119,487	3,268	135,488
Charge for the year	143	–	735	14,698	–	15,576
Disposals	–	–	(98)	(686)	–	(784)
Reclassified as held for sale	–	–	–	(15)	–	(15)
Transfers to intangible assets	–	–	–	(1,738)	–	(1,738)
Depreciation on right of use asset	–	3,050	–	–	–	3,050
Effects of change in foreign exchange	(47)	11	(14)	(194)	–	(244)
Balance as at 31 December 2021	947	10,321	5,245	131,552	3,268	151,333
Carrying value	4,789	13,127	1,665	34,403	5,600	59,584

8. Intangible assets and goodwill

Acquired intangibles

At the date of acquisition of a subsidiary or associate, intangible assets that are deemed separable or 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 relationship	10 years
Brands	10 years – indefinite
Developed technology	5 years

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 or technology platform	4 – 10 years

Computer software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment loss (if any). The useful life of these intangible assets 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 are reasonably changed during the year ending 31 December 2023, this would not be expected to result in material adjustment to the carrying values of intangible assets. Hence estimates related to useful life of the intangible assets are not considered critical for the purpose of the consolidated financial statements. 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.

	Goodwill	Computer software	Customer relationships	Technology development and brands	CWIP	Total
			USD'000			
2022						
Cost						
Balance as at 1 January 2022	496,695	301,685	75,397	21,664	20,874[1]	916,315
Additions	–	3,346	–	–	35,533	38,879
Disposal	–	(316)	–	–	–	(316)
Reclassification	–	321	–	(321)	–	–
Transfers from CWIP	–	25,486	–	–	(25,486)	–
Transfers to/from property and equipment	–	5	–	–	(1,253)	(1,248)
Effects of change in foreign exchange	(913)	(318)	–	–	(765)	(1,996)
As at 31 December 2022	495,782	330,209	75,397	21,343	28,903	951,634
Amortisation and impairment						
Balance at 1 January 2022	–	145,668	28,669	2,202	–	176,539
Charge for the year	–	39,534	8,504	2,022	–	50,060
Disposal	–	(316)	–	–	–	(316)
Reclassification	–	1,697	–	(1,697)	–	–
Effects of change in foreign exchange	–	353	–	–	–	353
Balance as at 31 December 2022	–	186,936	37,173	2,527	–	226,636
Carrying value	495,782	143,273	38,224	18,816	28,903	724,998

1 CWIP balance of USD 38.9 million previously impaired has been removed from cost and amortisation opening balance since carrying value of the balance is Nil.

8. Intangible assets and goodwill (continued)

	Goodwill	Computer software	Customer relationships	Technology development and brands	CWIP	Total
			USD'000			
2021						
Cost						
Balance as at 1 January 2021	262,609	268,645	32,397	2,780	56,444	622,875
Additions	–	5,820	–	–	27,674	33,494
On assets acquired in business combination	234,083	1,837	43,000	18,884	–	297,804
Disposal	–	(59)	–	–	–	(59)
Transfers from CWIP	–	24,392	–	–	(24,392)	–
Transfers from property and equipment	–	3,376	–	–	–	3,376
Reclassified as held for sale	–	(1,074)	–	–	–	(1,074)
Effects of change in foreign exchange	3	(1,252)	–	–	–	(1,249)
As at 31 December 2021	496,695	301,685	75,397	21,664	59,726	955,167
Amortisation and impairment						
Balance at 1 January 2021	–	109,601	23,290	–	38,852	171,743
Charge for the year	–	34,751	5,379	2,202	–	42,332
Disposal/utilisation	–	(59)	–	–	–	(59)
Reclassified as held for sale	–	(266)	–	–	–	(266)
Transfers from property and equipment	–	1,738	–	–	–	1,738
Effects of change in foreign exchange	–	(97)	–	–	–	(97)
Balance as at 31 December 2021	–	145,668	28,669	2,202	38,852	215,392
Carrying Value	496,695	156,017	46,728	19,462	20,874	739,776

8.1 Goodwill

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

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

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

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

8.2 Impairment testing

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

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

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

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

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

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

Goodwill is not deductible for tax purposes.

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

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

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

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

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

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

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

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

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

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

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

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

8. Intangible assets and goodwill (continued)

DPO

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

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

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

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

a) Management has estimated the revenue CAGR of 35.4% and underlying EBITDA CAGR of 48.6% for five-year period ending 31 December 2027. This is reflective of supportive underlying market trends for payment industry across the region and Groups' high growth strategy.
b) Discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the countries in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate, country risk premium, market risk premium.
c) The Group has used the terminal growth rate of 4.5% which is reflective of the existing and potential growth trend of the payment industry.

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

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

9. Investment in associate (for comparative period only)

The Group's interest in equity-accounted investee comprises its interest in associate. Interest in an associate is accounted for using the equity method. It is 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.

On 9 November 2021, the Company sold its investment in an associate, Transguard Cash LLC, for consideration of USD 74.4 million and, accordingly, a gain of USD 10.2 million was recorded in the financial statements of 2021.

	Transguard Cash LLC
Name and nature of investment	Associate
Ownership	50%
Place of incorporation	United Arab Emirates

	2021 USD'000
As at 1 January	59,808
Share of profits[1]	4,694
Dividends received	–
Fair value reserve (remeasurement of defined benefit liability)	(247)
Disposal of investment	(64,255)
As at 31 December	–
Details of net profit (100%)	
Total revenue	78,378
Total expenses	(68,990)
Net profit (100%)	9,388

1 Share of profit for the year only reflects 10 months of share of profit from associate (i.e. until the date of disposal). The details of the net assets are not presented since the investment was derecognised before 31 December 2021.

10. Scheme debtors, merchant creditors and restricted cash

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

	Notes	2022 USD'000	2021 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors		**336,728**	364,025	27,297
Merchant creditors		**(285,791)**	(329,280)	(43,489)
Restricted cash (part of cash and cash equivalents)	12	**119,357**	86,801	(32,556)

Scheme debtors

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

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

Restricted cash represents balances specifically due to merchants.

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

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

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 provisions (if any). Provisions are presented net with the related receivable on the consolidated statement of financial position.

	2022 USD'000	2021 USD'000
Trade receivables	**79,453**	67,121
Chargeback receivables	**3,955**	2,430
Prepaid expenses	**9,343**	8,728
Advance taxes	**–**	6,358
Security deposits	**1,573**	2,288
Other receivables	**7,155**	5,325
	101,479	92,250
Less: Provision for impairment	**(6,107)**	(3,876)
	95,372	88,374

11. Receivables and prepayments (continued)

The movements in the provision for impairment are as follows:

	Notes	2022 USD'000	2021 USD'000
As at 1 January		**3,876**	5,994
Charge during the year	11.1	**2,922**	393
Acquired through business combination		**–**	205
Amounts written off		**(326)**	(2,592)
Amounts reversed		**(207)**	(124)
The effect of changes in foreign exchange rates		**(158)**	–
As at 31 December		**6,107**	3,876

Below is the split of changes in other working capital balance.

