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Network International
Holdings Plc

Annual Report and Accounts

2023

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

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Chairman's Statement

Dear Shareholders,

Last year, I shared my excitement about Network's growth acceleration and positive industry dynamics. A year later, I am pleased to see the business delivering in a number of areas.

Strategic delivery throughout the business

The external economic environment has been challenging across a number of our markets during 2023. The MEA region has seen a significant reduction in economic growth expectations, driven by higher inflation and interest rates, material currency devaluations in some markets and the impact of current conflicts in region. Despite these factors, our business delivered double digit growth and returned value through the share buyback programme over the course of 2022 and 2023.

We also continued to see positive strategic progress in a number of areas. We expanded our presence in the Kingdom of Saudi Arabia and have seen an acceleration in client wins in this new market. We diversified our processing business having forged partnerships with a number of the region's leading mobile network operators. In the UAE acquiring business we pursued an active SME strategy strengthening our foothold in our home market and we deployed our leading technology stack on-soil in South Africa.

[→ Strategy and progress p 10](#)

Unification of corporate and ESG strategy

The Board plays an instrumental role in leading the Group's ESG strategy and believes that, alongside our values, ESG considerations are central to ensuring the business remains truly sustainable over the long term. We continue to adopt an integrated approach in promoting progress against our ESG objectives, which are mutually reinforcing to the corporate strategy. We believe that this approach is important to manage risk and ensure that our ESG strategy creates sustainable value.

During 2023, we are pleased to report considerable progress across many areas. In particular: we saw a significant uplift in colleague engagement to 71% (from the prior year's 57%); ESG policies were formally implemented into our procurement processes for the first time; and we have made good underlying progress on the reduction of carbon emissions so that we are confident in achieving carbon neutrality on Scope 1 and 2 emissions before 2030.

[→ ESG Strategy p 19](#)

Maintaining strong governance and leadership

Throughout 2023 we have maintained our high standards of governance, built on the significant progress made in prior years. The structure of our Board and Committees remained unchanged through 2023 and the arrangement to spread the workload amongst our Non-Executive Directors through the formation of the Risk & Technology Committee, separating the Board's oversight of risk from audit, continues to work well. We share the importance increasingly given by shareholders and other stakeholders to the gender and ethnicity diversity of individuals on the boards of listed companies. We are mindful of the gender targets set by the Hampton-Alexander Review and the listing rule, and exceed the ethnicity targets set by the Parker Review. Should we make further Board appointments in the year ahead, we will take into account the potential impact on these targets.

[→ Corporate Governance Report p 58](#)

Recommended takeover offer

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates to acquire the Group. The Board unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of

arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

As we announced on 30 November 2023, and 22 March 2024, Network and Brookfield have made significant progress in obtaining the relevant merger control and regulatory approvals required in a number of jurisdictions before the acquisition can close. We continue to engage positively with the relevant authorities in the jurisdictions where approvals remain outstanding, with a view to completing the acquisition as soon as possible. As we announced on 15 March 2024, the long stop date for the acquisition has been extended to 9 October 2024.

I believe Network will continue to see many successes in its future and am privileged to have had the opportunity to lead the business as its Chairman over the past five years. I would like to thank colleagues, customers and shareholders for their support and expertise through this period. I am heartened by the momentum across the Group, which will enable us to continue to deliver in the long term for all stakeholders.

Sir Ron Kalifa OBE

Chairman
27 March 2024

Purpose: Helping businesses and economies prosper...

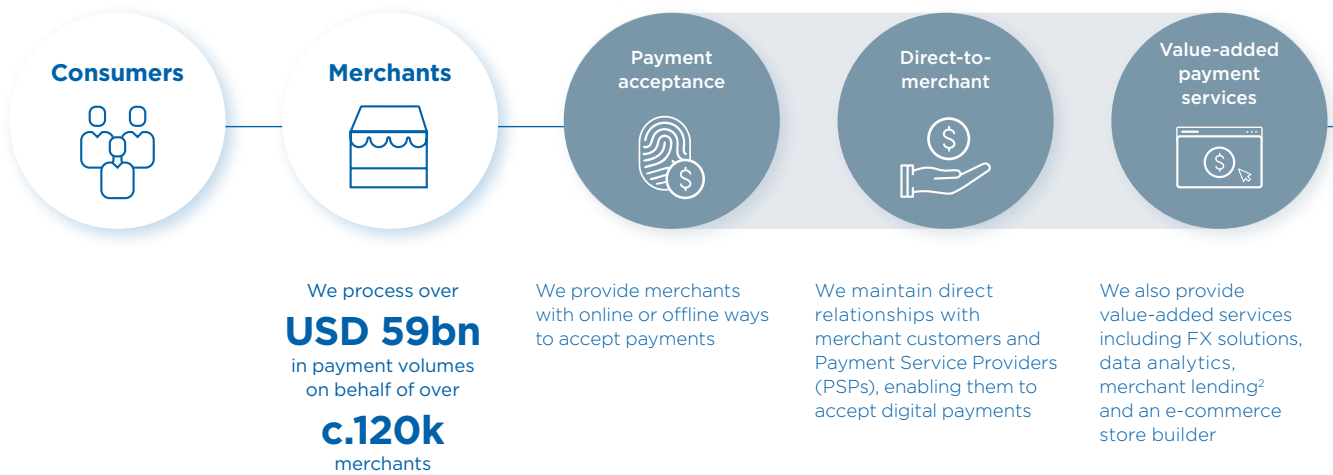
Our licence to win

A comprehensive payments one-stop shop

Unrivalled on-the-ground presence in >20 markets

Operating across two consumer payment business lines

Merchant Services
(47% of Group revenue¹)



Creating value for all our stakeholders

Merchants

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

c.120k
diverse merchant relationships

Colleagues

Achieve their professional aspirations and financial well-being

71%
engagement score

Consumers

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

18m
customer credentials under management

1 Remaining 2% relates to 'other revenue', which includes that relating to cash advance fees on withdrawals from ATMs, FX gains/losses and the revenue from the Mastercard strategic partnership.

2 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 >2,000 employees

Outsourced Payment Services (51% of Group revenue¹)

Digital payment networks and schemes



Acquirer processing



Issuer processing



Value-added payment services



Payment credential issuing institutions



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

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

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

We manage **18m** payment credentials and process **1.6bn** 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 volume³

Shareholders

Deliver superior revenue growth and returns

15.4 cents⁴

Underlying basic EPS

12.4 cents

Reported basic EPS

³ Source: Edgar, Dunn & Company 2021 data, reflects MEA transaction volumes.

⁴ 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.

Measuring our progress

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

Financial

Revenue

USD 490.1m

+12% y/y



Definition

Total revenue generated by the Group.

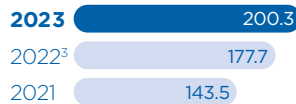
Why is this important to us?

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

Underlying EBITDA¹

USD 200.3m

+13% 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.

Underlying basic EPS¹

USD 15.4 cents

(1)% 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?

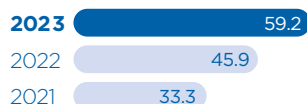
Ensures a focus on profit growth delivery for each shareholder.

Operational

Total Processed Volume² (TPV)

USD 59.2bn

+29% y/y



Definition

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

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.

Number of credentials hosted²

18.1m

+1% y/y



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.

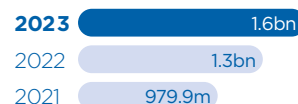
Why is this important to us?

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.

Number of transactions²

1.6bn

+23%



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.

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 47.

3 Comparative figures have been restated. Refer to note 5 of the consolidated financial statements.

Merchant Services

We provide services and solutions that allow 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.

USD 232m

47%
of Group revenue

Our Merchant Services

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



Cards



QR codes



Mobile money wallets



Buy Now Pay Later



Tap-on-Phone

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 across Africa.

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.

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 Africa

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 dissatisfied with goods or services purchased, if there is non delivery of goods or services,

if the transaction is fraudulent, or if the cardholder was charged but the transaction did not complete. 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.

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 creditworthiness 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.

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.

Other revenues

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

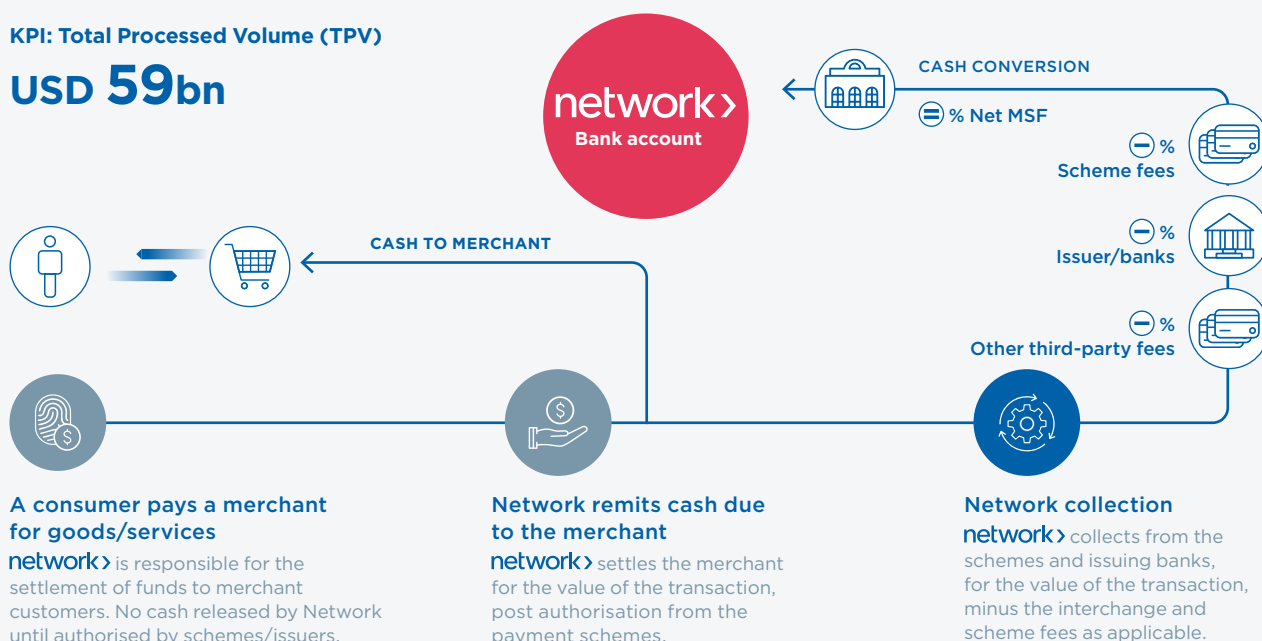
Third-party fees

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).

How we generate our Net Merchant Service Fee (MSF)

KPI: Total Processed Volume (TPV)

USD 59bn



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

Outsourced Payment Services

Outsourced Payment Services supports 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 251m

51%
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

Different revenue generating models apply to different customers and include:

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 TPV¹

based on the aggregate value of transactions processed through merchants.

Transaction/TPV¹

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.

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.)



Credit cards



Debit cards



Prepaid cards



Virtual cards



Commercial cards



Mobile wallets

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.

Strategy and progress

Our ambition is to be the fastest-growing and most innovative customer-centric payments company in the Middle East and Africa (MEA). Our growth ambition is supported by the very significant opportunities open to us in our fast-growing markets. 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 two pillared strategy which both accelerates growth and innovates across our services and capabilities.

Strategy Summary:

Key initiatives to accelerate – serve more customers

- 1. Faster sign-up of merchants and financial institutions**, in order to enhance the customer experience, increase conversion rates and reduce costs. Where we are investing in automation, digital and self-service onboarding.
- 2. Grow the merchant base** in order to deliver scale, which drives improved returns on fixed investment through operating leverage. Where we are introducing more ways to accept payments, more payment methods and sector-specific solutions.
- 3. Access new revenue pools**, in order to provide incremental growth opportunities that are complementary to, and scale, our existing revenue base. Where we are entering new markets across our regions, or providing new business lines and services in existing markets.

Key initiatives to innovate – serve customers better

- 1. Harness the power of partnerships**, to enhance our customer proposition and further enrich our capabilities for a lower investment. Where we are entering partnerships with high-quality providers of adjacent products and value-added services in key growth areas.
- 2. Add new revenue streams to every transaction**, in order to integrate more deeply and extract greater value by channelling more products through our customer portfolio. Where we are investing in the delivery of adjacent value-added services, either proprietarily or via partnerships.
- 3. Be the e-commerce champion in the region**. Enhancing volume and revenue growth by capturing a higher share of this fast-growing channel. Where we are expanding our e-commerce capabilities across the Group, providing the widest range of online payment services for merchants.

Market backdrop and longer-term sector outlook

The external economic environment has been challenging across a number of our markets during 2023. The MEA region has seen a significant reduction in economic growth expectations¹ driven by: higher inflation and interest rates, material currency devaluations of the EGP/USD and Naira/USD and the impact of current conflicts in region. In particular, this has impacted our performance in Egypt, Nigeria, South Africa and Jordan. Whilst this presented challenges to trading and performance during 2023 and will continue to do so to some extent in the short term, the long-term outlook remains positive and sector trends align with our strategic goals. The long-term outlook for payment volumes in the MEA remains high growth, at c.10% expected for digital payment transaction-related volumes for 2022-27e². Key themes in global payments² reaffirm our plans to diversify revenues, automate and modernise: i) alternative payment methods are enabling improved consumer access to financial services, ii) core payments services are commoditising and will be replaced by value-added-services, and iii) modernisation of payments infrastructure creates the need for traditional players to accelerate the move to Cloud infrastructure and embrace platforms that can easily integrate innovative third-party solutions.

New business review

Merchant signups:

We continue to attract a significant number of key account and SME merchants, having secured new wins including Talabat, one of the UAE's leading online food delivery services, Moncler, and additional branches of major hypermarkets Carrefour and Lulu. We also became the payments partner of choice for the Namibian government, enabling digital payments for e-visas and passport applications. Our ongoing focus on the SME segment continues to pay off with growth in UAE SME signings up over 20% y/y, supported by sales team investment and the launch of new capabilities including our fully digital onboarding process and sector-specific solutions.

Financial institution (FI) wins:

We secured 16 new customers across acquirer and issuer processing throughout the Group. We saw only a small number of client losses, putting net wins at 10 overall. Wins included multiple leading mobile network operators across the MEA region, such as Du in the UAE, and Vodacom Financial Services and MTN across Africa, alongside key FIs such as Aafaq Islamic Finance in the UAE, First National Bank and Prudential Bank in Ghana. In newer markets such as the Kingdom of Saudi Arabia we continue to make excellent progress with client wins, as well as developing a strong pipeline. New wins during 2023 included six financial institutions, taking our total processing customers to 12 in the region.

Capabilities update

New payment methods for merchants:

- › **Launched a brand new payment acceptance device** which is fully digital and 'printer-less'. A smaller, slicker payments machine which is more portable and enables digital only receipts for consumers.
- › **Launched 'Tap on Phone' payment technology in Jordan and Egypt**, enabling merchants to take payments through a smartphone, eliminating hardware requirements and improving the overall customer experience.
- › **The first to offer 'face pay' in the UAE**, enabling digital payments at select retail stores through facial recognition, in partnership with PopID.
- › **Also the first to offer Visa instalment payments in the UAE**, allowing Visa credit card holders to divide their spending into smaller payments with Network merchants.
- › **Adding innovative new payment acceptance**, such as WeChat Pay on our point-of-sale terminals in the UAE.
- › **Enhanced mobile money capabilities in Africa** through our partnership with Ecocash, a mobile network operator in Zimbabwe, enabling merchants in Africa to accept more mobile money payments.

Value-added services:

- › **Expanding our insights and analytics proposition in Africa** through the launch of SmartView Merchant reports, providing merchants with in-depth actionable information on their business. This follows the success and strong uptake of our SmartView reports for SME merchants in the UAE and Jordan.
- › **Launching an expense management hub for UAE merchants** in partnership with Peko, allowing them to streamline their business expenses in one system.

- › **Launching Fraud Shield**. An enhanced consumer fraud-loss programme for merchants.
- › **Expanding our sector-specific solutions across the food and beverage segment** having partnered with SerVme to provide restaurants with seamless payment processes alongside tailored insights through SerVme's reservation and CRM system. Our new partnership with TapNGo will also enable hotel guests to browse, place orders and make payments securely and seamlessly on a smartphone via a QR code.

New services for financial institutions and credential issuing customers:

- › **Fraud monitoring capabilities continuing to gain traction**, having signed a new agreement with banks across the region (including Saudi Arabia), for the latest fraud-monitoring solutions in partnership with FICO.
- › **Launching 'Fulfilment as a Service'** to FIs, providing an end-to-end service bundle, including account onboarding, card personalisation, embossing, packaging and delivery.
- › **Expanding the regional footprint of our N-Genius™ online platform**, having rolled out the white label online payment solutions to a further four financial institutions, with the platform live across 26 African markets.

New market service launches

We deployed our technology stack and launched a new revenue opportunity in direct-to-merchant services in Egypt at the start of the year. The digital payments landscape remains attractive in the region, and we have secured over 2,000 merchants already. This recent launch of direct-to-merchant services follows our successful and long standing processing services offer in the region.

Our on-soil technology platform is also live in South Africa, unlocking new revenue opportunities and enhancing our competitive positioning in structurally attractive markets across Africa. The launch aligns Network with new regulatory legislations to better serve customers locally in the region.