	Notes	2022 USD'000	2021 USD'000	2022 vs 2021
Trade receivables & chargeback receivables				
(Net of provisions for expected credit losses)		**77,301**	65,675	**(11,626)**
Prepayments and other receivables		**18,071**	22,699	**4,628**
Trade and other payables & income tax payable		**(127,943)**	(145,331)	**(17,388)**
		(32,571)	(56,957)	**(24,386)**
Items excluded[1]				
Unpaid capital expenditure	14	**14,378**	20,637	**6,259**
Lease liabilities – current portion	14	**4,262**	3,282	**(980)**
Interest payable	14	**223**	101	**(122)**
Charge for expected credit losses	11.1	**2,922**	393	**(2,529)**
Tax liabilities[2]		**20,469**	15,828	**(4,641)**
Other movements		**1,122**	(1,233)	**(2,355)**
Working capital changes		**10,805**	(17,949)	**(28,754)**

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

11.1 Charge for expected credit losses

The Group follows the Simplified approach under IFRS 9 provisioning model for estimating the impairment of financial assets, according to 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 receivable 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 2.9 million (2021: USD 0.4 million).

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, and hence, management considers the application of the above accounting estimates as non-critical.

12. Cash and cash equivalents

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.

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

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

12.2 Restricted cash (part of cash and cash equivalents)

Restricted cash represents balances specifically due to merchants.

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

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

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 consist 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.

	2022 USD'000	2021 USD'000
Executive Directors' remuneration		
Directors' remuneration during the year	**1,007**	1,007
Terminal and other benefits	**1,587**	1,842
Share-based payments	**558**	2,084
Non-Executive Directors' remuneration		
Directors' remuneration during the year	**1,427**	1,651
Other key management personnel remuneration		
Salaries and allowances	**4,001**	3,610
Terminal and other benefits	**4,151**	4,182
Share-based payments	**2,816**	3,763

14. Trade and other payables

	Notes	2022 USD'000	2021 USD'000
Accrued expenses		**49,919**	58,024
Staff benefits			
Provision for bonus and sales incentives		**10,623**	8,987
Terminal and other benefits		**2,064**	2,966
Unpaid capital expenditure		**14,378**	20,637
Unclaimed balances		**6,562**	5,207
Tax and other related liabilities		**15,237**	13,360
Interest payable		**223**	101
Deferred income (refer to note below)		**3,060**	9,976
Lease liabilities	25.2	**4,262**	3,282
Other liabilities		**16,383**	13,965
		122,711	136,505

Deferred income relates to the Group contractual liabilities for the project-related revenues (refer to note 19 and note 2(g)).

15. Borrowings

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

The long-term syndicated loan facility is utilised to increase the Group's liquidity, fund inorganic growth opportunities and other accelerator projects, as well as for general corporate purposes. The original facility was for USD 525 million, of which USD 375 million was drawn in March 2020 which represents the opening balance at the start of the prior period. We have since made a scheduled repayment of USD 37.5 million during 2022 which represents 10% of the outstanding balance at the beginning of the year, with the repayment increasing to 20% between 2023–25, and the remaining balance of 30% to be paid in full in 2026. The table below provides a breakdown of the borrowings:

	2022 USD'000	2021 USD'000
Term loan		
Principal outstanding	**337,500**	375,000
Unamortised debt issue cost	**(3,515)**	(4,690)
Net amount included in borrowings	**333,985**	370,310
Other term loan	**7,365**	8,754
Revolving credit facility	**–**	35,000
ATM lease liability	**–**	191
Bank overdraft	**159,287**	77,089
Total	**500,637**	491,344

	2022 USD'000	2021 USD'000
Split into:		
a) Term loan		
› Non-current portion (a)	**258,985**	332,810
› Current portion (b)	**75,000**	37,500
Sub total	**333,985**	370,310
b) Other term loan – from business combination		
› Non-current portion (a)	**6,306**	3,929
› Current portion (b)	**1,059**	4,825
Sub total	**7,365**	8,754
c) Revolving credit facility		
› Current portion (b)	**–**	35,000
Sub total	**–**	35,000
d) ATM lease liability		
› Non-current portion (a)	**–**	–
› Current portion (b)	**–**	191
Sub total	**–**	191
e) Bank overdraft		
› Current portion (b)	**159,287**	77,089
Sub total	**159,287**	77,089
Total	**500,637**	491,344
As per consolidated statement of financial position		
Non-current borrowings (a)	**265,291**	336,739
Current borrowings (b)	**235,346**	154,605
Total	**500,637**	491,344

16. Held for sale (for comparative purposes)

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 month from the date of classification except for the extension period allowed under IFRS 5 (Non-current assets held for sale and discontinued operations).

Assets and liabilities held for sale comprises assets and liabilities if it is highly probable that these 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 accounting policies.

In December 2021, the Group entered an agreement to sell its 70% shareholding in Mercury. The sale was subsequently completed on 14 January 2022 for consideration of USD 4.5 million. Post completion adjustment, the Group received USD 4.3 million, resulting in a gain on disposal of USD 2.2 million. As at 31 December 2021, the Group has classified Mercury as 'Held for sale' in the consolidated financial statements.

Management considers the classification of Mercury as 'Held for sale' as a non-critical accounting judgement based on the significance of the Mercury results in the preparation of these consolidated financial statements. Below is the assets and liabilities position of the Group's discontinued operations.

Assets and liabilities held for sale

As at 31 December 2021, discontinued operation resulted in USD 4.3 million and USD 1.8 million in assets and liabilities held for sale, respectively, in relation to Mercury.

	2021 USD'000
Assets	
Intangible assets	808
Scheme debtors	369
Cash and cash equivalents	2,619
Trade and other receivables	551
Total	4,347
Liabilities	
Merchant creditors	1,667
Trade and other payables	102
Total	1,769

17. Other long-term liabilities

	Notes	2022 USD'000	2021 USD'000
Staff benefits	17.1	**10,779**	12,952
Lease liabilities for right of use assets	25.2	**7,390**	12,863
Other long term liabilities		**351**	–
		18,520	25,815

17.1 Staff benefits

The Group's employee end of service benefits includes 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 (i.e. mainly UAE, Jordan and Africa).

Pension 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 considering any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

17. Other long-term liabilities (continued)

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 consolidated statement of other comprehensive income.

During the year, the Group has recognised USD 2.3 million (2021: USD 0.2 million) in the consolidated statement of other comprehensive income on account of remeasurement of defined benefit liability. Accordingly, the Group's employee benefits obligation as at 31 December 2022, included in 'employee end of service benefits' above, amounted to USD 10.8 million (2021: USD 12.9 million).

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. Management considers the application of these accounting estimates as non-critical in the preparation of these consolidated financial statements. The following are the principal actuarial assumptions at the reporting date:

	31 December 2022	31 December 2021
Discount rate p.a.	**5.00%**	2.25%
Pre-retirement non-death/disability termination rate p.a.	**12.5% p.a.**	14.0% 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%**	3.50%
Involuntary termination rate p.a.	**Nil**	Nil
Retirement age	**60**	60

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:

2022	**(+) 0.5 percentage**	(-) 0.5 percentage
Discount rate p.a.	**5.50%**	4.50%
+/(-) in defined benefit obligation (in USD '000)	**(297)**	313
Salary increment rate p.a.	**4.00%**	3.00%
+/(-) in defined benefit obligation (in USD '000)	**328**	(313)
Voluntary exit rate	**Withdrawal rate of 7.5%**	Withdrawal rate of 17.5%
+/(-) in defined benefit obligation (in USD '000)	**(229)**	101

2021	**(+) 0.5 percentage**	(-) 0.5 percentage
Discount rate p.a.	2.75%	1.75%
+/(-) in defined benefit obligation (in USD '000)	(409)	436
Salary increment rate p.a.	4.00%	3.00%
+/(-) in defined benefit obligation (in USD '000)	442	(419)
Voluntary exit rate	Withdrawal rate 9.5% until end–2021 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–2021 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)	653	(450)

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.