ESG progress

Our ESG strategy is focused on where we can have the most impact in the regions in which we operate. This is underpinned by four objectives: i) financial inclusion; ii) responsible business practices; iii) equal and fair treatment of employees; and iv) our environmental footprint. In support of financial inclusion, we continued to improve our capabilities through CliQ instant payments in Jordan, which enables unbanked individuals to make payments through QR codes via their mobile service provider at all our merchant customers. We also launched low-cost payment acceptance for micro-merchants in Egypt. Across the responsible business strategy pillar, our procurement teams revised all policies and processes related to vendor management, including RFP scorecard criteria and onboarding procedures, to provide an incentive to suppliers to record and reduce their own emissions, with the objective over time of reducing this element of our overall Scope 3 emissions. We have also progressed with minimising our own environmental impact, having implemented measures to reduce Scope 1 and 2 emissions, principally by reducing electricity consumption, including the installation of LED lights and motion sensors across multiple office locations. In regard to our employees, colleague engagement increased to 71% and our Broad-Based Black Economic Empowerment (B-BBEE) score in South Africa has also improved significantly from Level 8 in 2022 to Level 5 in 2023. Further information on ESG can be found on pages 19 to 27.

Nandan Mer

Group Chief Executive Officer
27 March 2024

1 Citi Global Economic Forecasts.

2 BCG Global Payments Report Sept 2023.

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.



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.

Their priorities

- › Innovative products and resilient 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
- › Lower downtime
- › 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

>120k

diverse merchant relationships

>USD 59bn

in payment volumes



Financial Institutions, 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.

Their priorities

- › Innovative products and services and latest technological enhancements
- › Resilient operations
- › 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
- › Lower downtime
- › 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

1.6bn

transactions

200+

financial institutions and fintech customers



Colleagues

Engaging and motivating our colleagues, investing in them and rewarding their high performance are key factors in consistently achieving the high service levels we strive to maintain across our business lines.

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 the health and well-being of our colleagues
- › Training needs analysis and employee engagement surveys across the Group
- › Visits by the Board 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

- › Making available 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

29%

female representation across the Group



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.

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

18m

consumer credentials under management



Governments

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

Their priorities

- › Drive financial inclusion and economic growth
- › Compliance with all relevant regulations
- › Increased transparency through digitisation of economy
- › 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



INNOVATE

- › 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

>20 markets

on-the-ground presence



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.

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

- › 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

Strategic decisions¹



ACCELERATE

- › Ensured availability of management and number of investor events and meetings
- › Ensured attendance at sector or regional investor conferences, and other investor events



INNOVATE

- › Ensured Chairman met with major shareholders on key topics

15.4 cents

underlying basic EPS

¹ Relates primarily to pre-transaction activities up to half year 2023.

Creating value for our employees

Our employees are central to our success. As the driving force behind our innovation and productivity, they enable us to adapt and thrive in a competitive market.

They contribute to customer satisfaction, and foster customer loyalty. They are also the public face of our Company and shape its reputation and brand. Their commitment and performance directly impact our ability to attract and retain both customers and talent, creating a virtuous cycle of success.

As an organisation, we are committed to invest in our employees and create a vibrant, diverse and inclusive environment – an environment where our colleagues feel safe in speaking up, where responsibilities are clear and taken seriously, and where high performance is rewarded.

In our recent employee engagement survey

88%

of employees feel that our Network Way and Values match our culture.

Maintaining focus on our culture

We believe that our culture, which is shaped by our values, norms and behaviour, influences employee attitudes, work ethics and decision-making processes. A positive culture fosters collaboration, innovation and employee satisfaction. At Network, we see that it also influences how we interact with our customers, partners and the broader community, which impacts our reputation and long-term success.

Our culture is shaped by both our Network Values (which guide us in everything we do) and the Network Way (a set of behaviours that all of us demonstrate consistently).

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

A diverse and inclusive workforce

At Network, we believe that equality, diversity and inclusion fuel innovation and creativity, by integrating diverse perspectives and experiences. We embrace differences to foster a dynamic environment, where ideas flourish to challenge the status quo and yield inventive solutions. Inclusive teams harness the power of diversity to drive progress and competitiveness in our rapidly evolving business.

We are a global business with operations in more than 50 countries. Our highly diverse and international workforce represented by 69 nationalities (versus 64 in 2022) cuts across cultures, ethnicities and regional sensibilities. Our diverse and culturally competent workforce enables us to quickly connect and empathise with our customers, better understand their growing needs and shifting expectations, and develop more effective solutions.

Our Equality, Diversity and Inclusion (EDI) Policy:

Our EDI Policy is robust and serves several important purposes:

- › **Promotes fairness:** It establishes a commitment to treating all individuals equally, regardless of their background, characteristics or beliefs.
- › **Encourages diversity:** It actively encourages diversity by promoting the inclusion of people from different backgrounds, cultures, genders, abilities, etc.

- › **Enhances creativity and innovation:** By fostering a diverse environment, we enhance our creativity as people from various backgrounds bring unique perspectives and ideas.
- › **Boosts employee morale:** When employees feel valued and included, their job satisfaction and morale increases, leading to better productivity and retention rates.

Our EDI Policy includes measurable goals and targets to track progress in promoting diversity and inclusion. It helps us comply with anti-discrimination laws and regulations, and minimises the risk of legal issues. Our commitment to EDI enhances our reputation and attractiveness to a diverse talent pool, customers, and partners.

Diversity, inclusion and women's empowerment:

In 2023, our overall women representation was 29%. We are currently implementing several programmes to further empower the women in our workforce, especially our women leaders, to make our organisation more gender-diverse and gender-inclusive. We continue to work towards meeting our short-term target of 33% women representation at the senior management level by 2025.

Region	Team size
UAE	757
Egypt	542
Nigeria	23
Ghana	29
South Africa	297
Jordan	275
Saudi Arabia	29
Botswana	2
DRC	1
Ireland	2
Israel	10
Ivory Coast	2
Kenya	139
Malawi	2
Mauritius	2
Namibia	2
Nigeria	3
Rwanda	3
Senegal	1
Tanzania	6
Uganda	2
Zambia	2
Zimbabwe	2
Total	2,133

OUR CULTURE AND VALUES (CONTINUED)

We have several programmes that promote diversity, equality and inclusive behaviours. We also invest in the communities we serve. These programmes include:

International Women's Day (incl. Beacon Award)	The 'Network International Beacon Award' is the annual demonstration of our consistent commitment to honour the valuable contributions of our women co-workers, and a recognition of those who have gone above and beyond the requirements of their position to demonstrate our values. We bestow this award every International Women's Day to recognise the progress made by women, inspire them and celebrate their achievements.
MENA Women Leaders' Summit	The second annual Middle East Women Leaders' Summit & Awards ceremony 2023 was held in the UAE in October 2023. This year's theme was 'Aspire, Inspire, Lead'. Our delegates listened to accomplished women CEOs, leaders and achievers, networked across industries, and gained insights into the difficulties and challenges that women face.
Al Mostaqbal Al Emirati Management Associate Program	This is 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.
Long Service Awards	These awards are given to recognise the valuable contributions of long-serving employees of the organisation.
Women Who Lead: Strategies for Success	Women Empowerment is a focus area of our commitment to diversity and inclusion. Our women colleagues were given an opportunity to attend 'Women Who Lead: Strategies for Success' by Visa. During the session, the panellists explored the nuances in business for economically empowering women entrepreneurs in our region. It also covered topics on issues faced by women, leadership and empowerment.
B-BBEE	Our efforts in South Africa to promote financial inclusion and economic empowerment for the black population were recognised by the B-BBEE scorecard. We have improved our rating from Level 8 in 2022 to Level 5 in 2023.

Building capability for the future

Learning and Development is vital to our growth as individuals and as an organisation. It serves as a cornerstone for fostering growth and agility in an ever-evolving business landscape and builds the needed capabilities to face the future. Our Learning and Development programmes align individual and organisational goals and reflect our culture. They equip our employees with new skills, knowledge and competencies, which directly translate into a multitude of benefits for Network. Employee performance and job satisfaction are enhanced. When employees have opportunities to learn and grow, they are more engaged and motivated, leading to increased productivity. This positively affects the bottom line and also creates a more positive work environment.

The below table shows our training metrics:

Employee training	2021	2022	2023
No. of employees trained	1,351 ¹	1,953 ²	2,133 ²
No. of training hours	27,073 ¹	65,692 ²	92,275 ²

1 Only Network business.

2 Collectively for Network and DPO business.

Staying engaged with our employees

Staying connected and engaged with our employees directly impacts their productivity, innovation and commitment. When employees are engaged, they are more likely to take initiatives to foster a positive work culture that attracts and retains talent. Their dedication drives improved customer satisfaction, operational

efficiency and profitability. Engaged teams are better equipped to adapt to change and overcome challenges, ensuring long-term growth and sustainability.

We are staying connected and engaged with our employees through Group-wide events such as all-hands town halls, International Women's Day

and Employee Appreciation Day. In the quarterly town halls, our leaders connect with employees, giving updates on the business, future plans and hold interactive Q&A sessions. Our regional HR teams also hold an impressive number of community events throughout the year to bring our employees together.

The annual employee engagement survey

Understanding our employees' opinions, insights and experiences helps us in our efforts to foster a workplace aligned to their needs and aspirations. Our annual engagement survey is an effective way for us to identify areas where we excel and pinpoint opportunities for improvement.