	2022 **USD'000**	2021 USD'000
Issued and fully paid up		
561,101,690 shares of GBP 0.10 each (2021: 561,101,690 shares of GBP 0.10 each)	**73,077**	73,077

On 28 September 2021, the Company issued additional shares equivalent to 11.1 million shares as part of the purchase consideration for the acquisition of DPO. Accordingly, the Company's share capital increased by USD 1.5 million and the Company recognised a share merger reserve of USD 53.0 million.

Share buyback programme
On 11 August 2022, the Group announced a share buyback programme (the 'Initial Program'). The decision to undertake the share buyback programme is in line with the Group's capital allocation strategy which prioritises investment in order to accelerate revenue growth through organic investments as well as disciplined selective acquisitions and use excess cash to return to shareholders.

The Initial Program for buyback of shares is to buy shares worth a maximum aggregate market value equivalent to USD 50 million, which ended on 27 January 2023. As announced on 26 January 2023, the Company has launched the second tranche of the buyback for up to another USD 50 million, following the completion of the Initial Program.

Accordingly, as at 31 December 2022, the Group bought back 11,532,594 shares worth USD 40.6 million (2021: nil), which have been recognised as treasury shares and included in the consolidated statement of changes in equity.

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

Reserves comprise the following:

Treasury shares amounted to USD (40.6) million and represent buyback of 11,532,594 shares purchased under the share buyback programme.

Foreign exchange reserves amounted to USD (36.5) million (2021: USD (19.7) million), including 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 and other reserves includes a) reorganisation reserve and b) Other reserve.

a) **Reorganisation reserve** amounted to USD (1.5) billion (2021: USD (1.5) billion), and relates to the reserve created as part of restructuring undertaken by the Group in 2019.
b) **Other reserve** amounted to USD 8.3 million (2021: USD 5.0 million). It includes the following:
   i. **Statutory reserve** amounted to USD 8.5 million (2021: USD 7.5 million) and 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.
   ii. **Fair value reserve** represents net defined benefit cost recognised in other comprehensive income and amounted to USD (0.2) million (2021: USD (2.5) million).

Retained earnings includes USD (16.9) million (2021: USD (5.6) million) representing purchase of 5,218,802 shares (2021: 1,000,000) for LTIP scheme.

19. Revenue

Merchant Services

Under Merchant Services, the Group provides a broad range of technology-led payment solutions to its merchants through a full omni-channel service allowing them to accept payments of multiple types, across multiple payment channels. The Group offers functionality in most aspects of payment acceptance, whether in-store, online or on a mobile device, by providing access to a global payments network through its agile, integrated, secure, reliable and highly scalable technology platforms, Network One and Network Lite. The Group's Merchant Services business line is where we maintain direct relationships with merchant customers and PSPs (Payment Service Provider businesses), enabling merchants to accept digital payments. The business line spans the UAE, Jordan, across Africa (DPO Group) and newly launched services in Egypt. The Group generates both transactional and non-transactional revenue (refer below for detail) under Merchant Services.

Outsourced Payment Services

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

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

19. Revenue (continued)

- **Transaction-based revenue:** includes revenue generated through a combination of: (a) a Gross Merchant Service Charge (MSC), charged to the merchant on the Total Processed Volume (TPV); (b) a fee per transaction processed and billed, (c) a fee per credential hosted and billed; and (d) fees for the provision of value-added services including foreign exchange services. The revenue is reported on a net basis, i.e. after the deduction of interchange and scheme fees paid to the card issuer and payment schemes, respectively. The transaction-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-transaction-based revenue is recognised at a point in time or over time depending upon the type of service being provided, contractual terms and timing when the performing obligation is met by the Group, in line with the Group accounting policy.

  The Group recognises the revenue over time mainly in the following cases:
  - Services provided by the Group where customer simultaneously receives and consumes the benefits as and when the Group performs its obligation; and
  - Project-related revenue, where the Group provides a service to develop or enhance the tangible/intangible assets which is short term in nature. Management applies 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 5.0% (2021: 4.0%) of the total Group revenue and hence the Directors do not consider this as a critical accounting judgement that has a significant effect in preparing these consolidated financial statements.

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

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

20. Personnel expenses

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

	2022 USD'000	2021 USD'000
Salaries and allowances	**95,776**	80,966
Bonus and sales incentives	**16,523**	11,557
Share-based compensation[1]	**5,952**	7,550
Terminal and other benefits	**12,600**	7,884
	130,851	107,957

1 Share-based compensation includes LTIP charge amounting to USD 5.9 million (2021: USD 4.6 million) and USD nil (2021: USD 3.0 million) for Management Incentive Plan (MIP) and IPO Cash Bonus. Refer to note 27 for details.

Detail of total number of employees by department is as follows:

Departments	2022	2021
Operations	**639**	585
Information technology	**603**	576
Sales	**335**	284
Other support functions (including Finance, HR and Risk)	**376**	336
	1,953	1,781

Details of Directors' remuneration can be found in the Directors' Remuneration report on pages 164 and 172 of the Annual Report and Accounts

21. Selling, operating and other expenses

Selling, operating and other expenses consist primarily of technology and communication-related expenses, third-party 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:

	2022 USD'000	2021 USD'000
Technology and communication cost	**56,709**	55,266
Third-party cost	**26,080**	23,523
Legal and professional fees	**21,473**	26,933
Provision for expected credit losses	**2,922**	393
Other general and administrative expenses	**21,733**	14,076
	128,917	120,191

21.1 Auditor remuneration

The details of the Group's auditor remuneration are as follows:

	2022 USD'000	2021 USD'000
Total fees to the Group's auditor for the audit of the Group's annual accounts		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**628**	587
Fees payable to the Company's auditor and its associates for other services – audit of the accounts of subsidiaries	**1,083**	744
Total fees to the Group's auditor for other services:		
Review of half yearly financial information	**206**	159
Other non-audit services	**12**	66
	1,929	1,556

22. Net interest expense

Interest expense primarily comprises of 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 expense is as follows:

	2022 USD'000	2021 USD'000
Interest on term loan facility	**13,776**	8,158
Interest on revolving credit facility	**208**	1,000
Interest on bank overdrafts	**1,996**	1,678
Amortisation of debt issuance cost	**1,766**	1,444
Other interest expense	**2,135**	1,812
Interest income	**(1,334)**	(384)
	18,547	13,708

23. Basic earnings per share (EPS)

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

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

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

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

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

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

	2022	2021
	USD'000	USD'000
Basic earnings per share	**14.5**	10.4
Diluted earnings per share	**14.3**	10.4

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

24. Taxes

Taxes comprise current and deferred tax. Current tax and deferred tax are recognised in the consolidated statement of profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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 in recognising deferred tax assets and provisions for uncertain tax positions. Judgement and estimation involved in deferred tax mainly relates to carried forward tax losses which is based on management 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.

On 31 January 2022, the UAE Ministry of Finance announced the introduction of a federal corporate tax in the UAE that will be effective for financial years starting on or after 1 June 2023. Under the corporate tax rules, as published to date, businesses will be subject to 9% corporate tax on taxable income greater than AED 375,000. A business in the Freezone will also be subject to corporate tax but at the rate of 0% as long as it meets the eligibility requirements to become a qualifying Free Zone Person. All Free zones entities will have to file an annual corporate tax CT return.

Accordingly, the Group's operations in the UAE will be subject to the corporate taxation rules effective from 1 Jan 2024 and taxable income derived therefrom is expected to be taxed under the announced taxation rules. The management continue to assess the impact on the Group's financial statements.

In the Directors' view, 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.

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.

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:

	2022 USD'000	2021 USD'000
Deferred tax credit	**(1,432)**	(557)
Current tax expense	**12,857**	6,248
Adjustment for prior periods	**1,907**	1,135
Tax expenses	**13,332**	6,826

24.2 Reconciliation of effective tax

	2022 USD'000	2021 USD'000
Profit before tax	**93,436**	63,384
Tax using the Company's domestic tax rate[1]	**–**	–
Effect of tax rates in foreign jurisdictions	**13,072**	3,632
Tax effect of:		
Non-deductible expenses	**4,164**	2,211
Tax-exempt income	**(89)**	(18)
Other allowable deduction	**(5,975)**	(1,623)
Tax incentives/rebates	**(55)**	(162)
Carry forward losses	**127**	(577)
Deferred tax credit	**(1,431)**	(557)
Adjustment for prior periods	**1,907**	1,135
Other adjustments	**1,612**	2,785
Income tax expense	**13,332**	6,826

1 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.

24.3 Deferred tax liability (net of assets)

	Notes	2022 USD'000	2021 USD'000
Balance as at 1 January		**11,281**	1,837
Deferred tax credit		**(1,432)**	(557)
From business combination (refer to note below)		**–**	10,289
Effects of change in foreign exchange		**(838)**	(288)
Balance as at 31 December	24.4	**9,011**	11,281

24. Taxes (continued)

24.4 Reconciliation of deferred tax

	Balance at 1 Jan	From business combination	Recognised in P&L	Recognised in OCI	Balance at 31 Dec
2022					
Deferred tax asset					
Provisions and other items	**(7,633)**	**–**	**(1,971)**	**420**	**(9,184)**
Deferred tax liability					
Property and equipment and intangibles	**16,175**	**–**	**(923)**	**–**	**15,252**
Foreign exchange differences	**2,739**	**–**	**1,462**	**(1,258)**	**2,943**
	18,914	**–**	**539**	**(1,258)**	**18,195**
Total	**11,281**	**–**	**(1,432)**	**(838)**	**9,011**
2021					
Deferred tax asset					
Provisions and other items	(1,262)	(5,239)	(1,132)	–	(7,633)
Deferred tax liability					
Property and equipment and intangibles	585	15,391	199	–	16,175
Foreign exchange differences	2,514	137	376	(288)	2,739
	3,099	15,528	575	(288)	18,914
Total	1,837	10,289	(557)	(288)	11,281

25. Leases

Overview

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 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, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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 of low value contracts. 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

	2022 USD'000	2021 USD'000
Balance as at 1 January	13,127	10,430
Additions during the year	3,412	4,933
From business combination	–	872
Depreciation charge for the year	(3,812)	(3,050)
Effect of change in foreign exchange	(3,216)	(58)
Balance as at 31 December	**9,511**	13,127

25.2 Lease liabilities

	2022 USD'000	2021 USD'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	4,637	5,438
One to five years	15,388	16,237
More than five years	1,484	2,119
Total undiscounted lease liabilities at 31 December	**21,509**	23,794
Current	4,262	3,282
Non-current	7,390	12,863
Discounted lease liabilities included in the statement of financial position at 31 December	**11,652**	16,145

25.3 Amounts recognised in the consolidated statement of profit or loss

	2022 USD'000	2021 USD'000
Interest expense on lease liabilities	1,996	1,701
Depreciation of right of use assets	3,812	3,050

25. Leases (continued)

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 itself of the exemption for short-term leases and low-value assets under IFRS 16) amounted to USD 0.2 million and (2021: 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-sale (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 2022 was USD 14.8 million (2021: USD 11.1 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	Borrowings[1] USD'000	Retained earnings USD'000	Share capital & reserves USD'000	Non-controlling interest USD'000	Total USD'000
2022							
Opening balance	16,145	191	414,064	(28,809)	378,327	1,965	781,883
Repayment of loan	–	–	(73,368)	–	–	–	(73,368)
Payment of debt issuance cost	–	–	(591)	–	–	–	(591)
Payment of lease liabilities	(6,073)	(188)	–	–		–	(6,261)
Purchase of equity issuance cost	–	–	–	–	–	–	–
Purchase of treasury shares (share buyback)	–	–	–	(40,631)	–	–	(40,631)
Purchase of treasury shares (share-based payments)	–	–	–	(16,889)	–	–	(16,889)
Total	10,072	3	340,105	(86,329)	378,327	1,965	644,143
The effect of changes in foreign exchange rates	(3,966)	–	(525)	–	–	–	(4,491)
Other changes							
Recognition of lease liabilities under IFRS 16	3,412	–	–	–	–	–	3,412
Transfer	138	–	–	–	–	–	138
Amortisation of debt issuance cost	–	–	1,766	–	–	–	1,766
Interest expense/paid	1,996	(3)	4	–	–	–	1,997
Other changes	5,546	(3)	1,770	–	–	–	7,313
Closing balance	11,652	–	341,350	(86,329)	378,327	1,965	646,965
Current portion	4,262	–	76,059	–	–	–	80,321
Non-current portion	7,390	–	265,291	–	–	–	272,681

	Liabilities			Equity			
	Lease liability for right of use asset USD'000	ATM lease liability USD'000	Borrowings[1] USD'000	Retained earnings USD'000	Share capital & reserves USD'000	Non-controlling interest USD'000	Total USD'000
2021							
Opening balance	12,430	925	403,866	(23,246)	323,836	1,965	719,776
Payment of lease liabilities	(4,324)	(727)	–	–	–	–	(5,051)
Purchase of equity issuance cost	–	–	–	–	(129)	–	(129)
Purchase of treasury shares	–	–	–	(5,563)	–	–	(5,563)
Total	8,106	198	403,866	(28,809)	323,707	1,965	709,033
The effect of changes in foreign exchange rates	237	–	–	–	–	–	237
Other changes							
Recognition of lease liabilities under IFRS 16	4,933	–	–	–	–	–	4,933
From business combination	1,168	–	8,754	–	54,620	–	64,542
Amortisation of debt issuance cost	–	–	1,444	–	–	–	1,444
Interest expense paid	1,701	(7)	–	–	–	–	1,694
Other changes	7,802	(7)	10,198	–	54,620	–	72,613
Closing balance	16,145	191	414,064[1]	(28,809)	378,327	1,965	781,883
Current portion	3,282	191	77,325	–	–	–	80,798
Non-current portion	12,863	–	336,739	–	–	–	349,602

1 2021 figures also includes other term loan balance (refer note 15) to conform to current year presentation. Furthermore, borrowing figures excludes overdraft balance (as the movement in the overdraft balance does not impact financing activities of the consolidated statement of cash flows) and ATM lease liability (as shown separately in the table).

27. Share-based compensation

The Group currently operates the following share-based compensation plan:

- Long Term Incentive Plan (LTIP)

The LTIP is an equity-settled share-based payment plan.

Key features and accounting policy with respect to Group incentive plans are as below:

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.

However, vesting conditions that are not market conditions are not taken into account when estimating the fair value per share or option 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.

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.

27. Share-based compensation (continued)

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, while 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 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. During 2021, the outstanding cash incentive payable to few eligible employees was converted into equity shares, and accordingly, the liability of USD 4.5 million has been derecognised and equity has been credited.

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') which is awarded to eligible employees and subject to the condition specified under the LTIP rules through various grants.