The participation rate for our 2023 Employee Engagement Survey was 79%, enough to give us meaningful insights on what we are doing well and areas for improvement. We are delighted to note that our engagement score increased from 57% in 2022 to 71% in 2023.

The 2023 survey focused on themes relevant to our employees, such as leadership, innovation and accountability. We also benchmarked the survey against global fintech and MENA tech companies.

We are helping our leaders understand the results of their teams, prepare for team discussions and setting up action plans to address specific areas of improvement.

HR transformation journey

Our HR transformation journey began in 2023 with the aim of providing a better employee experience and greater business impact. This journey is based on our HR operating model and it stands on three pillars – 'Standardisation', 'Harmonisation' and 'Digitalisation'.

We formed three squads to improve the areas of 'Performance Management', 'Onboarding' and 'Policy Harmonisation'. In 2024 we saw the implementation of a brand-new Human Resources Management System (HRMS) that provides multiple self-service capabilities for our employees. The Performance Management module in the HRMS will go live in 2024.

Serving our communities

We strongly believe in giving back to the communities we serve. We are cognisant of the fact that our initiatives in social responsibility impact our planet's sustainability, our stakeholders' well-being, build customer loyalty and trust, and bring our employees together in a spirit of helping others. Additionally, we benefit from a positive and enhanced brand image in the market, positive differentiation from our competitors and open greater access to capital.

Our social initiatives include a wide range of activities as set out below:

Our support for Al Noor Rehabilitation & Welfare Association for People of Determination	In 2023, 19 employees generously volunteered for our social work for the Al Noor Rehabilitation & Welfare Association for People of Determination. Our two batches supported activities to inspire confidence and build skills among children and young adults under the care of Al Noor – one for Vocational Training and another for Arts and Crafts.
Advocacy for 'reduce single-use plastics'	We supported Naina Kundra's cause during her short visit to our Al Barsha office. She is a young eco-warrior who asked for our help in reducing waste from single-use plastics. We gave her 188 pledges. Our HR team helped her with the required logistics and communication of her campaign to employees.
Iftar Meal Distribution	During the recent Ramadan season, volunteers from our UAE teams helped distribute iftar meals at traffic-light intersections and mosques around Dubai.
Hag Al Laila 2023	Every year, Emirati families celebrate a traditional Hag Al Laila before Ramadan. Children go from house to house singing a song called 'Gergian' and collect gifts. We celebrated the spirit of Hag Al Laila in our UAE offices by visiting the Thalassaemia Center at the Al Latifa Women and Children Hospital in Dubai and giving goodies to the children in need.
'Back to School'	Our Jordan team held the 'Back to School' social campaign as part of our commitment towards giving back to the community. They distributed school stationery to support local students in need.
Sponsoring a Learnership Programme for the youth	We worked with Edge training in Durban, South Africa (a SETA accredited training company with B-BBEE Level 1 scorecard) who in partnership with the Sharks Academy offer Learnerships, Short Courses and Soft Skills training for disadvantaged youth. Learners gain the ability to study as well as life skills, whilst participating in rugby or soccer development programmes.

Emerging Leaders Programme

Summary:

The Group’s Emerging Leaders Programme is designed to nurture potential future leaders with a focus on driving transformative change. The goal of the programme is to inspire individuals to achieve their utmost potential, enhance diversity in leadership perspectives, and establish a robust pipeline for upcoming leaders.

Programme highlights:

The programme was attended by 65 aspiring leaders from Egypt, Jordan and the United Arab Emirates. Participants completed training workshops facilitated by the faculty of SDA Bocconi School of Management. Currently, they are engaged in a six-month mentorship programme, benefiting from the guidance and perspective of industry leaders.

Course overview:

The overall feedback from all 65 participants across the Group was positive. The course modules covered Leading & Deciding, Supporting & Cooperating, Interacting & Presenting, Creating & Conceptualising, Organising & Executing, Adapting & Coping, and Enterprising & Performing.

Our Learning and Development approach is based on the 70-20-10 model of learning with on-the-job learning (70%), mentorship (20%) and formal training programmes (10%). We obtain the training needs of the Company from the training needs analysis survey, leadership surveys and the employee engagement survey. We then identify and roll out targeted high-impact learning programmes to upskill our employees on cutting-edge technologies and keep them up-to-date on evolving trends in payments and banking.

Some of our main Learning & Development focus areas are:

Risk and Compliance	Anti-money Laundering, Credit Delinquency, Fraud, Issuer Security, Anti-corruption, Financial Literacy, Audits, Risk Management, Data Privacy & Market Abuse
Leadership Development	Al Mostaqbal Al Emirati Program, Future Tech, Emerging Leaders Programme
Technology and Domain Capabilities	Visa University Training Calendar, Mastercard Training Academy courses, Visa Payments Challenge
Behavioural Competencies	Cultural Intelligence & Stereotyping, Personal Effectiveness

Al Mostaqbal Al Emirati Management Associate Programme

As part of our commitment to support the UAE Vision 2021, ‘A competitive economy driven by knowledgeable and innovative Emiratis’, we introduced the ‘Al Mostaqbal Al Emirati Management Associate Programme’ in 2021 to build a pipeline of talented Emirati leaders. Its main objective is to provide Emiratis with leadership potential with an environment and the necessary tools to learn, and develop them as leaders capable of taking on the challenges of running an enterprise in the payments space.

Our associates have completed half of the planned intense 24-month programme which consists of four rotational modules in Information Technology, Operations, Outsourced Payment Services and Merchant Services. They are gaining hands-on experience in our products, technologies, decision making and critical thinking. They have also benefited from the guidance of the programme.

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. The ESG strategy and execution framework continues to be based on four 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 continue to adopt an integrated approach in promoting 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.

In this report we provide a separate update on progress against each of the four ESG strategic objectives. We have continued to monitor our ESG KPIs and have provided commentary updating on progress against previous commitments to enhance ESG disclosure and on actions taken over 2023, including in relation to Task Force on Climate-related Financial Disclosures (TCFD) compliance and Scope 1, 2 & 3 carbon emissions.

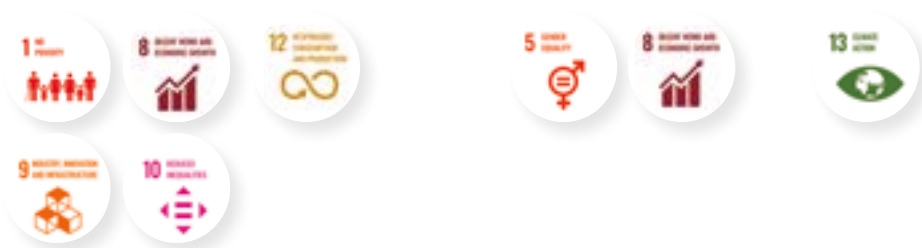
Importantly, our ESG objectives are being integrated into the way we do business and pursue our corporate strategy. For example, during 2023 and in the first quarter of 2024, the ESG and Procurement strategies have been aligned by initiating the process of revising all policies and processes related to Vendor Management, including Request for Proposal (RFP) scorecard criteria and onboarding procedures, to provide an incentive to suppliers to record and reduce their own emissions, with the objective over time of reducing this element of our overall Scope 3 emissions.

In early 2023 the Audit Committee approved the re-appointment of Corporate Citizenship (CC), a market leading consultancy firm specialising in strategic sustainability and ESG, to assist with work to deliver against our commitments and improve our ESG KPI scores.

Our ESG strategy in summary

	1 Financial inclusion	2 Responsible business practices and robust governance	3 Diversity & Inclusion	4 Environmental impacts
Strategic priorities	<ul style="list-style-type: none"> Facilitate access to banking/ mobile money systems 	<ul style="list-style-type: none"> Fair treatment of customers and suppliers Adherence to highest ethical standards Respect for human rights 	<ul style="list-style-type: none"> Increase women representation Maintain ethnic diversity Increase employee engagement 	<ul style="list-style-type: none"> Reduce Scope 1 & 2 emissions Estimate and reduce Scope 3 emissions
Tools	<ul style="list-style-type: none"> Lower cost acceptance, e.g. via Tap-on-Phone Digital platform 	<ul style="list-style-type: none"> Policies ESG risk framework Employee awareness and feedback 	<ul style="list-style-type: none"> Equality, Diversity & Inclusion Policy Employee engagement surveys Learning & Development Leadership development programme 	<ul style="list-style-type: none"> Use of renewables, ‘where possible’ Continuous monitoring for proportionate opportunities for reduction Carbon offsets
KPIs	<ul style="list-style-type: none"> Number of direct-to-market Micro SME¹ merchants onboarded in Jordan and Africa Number of net new credentials in countries with limited financial inclusion² 	<ul style="list-style-type: none"> Zero tolerance for fraud and corruption 	<ul style="list-style-type: none"> Employee turnover rate Senior Manager³ level nationalities % of women representation at Senior Manager level Training hours Employee engagement survey 	<ul style="list-style-type: none"> Scope 1 emissions tons CO₂e (carbon dioxide emissions) Scope 2 emissions tons CO₂e Carbon intensity (Scope 1 & 2 market-based carbon emissions) per employee Scope 1 & 2 market-based emissions relative to revenue (Kg CO₂/\$m revenue) Scope 3 emissions tons CO₂e⁴

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 an ExCo member.
 4 We have estimated Scope 3 carbon emissions in their entirety.

Notable areas of progress in 2023

We have made good progress against each pillar of our ESG strategy during 2023, including against the commitments relating to climate change outlined in our 2021 Annual Report. A summary is provided below, with further detail from page 21.

1 Financial inclusion:

- › In 2023, we made further progress against our financial inclusion KPIs recording: (i) an increase in the number of Direct-to-Market Micro SME merchants onboarded in Jordan and Africa from 14,557 in 2022 to 17,986 in 2023, while (ii) the number of net new credentials in countries with limited financial inclusion was 26,814.
- › During the year we also continued to provide active support to the financial inclusion programmes described in our 2022 Annual Report & Accounts which we believe have a particularly strong impact in the countries where they are operated. Following the launch of our MSME (Micro Small Medium Enterprises) focused Tap-on-Phone (SOFTPOS) offering in Egypt in late 2022 and 2023, we are currently in the process of onboarding MSME merchants with special focus on cities in Egypt other than Cairo and Alexandria – many of whom were not in a position to accept digital payments previously. During 2023, we continued to collaborate 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 once again supported the Jordanian Government in issuing 60,000 pre-loaded cards to low-income individuals to purchase certain goods.

2 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.

3 Diversity & Inclusion

- › We continue to operate a very diverse workforce with 69 nationalities represented in 2023, and with continued progress on Board and total workforce women representation. Our recruitment and internal promotion process is increasingly underpinned by a commitment where possible to local workforces being managed by local people across our operational centres.
- › In 2023, we exceeded our target of average number of training hours per individual from 40 to 43 hours.
- › Our efforts in South Africa to promote financial inclusion and economic empowerment for the black population have been well appreciated. Against the B-BBEE scorecard, our subsidiary in South Africa was certified Level 5 in 2023, after being certified Level 8 in 2022.

4 Environmental impacts:

The Group continues to identify and implement measures to reduce its Scope 1 & 2 carbon emissions to support progress against our statement of confidence in becoming carbon neutral² on Scope 1 & 2 emissions by 2030.

- a) **Scope 1 & 2 emissions** – In the 2021 Annual Report we stated that “We are confident that we will be carbon neutral² on Scope 1 & 2 emissions before 2030.”

Our 2023 Scope 1 & 2 emissions of 1,907 tons CO₂e on a gross basis (prior to the impact of the purchase of (RECs) Renewable Energy Certificates), has not increased, when compared to our location-based emissions¹ in 2022 of 1,907 tons CO₂e.

Building on measures undertaken in 2022 to improve energy efficiency at our office locations, we implemented further measures designed to reduce our Scope 1 & 2 footprint in the course of 2023, including installing light motion sensors and reflective screens at our offices in Johannesburg (South Africa) and Lagos (Nigeria) and upgrading the HVAC (heating, ventilation and air conditioning) system at the Head office in Dubai (UAE).

We purchased unbundled RECs corresponding to 665 tons CO₂e, taking our market-based Scope 1 & 2 emissions in 2023 to 1,242 tons CO₂e, compared to a comparable measure of 1,343 tons CO₂e in 2022 (after the purchase of 564 tons CO₂e RECs equivalent in 2022). RECs purchased in 2023 were purchased in UAE and South Africa where the carbon reduction impact is greatest. Including the impact of the purchase of RECs, our Scope 1 & 2 emissions in 2023 were reduced by 7.6% on 2022.

- b) **Scope 3 emissions** – Our Scope 3 emissions in 2023 across the 15 categories of the GHG Protocol (the international standard for greenhouse gas accounting) was at 42,396 tons CO₂e. The largest contributor was the category of “Use of Sold Products” at 15,847 tons CO₂e or 37% of the total Scope 3 emissions. Total Scope 3 emissions for 2023 have increased by 23% on the comparable figure of 34,540 tons CO₂e for 2022. One of the key drivers for the 23% increase was the rise in the number of POS terminals deployed to the market, which is in line with our SME growth strategy of facilitating financial inclusion in the markets we operate.

- c) **TCFD** – In 2023, we focused on our greenhouse emissions accounting, further developing our scope 3 calculations and carbon reduction pathways and developing our supplier engagement strategy. Energy efficiency measures were prioritised for reducing Scope 1 & 2 emissions, and a focus on recycling and reducing waste from POS terminals to reduce Scope 3 impacts. Building on the climate scenario analysis work carried out in 2022, the Group continued to monitor its Key Risk Indicators (KRIs). This included a decision at the annual KRI review exercise to continue tracking and monitoring the existing climate-related KRIs in 2024.

1 Gross emissions refer to Location-based emissions (pre – RECs), while Net emissions refer to Market-based emissions (post – RECs).

2 Carbon neutral means offsetting of all residual Scope 1 & 2 emissions through compensation or neutralisation offsets.

1

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

The Group operates in fast-growing markets in the MEA where advancing 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) processed on behalf of SME merchants has risen from 27% in 2022 to 32% in 2023.

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 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 2024:

- › Ramp up and grow our SME merchant base in Jordan, Egypt and other countries in Africa.
- › Launch similar Tap-on-Phone driven acceptance initiatives in other countries, either directly or in partnership with local financial institutions.
- › Explore additional uses cases for the Mastercard funded digital platform that can promote financial inclusion in our markets.
- › Support governments of countries with low financial inclusion in the implementation of initiatives that aid in access to financial services.

Group financial inclusion KPIs	2021	2022	2023	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 ¹	14,557	17,986	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	26,814 ²	8 % y/y growth in number of net new credentials

1 Only Jordan.

2 Given the 2023 macroeconomic challenges in Africa, in particular the currency devaluation, a number of Banks experienced cost pressures and a decrease in business activity, resulting in them purging their inactive cards and onboarding fewer new credentials. Further, 2022 saw an exceptional bulk migration of new credentials which was not observed in 2023, despite new client sign-ups.

Financial inclusion programme case studies:

In the 2022 Annual Report we outlined key initiatives underway across the Group that are particularly high impact in terms of promoting financial inclusion, highlighting features of the programmes that have been implemented to bring about certain socially beneficial outcomes. Progress across these initiatives during 2023 is described below:

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, 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. We are in the process of completing the integration of NBS Bank onto our digital platform. We will begin the issuance of virtual cards in 2024.

Financial inclusion impact

Only 40% of adults in Malawi are financially included (defined as "using financial institutions"). There are 4,958 Point of Sale terminals (Reserve Bank of Malawi) in the country 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.

Tap-on-Phone in Egypt and other low financial inclusion markets

Description

In 2022, we launched acquiring services for 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 2023, we completed the local and international scheme certification and began onboarding MSME merchants and are targeting to onboard a significant number of MSME merchants in 2024. Consistent with our strategic roadmap, in 2023 we also successfully launched the Tap-on-Phone acceptance solution in Jordan. In 2024, we expect to begin the process of acquiring the necessary regulatory approvals and carry out all relevant activities needed to launch the Tap-on-Phone acceptance solution in Kenya.

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. By offering a Tap-on-Phone acceptance solution that is up to 15x cheaper than equivalent terminal hardware, the Group is digitally enfranchising SMEs and Micro SMEs for whom terminal rental fees have been uneconomic. To access our digital acceptance services, merchants need to open bank accounts with any bank. As a result, not only are these merchants able to accept a greater volume of payments by more diverse means, increasing their turnover and profitability, they are also forming 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.

Collaborating with the government in Jordan to support their financial inclusion initiatives

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

Description

In 2023, the Group continued its collaboration with CliQ (the Jordanian Instant Payment System) and Jomopay (Jordanian mobile payment switch) to enable account-to-account payments via wallets. Having completed the build of the platform that is used to integrate with CliQ in 2022, during 2023 and early 2024 the Group upgraded c. 22,000 of its existing POS terminals and revamped back-end operations to support the new account-to-account payment mechanism. In 2023, we deployed c. 8,000 new POS terminals to the market.

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.

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

Description

The Group continues to support 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 2023.

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.

2

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 below and in the Corporate Governance section of the Annual Report. 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.

In 2024, we will continue to enhance our focus on embedding our ESG principles across businesses and enhance the execution of our ESG strategy, along with improving how we measure and disclose our progress. We will also assess possible ESG risks during our reviews of third-party vendors and remediate accordingly. In addition, we will formulate and monitor remediation plans for adverse climate risk scenarios based on risk levels. Lastly, we will ensure compliance with regulatory change requirements and mandates that come into force.

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 presented in the below 'Group KPIs' table.