Key features of the grants are as follows:

- Under the grant, the plan is rolled out to select eligible employees of the Group;
- The awards under this grant will normally vest on satisfaction of service and performance conditions as specified in each of the grant;
- The service conditions may require continued employment for a specified period from the date of the grant which could be up to three years;
- 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;
- Historic volatility of the Company's share price at the grant dates is captured in the statistical, using daily TSR data over a period commensurate with the expected life of the LTIP awards; and
- The exercise price of all grants is Nil.

Below are the details of the various grants with service as well as performance conditions:

Grants with performance conditions:

Grant year	Number of grants	Grant date share price/per share[1]	Weighted average fair value	Vesting condition	Tenure
2019	1	GBP 5.3	GBP 4.9	Adjusted EPS Revenue Relative TSR	3 years
2020	2	GBP 4.1 and GBP 4.3	GBP 3.5 and GBP 4.0		3 years
2021	1	GBP 4.3	GBP 3.9		3 years
2022	1	GBP 2.5	GBP 2.3		3 years

Description	Details
Valuation model	Black-Scholes and Monte-Carlo model
Assumptions used:	
Risk free interest rate	0.51% – 1.62% p.a.
TSR comparator group	Constituents of the FTSE 250 at the time of grant
Dividend equivalent	0% – 3% (assumed participants entitled to dividend or dividends equivalents)

Grants with service conditions only:

Grant year	Number of grants	Grant date share price/per share[1]	Tenure
2019	1	GBP 5.3	18 months
2021	2	GBP 3.59 and GBP 4.38	12 months to 36 months
2022	9	Various ranging between GBP 1.72 to GBP 3.25	3 months to 36 months

1 Fair value of these grants is the grant date share price.

The weighted average remaining contractual life of share options outstanding at 31 December 2022 is 1.5 years (2021: 0.3 years).

The movement in the share grants are as follows:

	Notes	2022 USD'000	2021 USD'000
Balance as at 1 January		**4,627**	3,317
Less: vested during the year		**(453)**	(743)
Less: lapsed and cancelled		**(844)**	(293)
New grants during the year		**6,717**	2,346
Balance as at 31 December	24.4	**10,047**	4,627

Below is the breakdown of cumulative and current year charge for all share-based compensation plans.

	Cumulative P&L USD'000		P&L charge USD'000	
Particular	**31 December 2022**	**31 December 2021**	**31 December 2022**	**31 December 2021**
LTIP	**15,945**	9,993	**5,952**	4,518

28. 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 that 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 that 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 a 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 a 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.

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.

28. Financial instruments (continued)

Financial assets at fair value through other comprehensive income (FVTOCI) are carried at fair value. After initial measurement, the Group present 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 payment 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 the 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 expire.

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 11.

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 prices (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

As at 31 December 2022 USD'000	Carrying value Financial assets	Financial liabilities	Total carrying value	Fair value Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Investment securities	246	–	246	246	–	246	–
Financial assets at amortised cost							
Scheme debtors	336,728	–	336,728	336,728	–	336,728	–
Receivables and prepayments	95,372	–	95,372	95,372	–	95,372	–
Restricted cash	119,357	–	119,357	119,357	119,357	–	–
Cash and cash equivalents	234,402	–	234,402	234,402	234,402	–	–
Long-term receivables	333	–	333	333	–	333	–
	786,192	–	786,192	786,192	353,759	432,433	–
Financial liabilities at amortised cost							
Merchant creditors	–	285,791	285,791	285,791	–	285,791	–
Trade and other payables	–	122,711	122,711	122,711	–	122,711	–
Borrowings – Current	–	235,346	235,346	235,346	–	235,346	–
Other long-term liabilities	–	18,520	18,520	18,520	–	18,520	–
Borrowings – Non-current	–	265,291	265,291	265,291	–	265,291	–
	–	927,659	927,659	927,659	–	927,659	–

As at 31 December 2021 USD'000	Carrying value Financial assets	Financial liabilities	Total carrying value	Fair value Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Investment securities	246	–	246	246	–	246	–
Financial assets at amortised cost							
Scheme debtors	364,025	–	364,025	364,025	–	364,025	–
Receivables and prepayments	88,374	–	88,374	88,374	–	88,374	–
Restricted cash	86,801	–	86,801	86,801	86,801	–	–
Cash and cash equivalents	270,345	–	270,345	270,345	270,345	–	–
Long-term receivables	3,735	–	3,735	3,735	–	3,735	–
	813,280	–	813,280	813,280	357,146	456,134	–
Financial liabilities at amortised cost							
Merchant creditors	–	329,280	329,280	329,280	–	329,280	–
Trade and other payables	–	136,505	136,505	136,505	–	136,505	–
Borrowings – Current	–	154,605	154,605	154,605	–	154,605	–
Other long-term liabilities	–	25,815	25,815	25,815	–	25,815	–
Borrowings – Non-current	–	336,739	336,739	336,739	–	336,739	–
	–	982,944	982,944	982,944	–	982,944	–

29. 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, in 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 ensure 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'), which provides 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 at 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 Services 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 outsourced payment services.

As part of Group's Outsourced Payment Services 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's 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 creditworthiness 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:

	2022 **USD'000**	2021 USD'000
Middle East	**612,115**	676,799
Africa	**164,734**	117,802
	776,849	794,601

The maximum exposure to credit risk (net of provisions) by type of counterparty is as follows:

	2022 **USD'000**	2021 USD'000
Schemes	**336,728**	364,025
Banks	**427,239**	424,401
Others	**12,882**	6,175
	776,849	794,601

	2022 **USD'000**	2021 USD'000
Not credit impaired (0–180 days)	**777,646**	796,160
Credit impaired (181 days and above)	**5,310**	2,317
Less: Loss allowances	**(6,107)**	(3,876)
	776,849	794,601

Financial instruments measured for expected credit losses (refer to note 11)

	2022 **USD'000**	2021 USD'000
Not credit impaired (0–180 days)	**78,098**	67,234
Credit impaired (181 days and above)	**5,310**	2,317
Less: Loss allowances	**(6,107)**	(3,876)
	77,301	65,675

29. Risk management (continued)

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	2022 USD'000	Rating	Agency
Emirates NBD PJSC	**175,039**	P-1	Moody's
Standard Chartered Bank	**21,345**	P-1	Moody's
Citibank N.A.	**30,588**	P-1	Moody's

Name of the bank	2021 USD'000	Rating	Agency
Emirates NBD PJSC	241,840	P-2	Moody's
Standard Chartered Bank	23,994	P-1	Moody's
Citibank N.A.	13,886	P-1	Moody's

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 overdraft. During the year Group has cancelled its revolving credit facility (RCF). Following are the details for Group's key overdraft and RCF financing facilities.

	2022	2021
Overdraft financing		
Limit (USD million)	**163**	163
Interest rate	**2.4% + 1M Eibor**	2.4% + 1M Eibor
Tenure/renewal date	**October 2023**	October 2022
Revolving credit facility (RCF)		
Limit (USD million)	**-**	75
Interest rate	**-**	1.6% + 3M Libor
Tenure/renewal date	**-**	October 2022 (12 months extension option available)

The Group is exposed to the impact of IBOR reform in respect of debt held based upon LIBOR. In response to IBOR reform, the Group has done a preliminary assessment on the impact of IBOR reform and alternative benchmark rates which will be used in its debt agreements post transition. The Group will work with its lenders to ensure a smooth transition to the alternative benchmark interest rates.

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.

		Contractual cash flows					
31 December 2022 **USD'000**	**Carrying amount**	**Total**	**2 months or less**	**2–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Merchant creditors	285,791	285,791	285,791	–	–	–	–
Trade and other payables	122,711	127,347	57,701	69,646	–	–	–
Borrowings – Current	235,346	256,118	159,325	96,793	–	–	–
Other long-term liabilities	18,520	35,679	–	–	19,069	15,126	1,484
Borrowings – Non-current	265,291	296,176	–	–	181,820	114,356	–
Total	**927,659**	**1,001,111**	**502,817**	**166,439**	**200,889**	**129,482**	**1,484**

		Contractual cash flows					
31 December 2021 USD'000	Carrying amount	Total	2 months or less	2–12 months	1–2 years	2–5 years	More than 5 years
Merchant creditors	329,280	329,280	329,280	–	–	–	–
Trade and other payables	136,505	138,229	3,467	134,762	–	–	–
Borrowings – Current	154,605	164,823	112,800	52,023	–	–	–
Other long-term liabilities	25,815	30,505	–	–	20,454	10,051	–
Borrowings – Non-current	336,739	371,650	–	–	177,645	194,005	–
Total	**982,944**	**1,034,487**	**445,547**	**186,785**	**198,099**	**204,056**	**–**

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 points in the price, keeping other factors constant, the price of the securities would increase/(decrease) by USD 2,460 only.

29. Risk management (continued)

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 profiles of the Group's interest bearing financial assets and liabilities are as follows:

	2022 USD'000	2021 USD'000
Fixed rate instruments		
Financial assets	**52**	47
Financial liabilities	**3,547**	8,372
Variable rate instruments		
Financial assets	**122**	129
Financial liabilities	**497,106**	407,971

Interest rate sensitivity analysis for variable rate instruments

A reasonably possible change of 50 basis points in term loan interest rates at the reporting date would have increased/(decreased) the Group's profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

31 December 2022

(USD'000)	**-0.5%**	**+0.5%**
Interest rate[1]	1,789	(1,789)
	1,789	**(1,789)**

31 December 2021

(USD'000)	-0.5%	+0.5%
Interest rate	2,679	(1,705)
	2,669	(1,705)

1 Related to term loan only.

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 (88% of 2022 revenue and 93% of 2021 revenue) is either incurred in US dollars or currencies pegged to the US dollar, including the AED. The Group's foreign operations are primarily 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 under the income statement.

As at 31 December 2022	USD USD'000	AED USD'000	EGP USD'000	JOD USD'000	ZAR USD'000	Others USD'000	Total USD'000
Total financial assets							
Scheme debtors	**4,575**	**316,242**	**580**	**10,933**	**997**	**3,401**	**336,728**
Receivables and prepayments	**15,294**	**60,291**	**1,578**	**5,025**	**2,388**	**10,796**	**95,372**
Restricted cash	**36,951**	**–**	**13**	**6,604**	**30,209**	**45,580**	**119,357**
Cash and cash equivalents	**84,286**	**87,282**	**14,460**	**9,817**	**3,007**	**35,550**	**234,402**
Long-term receivables	**17**	**–**	**–**	**148**	**–**	**168**	**333**
Investment securities	**246**	**–**	**–**	**–**	**–**	**–**	**246**
	141,369	**463,815**	**16,631**	**32,527**	**36,601**	**95,495**	**786,438**
Total financial liabilities							
Merchant creditors	**25,598**	**178,002**	**–**	**17,537**	**30,536**	**34,118**	**285,791**
Trade and other payables	**5,731**	**89,495**	**7,495**	**5,748**	**4,791**	**9,451**	**122,711**
Borrowings – current	**59,111**	**171,667**	**–**	**3,547**	**1,021**	**–**	**235,346**
Other liabilities	**470**	**8,170**	**7,015**	**429**	**2,073**	**363**	**18,520**
Borrowings – non current	**202,500**	**56,448**	**–**	**–**	**6,343**	**–**	**265,291**
	293,410	**503,782**	**14,510**	**27,261**	**44,764**	**43,932**	**927,659**
Net position	**(152,041)**	**(39,967)**	**2,121**	**5,266**	**(8,163)**	**51,563**	**(141,221)**

As at 31 December 2021	USD USD'000	AED USD'000	EGP USD'000	JOD USD'000	ZAR USD'000	Others USD'000	Total USD'000
Total financial assets							
Scheme debtors	4,195	357,966	–	1,864	–	–	364,025
Receivables and prepayments	12,585	55,576	5,934	10,740	2,614	925	88,374
Restricted cash	48,003	–	293	888	23,821	13,796	86,801
Cash and cash equivalents	84,897	138,115	7,074	11,212	7,209	21,838	270,345
Long-term receivables	2	3,063	–	661	–	9	3,735
Investment securities	246	–	–	–	–	–	246
	149,928	554,720	13,301	25,365	33,644	36,568	813,526
Total financial liabilities							
Merchant creditors	24,499	262,911	–	2,054	24,904	14,912	329,280
Trade and other payables	9,733	97,059	7,036	11,689	5,084	5,904	136,505
Borrowings – current	63,929	76,420	1,250	8,006	15	4,985	154,605
Other liabilities	–	11,969	11,996	578	782	490	25,815
Borrowings – non current	260,357	72,453	–	–	2,002	1,927	336,739
	358,518	520,812	20,282	22,327	32,787	28,218	982,944
Net position	(208,590)	33,908	(6,981)	3,038	857	8,350	(169,418)

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%	ZAR 1%	Others 1%
2022 – USD'000 +/(-)	**21**	**(82)**	**516**
2021 – USD'000 +/(-)	(70)	9	84

29. Risk management (continued)

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 for 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).

30. Group entities

Company name	Registered address	2022
Direct subsidiaries of Network International Holdings Plc (the ultimate parent entity) as at 31 December 2022		
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%
3G Direct Pay Holdings Limited	Ulysses House, Foley Street, Dublin 1 Dublin, Ireland	100%

Company name	Registered address	2022
Indirect subsidiaries of the ultimate parent entity as at 31 December 2022		
3G Direct Pay Limited	Ulysses House, Foley Street, Dublin 1 Dublin, Ireland	100%
Direct Pay Ltd	Avenue 5 Building, Rose Avenue, Hurlingham Nairobi, Kenya	100%
Direct Payment Limited	Kigali City Tower, 14th Floor, P.O. Box 6428 Kigali, Rwanda	100%
Direct Pay Limited	European Business Centre Lilongwe, Malawi	100%
Direct Pay (Private) Limited	27 Ridgeway South Highlands Harare, Zimbabwe	100%
Virtual Card Services Botswana Proprietary Limited	Plot 17295, Molekangwetsi Crescent, Gaborone West Phase 1, Gaborone, Botswana	100%
Virtual Card Services Namibia Proprietary Limited	Unit 5, Sinclair Park, Sinclair Street Windhoek, Namibia	100%
3G Direct Pay South Africa Proprietary Limited	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
PayGate Proprietary Limited	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
Setcom Proprietary Limited	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
PayFast Proprietary Limited	Brookside Office Park, 11 Imam Haron Road, Claremont, Cape Town, South Africa	100%
PayFast Holdings Proprietary Limited	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
Direct Pay Limited	19 Church street, Port Louis, Republic of Mauritius	100%
One Payment Limited	9th Floor, St. Nicholas House Catholic Mission Street Lagos Island, Lagos, Nigeria	98.83%
Direct Pay Limited	No 31, Asafoanye O. Broni Crescent, Ringway Estates Accra, Ghana	70%
Direct Pay Online Cote D’Ivoire	Cocody II Plateaux Angre 7è Tranche Immeuble Saphir Abidjan, Cote D’Ivoire	100%
Direct Pay Online Senegal	Regus Almadies First Floor SIA Building Route Ngor Village, Dakar, Senegal	100%
Direct Pay Online Limited	39 Hamasger Street, Nitsba Tower, 9th Floor, Tel-Aviv Jaffo, 6721409, Office number 912, Israel	100%
Direct Pay Online Burkina Faso SARL	Ouaga 2000, Section 481, Lot 19, 01 BP3585 Ouagadougou, Burkina Faso	100%
Direct Pay Online Limited	27 Rue Khra, Lomé, Togo	100%