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. During 2023 progress against the Group's ESG strategy was considered by the Audit Committee on three separate occasions. Climate-related risks were considered by the Risk & Technology Committee on one occasion. The Board is kept apprised of the progress on the Group's ESG programme by the Audit Committee. During 2024, 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

Group KPIs	2021	2022	2023	Targets	Commentary
Customer complaints	1,018 ¹	1,467 ²	2,500 ²	6% y/y	While the number of complaints received were relatively low when considered in proportion to the volume of transactions during the year, the number in 2023 is not comparable with the number in 2022, primarily because: <ul style="list-style-type: none"> › there was an increase in the number of complaints linked to the increase in the volume of transactions in 2023 over 2022; › there had been a significant increase in the number of channels available to the customers to raise their complaints and an expansion in the definition of what could be classified as a complaint; › a temporary, but significant, increase in number of complaints during 2023 H1 arising due to migration of certain operational processes and procedures to an operations hub, which reduced significantly in 2023 H2 when the processes were more established.
Number of ESG Board/Board Committee meetings	3	6	4	At least 5 ESG Board or Audit or Risk & Technology Committee meetings per annum	4 meetings were sufficient to cover all ESG-related updates.
% of employees who have completed the Ethical and Sustainable procurement training	N/A	76 ²	80 ²	95	Slightly below the medium-term target. However, the Group saw an increase in participation in 2023.
Fines for unpaid or overdue taxes	Nil	Nil	Nil	Nil/immaterial	
% of employees aware of whistleblowing options including Safecall hotline	94 ¹	92 ²	94 ²	98	Slightly below the medium-term target. However, the Group saw an increase in 2023.

1 Only Network business.

2 Collectively for Network and DPO business.

ESG STRATEGY (CONTINUED)

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 Enterprise Risk Management Framework (ERMF). The Group's ERMF enables 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. 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 climate-related ESG risks by the Risk & Technology Committee.

Having established our refreshed ESG strategy and execution framework, we 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 ERMF in 2024, providing independent assurance on the embedding of management of ESG across all lines of defence.

Business ethics:

a. 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.

The Group Internal Audit reviewed the effectiveness of the Whistleblower process for 2023 and concluded that the process in operation was efficient. As described above, over 90% of workforce 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 of the Annual Report.

b. 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. As per the 2022 survey, 86% of the workforce had a favourable and positive response when asked about the Group's commitment to uphold the principles of human rights at work. The Group continues to pursue the same policies to ensure the principles of human rights remain enshrined in our work and culture.

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

Governance:

a. 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 operate in more than 50 countries and benefit from a highly diverse international workforce of 2,133 employees. We emphasise the need for our local offices and sales forces to be led where possible by locally hired talent 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 69 nationalities represented today versus 64 in 2022. 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. 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, and training.

Employee engagement:

Our employee engagement score increased from 57% in 2022 to 71% in 2023. For further details on our employee engagement survey, refer to pages 17.

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%). For further details on our main L&D focus areas, refer to page 16.

Equality, diversity and inclusion:

Having a diverse and culturally aware 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 have several programmes that focus on our women and their development and empowerment. For further details on these programmes, refer to page 16. The table below references the proportion of women representation across the Group as of December 2023.

Proportion of women representation across the Group as of December 2023:

Category	Male (2023)	Female (2023)	Female % (2023)	Female % (2022)
Total Workforce¹	1,514	619	29	30
Board of Directors	6	3	33	33
A: Executive Management Team	8	3	27	18
B: Senior Managers²	84	32	28	33
A+B: Executive Management Team & their direct reports	92	35	28	31

1 The gender diversity information is based on disclosures made by full time employees at the time of their employment.

2 Senior Managers - ExCo direct reports.

KPIs

Group KPIs	2021	2022	2023	Targets	Commentary
Employee turnover rate	7.9% ¹	11.6% ²	11.9% ²	14%	In 2023, the turnover rate remained static.
Training hours	27,073 ¹	65,692 ²	92,275 ²	40 hours (average) per individual by 2026	In 2023, the average number of hours per individual was 43.
Employee engagement survey	65% ¹	57% ²	71% ²	3% annual improvement over time in line with market benchmarks	Target met, with a significant positive increase in employee engagement.
Senior Manager level nationalities³	19 ²	25 ²	24 ²	25	As the Group has been focusing on identifying suitable and fitting talent and increasing productivity, a slight decrease from the medium-term target was observed in 2023.
% of women employees at Senior Manager level³	25 ²	33 ²	28 ²	33	

1 Only Network business.

2 Collectively for Network and DPO business.

3 Senior Manager level - ExCo direct reports.

4

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 2023, we further enhanced our data collection processes, refined our measurement of Scope 1, 2 & 3 emissions, and took steps to refine our understanding of our exposure to climate risks and opportunities. We implemented further measures to reduce our Scope 1 & 2 emissions, principally through actions to improve energy efficiency levels at our office locations. 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".

Scope 1 & 2 carbon emissions

Measurement:

Location-based¹ Scope 1 & 2 emissions in 2023 were at 1,907 tons CO₂e² (before accounting for the impact of the purchase of RECs) and has remained unchanged from 2022. It has been observed that even though there was a decrease in electricity consumption across our offices in Jordan, this impact was negated with the increase in consumption due to the impact of interruptions to the grid power supply across our offices in South Africa, and increased electricity consumption in Egypt, in part due to increased reliance on air conditioning systems over the summer months.

While we would have liked to have seen a reduction in our location-based emissions, we note that emissions grew less quickly than revenue, resulting in a reduction in market-based¹ emissions per USD of revenue, which fell from 3 tons in 2022 to 2.5 tons CO₂e in 2023.

After purchase of RECs equivalent to 665 tons CO₂e, market-based¹ Scope 1 & 2 emissions in 2023 were at 1,242 tons CO₂e, a reduction of 7.6% on the 2022 total emissions of 1,343 tons CO₂e (after the purchase of RECs equivalent to 564 tons CO₂e).

Reduction pathway:

Building on actions taken in 2022 to reduce Scope 1 & 2 emissions at our office locations, we have implemented further measures over the course of 2023 and plan for more in 2024. 88% of our Scope 1 & 2 emissions in 2023 were accounted for by electricity consumption and so reduction measures have been focused on energy efficiency. This year we upgraded our HVAC system at the Dubai (UAE) HQ office and installed light motion sensors and reflective screens at our offices in Johannesburg (South Africa) and Nigeria. All our offices, where practical, are equipped with LED lights, light motion sensors, reflective screens and tap motion sensors.

We are looking to engage sustainability consultants in Jordan to assist us in identifying further energy efficiency measures to reduce location-based¹ Scope 1 & 2 emissions further.

There will be a residual level of emissions after implementation of any further available electricity efficiency measures. Our stated confidence in achieving carbon neutrality on Scope 1 & 2 emissions before 2030 will, therefore, require some supplementing with the purchase of unbundled RECs and/or certain types of carbon offsets to eliminate residual emissions, or entering into PPAs for renewable energy.

This year we have purchased RECs that have reduced our market-based Scope 1 & 2 emissions by 31% since 2021. For the time being, 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.

In 2023, we purchased unbundled RECs for an aggregate 792MWh/665 tons CO₂e. RECs backed by International-Renewable Energy Certificate (I-REC) Standard produced by renewable energy generators in South Africa and UAE were purchased from 'Climate Impact Partners'.

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 at 678 MWh/ 611 tons CO₂e, equal to our power consumption, while purchases in UAE were at 114 MWh/ 54 tons CO₂e. The purchase of RECs in UAE and South Africa in aggregate reduced our 2023 Scope 1 & 2 emissions from 1,907 tons CO₂e to 1,242 tons CO₂e. This represents a 7.6% reduction on our revised 2022 emissions of 1,344 tons CO₂e.

Any further reduction in gross emissions will require the use of Power Purchasing Agreements (PPAs) for renewable energy. Onsite versions of these have been investigated previously and are believed to be non-viable for our office locations. Offsite PPAs are a possibility for the future, and Network will continue to identify opportunities for offsite PPAs, noting the additionality associated with the procurement methodology to bring increased renewable capacity to grids.