30. Group entities (continued)

Network International LLC[1]	Level: 101-201 – Emirates NBD – AL Barsha (2), P.O. Box 4487, Dubai UAE	49%
Diners Club UAE (LLC)	Level: 101-201 – Emirates NBD – AL Barsha (2), P.O. Box 4487, Dubai UAE	100%
Network International Services (Mauritius) Limited[2]	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 Egypt Company (S.A.E.)[3]	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	99.54%
Egyptian Smart Cards Company (S.A.E.)	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	99.99%
Diners Club Services Egypt (S.A.E.)	55 Kods Sharif Street, Mohandessin, Giza, Egypt	97.86%
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. BX CT 6217, Cantonments-ACCRA Ghana	70%
NDiMO – Network Payments Solutions S.A.E.	Cairo Festival City, Building13C01, Southern Business Park C, Cairo, Egypt	100%
One Payment Tanzania Limited[4]	7th Floor, Amani Place, Ohio Street, Ilala District Dar es Salaam, Tanzania	98%
One Payment Tanzania Limited[5]	Kiembe Samaki, Airport Road, Unguja, West B ward, Zanzibar, Tanzania	99%
Direct Pay (U) Limited	5th Floor Rwenzori Towers, P.O. Box 37468 Kampala, Uganda	100%
Pay Now Zambia Ltd	11th floor, Zimco house, Cairo road Lusaka, Zambia	100%
Direct Pay Democratic Republic of Congo	26, Avenue Ebeya, Kinshasa/Gombe	100%

Indirect subsidiaries of the ultimate parent entity.

1. 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 the UAE laws.
2. On 31 December 2021, the Group completed the amalgamation of its subsidiaries registered in Mauritius, namely Network International Services (Mauritius) Limited (the surviving entity), and Network International Investment Holding Limited (the amalgamated entity). The purpose of this amalgamation is to bring efficiency in the operation and administration of the subsidiary's companies. The amalgamation does not have any significant impact on the financial statements of the Group.
3. On 18 June 2022, the Group completed the amalgamation of its subsidiaries registered in Egypt, namely Network International Egypt Company (S.A.E.) (the surviving entity), and Network International Payment Services (S.A.E.) (the amalgamated entity). The purpose of this amalgamation is to bring efficiency in the operation and administration of the subsidiary's companies. The amalgamation does not have any significant impact on the financial statements of the Group.
4. 1% shares held in the Company by each Eran Feinstein and Offer Gat which are being transferred to Network International Holding 2 Ltd.
5. 1% shares held in the Company by Jaishree Razzaq as a nominee.

31. Contingencies and commitments

	2022 USD'000	2021 USD'000
Performance and other guarantees	**20,609**	14,917
Commitments	**6,439**	12,746
	27,048	27,663

Performance and other guarantees includes guarantees given by banks on the Group's behalf to 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.

32. Subsequent events

On 26 January 2023, the Group announced its intention to commence the second tranche of the share buyback programme, for up to an aggregate market value of USD 50 million, following the completion of the initial share buyback programme. The second tranche commenced on 28 January 2023.

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

Other than the above, there were no other subsequent events identified until the date of the issuance of these consolidated financial statements.

Network International Holdings Plc Statement of Financial Position

As at 31 December

	Notes	2022 USD'000	2021 USD'000
Assets			
Non-current assets			
Investment in subsidiaries	7	**1,848,492**	1,843,214
Total non-current assets		**1,848,492**	1,843,214
Current assets			
Due from a related party	8	**1,618**	1,000
Other receivables		**372**	424
Cash and cash equivalents		**8,014**	1,656
Total current assets		**10,004**	3,080
Total assets		**1,858,496**	1,846,294
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Due to a related party	9	**94,728**	24,134
Other payables		**2,516**	1,868
Total current liabilities		**97,244**	26,002
Total liabilities		**97,244**	26,002
Shareholders' equity			
Share capital	10	**73,077**	73,077
Share premium		**252,279**	252,279
Treasury shares		**(40,631)**	–
Share merger reserve		**52,971**	52,971
Retained earnings		**1,423,556**	1,441,965
Total shareholders' equity		**1,761,252**	1,820,292
Total liabilities and shareholders' equity		**1,858,496**	1,846,294

The net loss after tax for the Company was USD 7.5 million (2021: USD 17.4 million) for the year ended 31 December 2022.

Notes 1 to 11 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 8 March 2023 and signed on its behalf by:

Nandan Mer
Director and Group 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	Treasury shares USD'000	Share merger reserve USD'000	Retained earnings USD'000	Total shareholders' equity USD'000
As at 1 January 2022	**73,077**	**252,279**	**–**	**52,971**	**1,441,965**	**1,820,292**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(7,472)**	**(7,472)**
Purchase of treasury shares	**–**	**–**	**(40,631)**	**–**	**(16,889)**	**(57,520)**
Share-based payment	**–**	**–**	**–**	**–**	**5,952**	**5,952**
As at 31 December 2022	**73,077**	**252,279**	**(40,631)**	**52,971**	**1,423,556**	**1,761,252**

	Share capital USD'000	Share premium USD'000	Share merger reserve USD'000	Retained earnings USD'000	Total shareholders' equity USD'000
As at 1 January 2021	71,557	252,279	–	1,455,877	1,779,713
Total comprehensive loss for the year	–	–	–	(17,366)	(17,366)
Purchase of treasury shares	–	–	–	(5,563)	(5,563)
Share-based payment	–	–	–	9,017	9,017
Issuance of new shares	1,520	–	53,100	–	54,620
Share issuance cost	–	–	(129)	–	(129)
As at 31 December 2021	73,077	252,279	52,971	1,441,965	1,820,292

Notes 1 to 11 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.

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.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments and presentation of cash flow statement and key management personnel. 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.

2. Basis of preparation

a. 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.

(b) New standards and interpretations

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

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

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

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

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

3. Going concern

Notwithstanding net current liabilities of USD 87.2 million (2021: USD 22.9 million) and a loss for the year of USD 7.5 million (2021: USD 17.4 million) the Directors have prepared the financial statements on a going concern basis for the following reasons.

The Company acts as the ultimate holding company of Network International Group (the 'Group'). The Group has made a profit of USD 80.1 million (2021: USD 56.6 million) with cash inflow from operating activities of USD 119.2 million (2021: USD 51.7 million) for the year and has a net asset position of USD 627.7 million as at 31 December 2022 (2021: USD 612.4 million). Furthermore, the Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its banking facilities.

The Directors have adopted the going concern basis after having considered the going concern assessment performed for the Group, as further described in note 2 to the consolidated financial statements.

The Directors have, based on the assessments of 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 at least 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. Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. Management has considered whether there are any impairment indicators. Based on this assessment including sufficient liquidity and the positive net current asset position of the Group, management concludes that there are no such impairment indicators. Refer to the note 5 which includes the details for impairment testing carried out for one of the investments.

b. Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established i.e., when dividends are declared, paid or payable prior to the yearend.

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 or 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 2022, 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 2022, the Company's financial liabilities include other payables and amounts 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.