Scope 3 carbon emissions

Measurement:

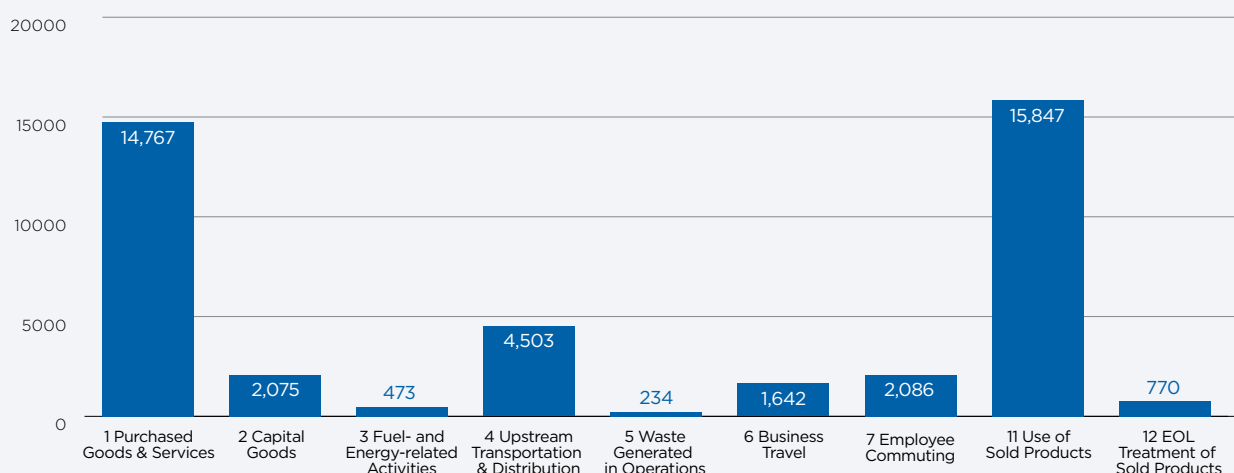
Scope 3 emissions for 2023 were at 42,396 tons CO₂e, up 23% from 34,540 tons CO₂e in 2022. Across the 15 categories of Scope 3 emissions, the largest contributor was 'Use of Sold Products' at 15,847 tons, representing 37% of the total Scope 3 emissions (up from 8,583 tons in 2022 - representing 25% of total 2022 Scope 3 emissions). The most significant factor for the 23% rise in Scope 3 emissions from 2022 to 2023 was the increase in POS terminals provided to customers, and corresponding increase in lifetime energy consumed by these terminals. One of the key focus areas for the Group is our SME strategy that promotes financial inclusion in markets we operate, and as a result we will see a significant increase in the number of POS terminals. The chart opposite provides a breakdown of the total Scope 3 emissions across the relevant categories in 2023.

The split between tons of emissions calculated from actual absolute data, spend data and estimated data using proxies was 43%/51%/5% in 2023, compared to 32%/63%/5% in 2022. We are continuing to work towards reducing our dependency on proxy-based estimates and spend data to improve the quality of our Scope 3 measurement, and as such have used the highest quality data where available.

¹ Location-based emissions refer to emissions pre - RECs, while Market-based emissions refer to emissions post - RECs.

² Scope 1 emissions include fuel consumption of the Group's fleet, refrigerants across all offices and diesel consumption in Nigeria, while Scope 2 emissions include the electricity consumption. For purposes of calculating our Scope 1 & 2 emissions, we use data from bills available and for those countries where the bills are coupled with rental contracts/bills are not available, we use the head count data with comparison to offices with primary data.

The Group's 2023 Scope 3 - GHG emissions (tons CO₂e)



From October 2023 we initiated a supplier engagement exercise to request more accurate carbon emissions data from our suppliers. We have also explained to our suppliers that in future our RFP and onboarding processes will give a greater weight to supplier emissions in the selection criteria.

Reduction pathway:

In 2023, we implemented the following measures in support of reducing our Scope 3 emissions:

a. **Buy-back initiative for POS terminals** – During 2023, we entered into a POS terminal buyback scheme with one of our suppliers. Under this scheme, the Group collected used POS terminals from our merchants/customers to sell them back to the Supplier. The supplier would then recycle the materials within the POS terminals for use in production of new terminals. Scope 3 emissions associated with the production of

terminals from recycled materials are lower than for terminals produced with virgin materials, as such lowering the embedded carbon within the new POS terminals. The POS buyback scheme would reduce emissions from Scope 3 categories – 'Capital Goods', and 'End of Life Treatment of Sold Products'.

b. **Use of Digital receipts on our POS devices** – the Group has also begun to use POS terminals which supply digital rather than paper receipts, reducing the paper waste created from the POS terminals.

For 2024 and moving forward, the measures we intend to implement to help reduce our Scope 3 emissions include:

- Amending and revising our RFP and onboarding criteria, policies and processes when selecting suppliers, by giving more weightage to suppliers with low carbon emissions

and those suppliers who have set annual reduction targets for their carbon emissions

- Working with POS terminal providers to resolve the technical and miscellaneous issues with the devices to avoid increasing the Group's carbon emissions that arise from transporting the defective devices to the manufacturers from the country of origin
- Where appropriate migrating merchant customers to SOFTPOS payments acceptance solutions, obviating the need for a terminal service
- Engaging with suppliers who print cards on recyclable and sustainable materials over plastic

Though not a formal ESG KPI, we track the amount of paper waste recycled from our UAE offices alone. In 2023, we recycled 7.6 tons of paper waste, compared to 3 tons in 2022.

Group KPIs	2021	2022	2023	Targets
Scope 1 carbon emissions tons CO ₂ e	194	210	220	Year-on-year reductions consistent with 2030 carbon neutral target
Scope 2 (location-based') carbon emissions tons CO ₂ e		1,697	1,687	
Scope 2 (market-based') carbon emissions tons CO ₂ e	1,613	1,134	1,022	
Scope 3 carbon emissions tons CO ₂ e	32,531	34,540	42,396	
Scope 1 & 2 market-based' emissions relative to revenue (KgCO₂/\$m revenue)	0.005 Kg CO ₂ e per dollar of revenue	0.0030 Kg CO ₂ e per dollar of revenue	0.0025 Kg CO ₂ e per dollar of revenue	Year-on-year reductions consistent with overall targets
Carbon intensity (Scope 1 & 2 market-based' emissions) per employee	1.02 tons of CO ₂ e per employee p.a.	0.7 tons of CO ₂ e per employee p.a.	0.6 tons of CO ₂ e per employee p.a.	Year-on-year reductions consistent with overall targets

TCFD Report 2023

Introduction

In 2022, we progressed our TCFD work across two key workstreams: (i) emissions measurement and reduction pathway analysis; and (ii) climate scenario analysis. In 2023, we focused on enhancing the measurement accuracy of greenhouse emissions across the value chain, further developing Scope 3 calculations and assessing carbon reduction pathways. In addition, we developed our supplier engagement strategy in order to work with our partners to reduce emissions throughout our value chain. Internally, we focused on energy efficiency measures to reduce Scope 1 & 2 emissions, and in our value chain the focus was on recycling and reducing waste from POS terminals to reduce Scope 3 impacts. Further detail regarding the progress made under the emissions measurement and reduction pathway workstream can be found in our ESG section on pages 26 and 27.

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 employees and our climate strategy advisors.

In 2022, under the climate scenario analysis workstream we identified and assessed climate-related risks and opportunities and quantified, where possible, their potential financial impact on the business. 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. We sought to quantify the financial impact of four risks out of the top 10 risks. In 2023 we leveraged these outputs to continue our TCFD journey, further developing our work around Key Risk Indicators (KRIs). This included a decision at the annual KRI review exercise conducted in October 2023 to continue tracking and monitoring the existing climate-related KRIs in 2024. The Board will discuss and evaluate each year whether further climate scenario analysis work is required for the year ahead to align with best practice and in the event of any potentially significant changes in climate-related physical or transition risks which may impact the Group.

Compliance statement

The Group is committed to continued adoption and alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). 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. In 2023 climate was continually assessed and the Group's stance on climate remains unchanged: climate does not currently possess a material risk to the business. Although the Group is not a carbon intensive business, we recognise the need to assess the broader potential market impacts from climate change.

This report has been assessed against and written in accordance with S414CB(2A) of the Companies Act 2006, reflecting the update following The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

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). 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 1 refers to TCFD recommended disclosures focused on the 4 pillars (Governance, Strategy, Risk Management, Metrics & Targets).

Figure 1: 11 TCFD recommended Disclosures

	TCFD Disclosure Status	Highlights
Governance		
a) Board oversight	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	Disclosed	The Group Chief Financial Officer and Chief Strategy Officer is chiefly responsible for ESG, including TCFD.
Strategy		
a) Climate-related risks and opportunities	Disclosed	Climate-related risks and opportunities were identified and scored over short-, medium- and long-term time horizons, considering different future global warming scenarios in 2022. Further work was carried out in 2023 by the Risk department to review whether these risks had changed and the decision was made to continue to monitor them.
b) Impact of climate – related risks and opportunities	Disclosed	Climate scenario narratives were developed and the financial impacts of key climate-related risks were modelled.
c) Resilience of the organisation's strategy	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.
Risk Management		
a) Identifying and assessing climate – related risks	Disclosed	Climate change is also considered a risk which has the potential to intensify many of the Group's principal risks.
b) Managing climate-related risks	Disclosed	
c) Integration into overall risk management	Disclosed	
Metrics and Targets		
a) Climate metrics	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	Disclosed	Greenhouse gas emissions in 2023 were quantified as Scope 1 – 220 tons CO ₂ e Scope 2 – 1,022 tons CO ₂ e market-based (taking into account the purchase of RECs equivalent to 665 tons CO ₂ e) Scope 3 – 42,396 tons CO ₂ e
c) Climate targets	Partially disclosed	The Group continues to identify and implement measures to reduce its Scope 1 & 2 carbon emissions to support progress against our aim of becoming carbon neutral ¹ in terms of Scope 1 & 2 emissions by 2030. We are in the process of finalising our Scope 3 reduction target, which is dependent on our efforts to reduce our dependency on proxy-based estimates and spend data to improve the quality of our Scope 3 measurement. We will look to align with best practice target setting frameworks.