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.

4. Significant accounting policies (continued)

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 plan. The Company's accounting policy with respect to these incentive plans is as follows.

Equity-settled share-based payment

Equity-settled share-based payment transactions are those 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, while 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.

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, other than the estimates used in performing the impairment testing of the investment in 3G Direct Pay Holdings Limited (DPO), as detailed below, management has not applied any accounting estimate and judgement that is critical for the preparation of the Company's financial statements.

Using the above assumptions, the recoverable amount is higher by USD 63.3 million as compared to the carrying value of the investment.

Following are the significant assumptions used by the Company in carrying out the impairment testing of the Investment in 3G Direct Pay Holdings Limited, that have the most significant effect on the recoverable amount which is compared with the carrying value of the investment.

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

a) Management has estimated the revenue CAGR of 35.4% and underlying EBITDA CAGR of 48.6% for five-year period ending 31 December 2027. This is reflective of supportive underlying market trends for payment industry across the region and Groups' high growth strategy.
b) Discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the countries in which CGU operates. Inputs into the discount rate calculation include a country risk-free rate, country risk premium and market risk premium.
c) The Group has used the terminal growth rate of 4.5% which is reflective of the existing and potential growth trend of the payment industry.

The Directors noted that, a) reduction of 18.3% in the cash flows would reduce the headroom to USD nil, b) an increase in the pre-tax discount rate by 2.4% would reduce the headroom to USD nil, and; b) reduction of 2.9% in the terminal growth rate would reduce the headroom to USD nil.

6. Auditors remuneration

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements.

7. Investment in subsidiaries

	Notes	2022 USD'000	2021 USD'000
Investment in Network International Holding 1 Limited (refer 7.1)	7.1	**1,553,158**	1,553,158
Investment in Network International Holding 2 Limited (refer 7.1)	7.1	**–**	–
Investment in 3G Direct Pay Holdings Limited (refer 7.2)	7.2	**283,201**	283,201
Other invesment (refer 7.3)	7.3	**12,133**	6,855
		1,848,492	1,843,214

The movement in the carrying value of investment represents additional investment of USD 5.3 million relating to the LTIP scheme awarded to the Group's employees.

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 and it was noted that the market capitalisation as at 31 December 2022 was higher than Company's investment in subsidiaries.

The Directors have also performed an impairment assessment exercise which resulted in nil impairment in 2022 (2021: nil). No impairment is recorded in any of the earlier years. Refer to note 5 of the financial statements.

7.1

As at 31 December 2022, 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.

7.2

On 28 July 2020, the Group entered into an agreement to acquire (the 'Transaction') a 100% stake in 3G Direct Pay Holdings Limited (DPO), the leading, high-growth online commerce platform in Africa. The sale was subsequently completed on 28 September 2021. The total consideration price of the transaction amounted to USD 291.5 million, of which USD 228.8 million was paid in cash and USD 62.7 million was paid through issuance of additional equity shares.

7.3

Other investment represents services provided by the employees of the subsidiaries and who are granted shares of the Company under LTIP scheme. Please refer to note 11 for more details.

8. Due from 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 consist of the Network Executive Committee.

	2022 USD'000	2021 USD'000
3G Direct Pay Holdings Limited	**1,618**	1,000

9. 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 consist of the Network Executive Committee.

	2022 USD'000	2021 USD'000
Network International LLC	**94,728**	24,134

The outstanding balance with the related party is unsecured and repayable on demand.

10. 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.

	2022 USD'000	2021 USD'000
Issued and fully paid up		
561,101,690 shares of GBP 0.10 each (2021: 561,101,690 shares of GBP 0.10 each)	**73,077**	73,077

On 28 September 2021, the Company issued additional shares equivalent to 11.1 million shares as part of the purchase consideration for the acquisition of DPO. Accordingly, the Company's share capital increased by USD 1.5 million and the Company recognised a share merger reserve of USD 53.0 million.

Share buyback programme

On 11 August 2022, the Group announced a share buyback program (the 'Initial Program'). The decision to undertake the share buyback programme is in line with Group's capital allocation strategy which prioritises investment in order to accelerate revenue growth though organic investments as well as disciplined selective acquisitions and use excess cash to return to shareholders.

The Initial Program for the buyback of shares is to buy shares worth a maximum aggregate market value equivalent to USD 50.0 million, which ended on 27 January 2023. As announced on 26 January 2023, the Company has launched the second tranche of the buyback for up to another USD 50.0 million, following the completion of the Initial Program.

Accordingly, as at 31 December 2022, the Group bought back 11,532,594 shares worth USD 40.6 million (2021: nil), which have been recognised as treasury shares and included in the statement of changes in equity.

Furthermore, the Group purchased 5.2 million number of shares (2021: 1.0 million shares) for LTIP scheme.

11. Share-based compensation

The Company currently operates the following share-based compensation plans:

- Long Term Incentive Plan (LTIP)

The LTIP is an equity-settled share-based payment.

Key features and accounting policy with respect to Company incentive plans are as below:

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, while 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.

Below are the key features of Group incentive plans:

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') which is awarded to eligible employees and subject to the condition specified under the LTIP rules through various grants.

Key features of the grants are as follows:

- Under the grant, the plan is rolled out to select eligible employees of the Company;
- The awards under this grant will normally vest on satisfaction of service and performance conditions as specified in each of the grants;
- The service conditions may require continued employment for a specified period from the date of the grant which could be up to three years;
- 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;
- Historic volatility of the Company's share price at the grant dates is captured in the statistical, using daily TSR data over a period commensurate with the expected life of the LTIP awards; and
- The exercise price of all grants is Nil.

11. Share-based compensation (continued)

Below are the details of the various grants with service as well as performance conditions:

Grants with performance conditions:

Grant year	Number of grants	Grant date share price/per share[1]	Fair value at the grant date	Vesting condition	Tenure
2019	1	GBP 5.3	GBP 4.9	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
2020	2	GBP 4.1 and GBP 4.3	GBP 3.5 and GBP 4.0	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
2021	1	GBP 4.3	GBP 3.9	a) Adjusted EPS b) Revenue c) Relative TSR	3 years
2022	1	GBP 2.5	GBP 2.3	a) Adjusted EPS b) Revenue c) Relative TSR	3 years

1 Fair value of these grants is similar to grant date share price.

Description	Details
Valuation model	Black-Scholes and Monte-Carlo model
Assumptions used:	
Risk free interest rate	0.51% – 0.69% p.a.
TSR comparator group	Constituents of the FTSE 250 at the time of grant
Dividend equivalent	0% – 3% (assumed participants entitled to dividends or dividend equivalents)

Grants with service conditions only:

Grant year	Number of grants	Grant date share price/per share[1]	Tenure
2019	1	GBP 5.3	18 months
2021	2	GBP 3.59 and GBP 4.38	12 months to 36 months
2022	9	Various ranging between GBP 1.72 to GBP 3.25	3 months to 36 months

1 Fair value of these grants is similar to grant date share price.

The weighted average remaining contractual life of share options outstanding at 31 December 2022 is 1.5 years (2021: 0.3 years).

The movement in the share grants are as follows:

	2022 USD'000	2021 USD'000
Balance as at 1 January	**4,627**	3,317
Less: vested during the year	**(453)**	(743)
Less: lapsed and cancelled	**(844)**	(293)
New grants during the year	**6,717**	2,346
Balance as at 31 December	**10,047**	4,627

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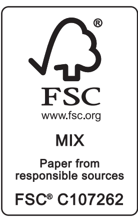

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