1 Carbon neutral means offsetting of all residual Scope 1 & 2 emissions through compensation or neutralisation offsets.

Governance:

Board oversight

The Board of Directors (the Board) has responsibility for the Group’s climate risk and opportunity identification and assessment, which fits into part of the Group’s wider ESG strategy, discussed on page 19. The Board has delegated oversight of the Group climate-related workstreams to the Audit Committee. The Audit Committee is comprised of four Directors and is chaired by Darren Pope, Senior Independent Director. The Audit Committee is focused on the setting of targets, overseeing the workstreams to deliver them, and reviewing progress against those targets. The Audit Committee receives regular updates from the Group Chief Financial Officer and Chief Strategy Officer, who is the Executive Committee member responsible for the ESG function, which includes the climate workstream, and is supported by the head of ESG. The Audit Committee monitors whether climate-related risks or opportunities are expected to have a material impact on the business and therefore whether further action is required which may require an adjustment to the Company’s strategy and business planning. Specifically, the Audit Committee was briefed on:

- ▶ An Audit Committee paper (July 2023), which discussed emission reduction plans for Scope 1, 2 and 3 sources.
- ▶ An Audit Committee paper (October 2023), which discussed the Group’s proposed supplier engagement strategy, that included decarbonisation initiatives.
- ▶ An Audit Committee paper (December 2023), which provided an update on all ESG KPIs from the year to date, a progress update on engaging with sustainability consultants in Jordan.

The Risk & Technology Committee, which includes the Chief Risk Officer, is responsible for the assessment of climate-related risks. As part of climate scenario analysis, the Group identified climate-related risks and quantified, where possible, their potential financial impact on the business. In 2023, using this information, and the Group enhanced its KRIs, establishing a more robust framework for monitoring climate-related risks.

This process enables us to evaluate whether adjustments to our strategy are necessary as risks evolve over time. Additionally, climate-related KRIs, including their corresponding metrics and approved thresholds, are monitored quarterly and reported to the Risk & Technology Committee. The Group’s climate change governance framework is outlined in Figure 2.

While climate change is actively discussed by the Board and by Board Committees throughout the year, the issue is not currently considered a material risk to the business, and as such it is not a standing agenda item for Board meetings. Reflecting this, climate change knowledge and experience are currently not part of the Board selection criteria. This will be annually re-evaluated alongside changes to the business’s exposure to climate-related risk.

The Audit Committee, received presentations throughout 2023 on carbon measurement and carbon reduction activities, and further engagement workshops will be scheduled for 2024. Through the various climate-related workstreams and related briefings since 2022, the Audit Committee is well apprised of the climate-risks and workstreams within the Group.

Management’s role

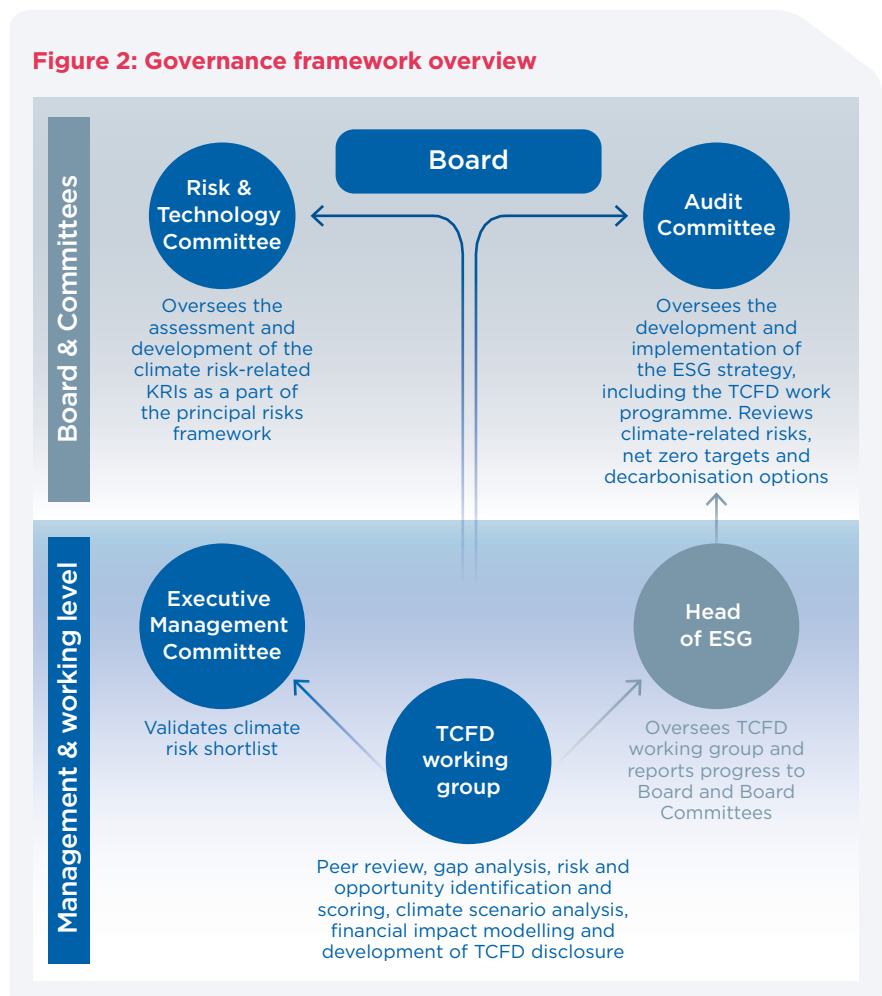
The TCFD working group interviewed senior management as part of the TCFD process, including verifying risks and opportunities.

During the climate scenario analysis exercise, the Group identified climate-related risks and quantified where possible their potential financial

impact on the business. Using this information, the KRIs were enhanced, establishing a more robust framework for monitoring climate-related risks. This enabled the Group to evaluate its strategy and decide whether adjustments were necessary as risks evolved. 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 Executive Committee. These include risks related to ‘increasing energy costs’, ‘costs associated with decarbonisation’, ‘reduced payments revenue due to GDP losses, and risks related to ‘physical damage from extreme weather events to the Group’s facilities and the infrastructure serving it’.

Through 2023, management 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 Chief Risk Officer and Group Company Secretary, the Head of Investor Relations, the Group Head of Procurement and the Group Head of Administration and Facilities.

Figure 2: Governance framework overview



Strategy:

While the Group is a relatively low emitter of greenhouse gases, we recognise the importance of demonstrating to our investors, partners and workforce, how we are assessing and enhancing our resilience to climate impacts, now and in the future. Our aim is to use the results of our climate scenario analysis to support the business case for decarbonisation and further embed climate considerations into our strategy and business planning. During 2024, we will continue to review and refine our strategic analysis through our governance structures and input the conclusions of our scenario analysis work into our strategic planning considerations in a proportionate manner.

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.

As part of the process, 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.

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 Network for Greening the Financial System (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 3.

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 globally 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.

Figure 3: 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+

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

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.

Climate-related risks:

The key risks are summarised in Figure 4. 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 monitored, and we will continue to develop strategic approaches over the next 12 months. These risks have been incorporated into the Group's existing risk management framework, the Enterprise Risk Management Framework, and KRIs have been agreed so that climate-related risks can be effectively monitored.

For further information regarding the Group's plans for reducing its greenhouse gas emissions, please see pages 26 and 27.

Figure 4: 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	●	●	●	●	●	●	●	●	●	Continue careful monitoring of 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'	●	●	●	●	●	●	●	●	●	Continue proactively monitoring and managing climate-related legislative requirements.	-

● Low risk ● Medium risk ● High risk

Climate-related opportunities:

Climate-related opportunities identified during our climate scenario analysis work are shown in Figure 5, 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. For further information on emissions reductions initiatives such as our buy-back initiatives for POS terminals implemented in 2023 to reduce Scope 3 emissions, please refer to page 27 of the ESG section.

Figure 5: 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	High	Medium	Low
Partnerships, products, and services for low emissions transport payments	Low	Medium	High
Partnering to provide merchants, banks and consumers with climate related data/info associated with transactions	Low	Medium	High
Partnerships, products, and services for 'sharing' and 'circular' economy payments	Low	Medium	Medium
Partnerships, products, and services for resilience, disaster relief, and insurance payments	Low	Medium	Medium
Improving the efficiency of data storage, transfer, and processing to save energy, cost, and storage space	Low	Medium	Medium
Reducing e-waste, re-using, re-selling, and recycling components, engaging with suppliers to reduce the emissions of purchased components	Low	Medium	Medium

■ 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 6: 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 & carbon costs
Costs associated with decarbonisation	Incremental low-carbon capital expenditure and avoided risk	REC, PPA, EV costs, and shadow cost of carbon
Reduced payments revenue due to GDP loss	Incremental revenue	GDP impact on revenue and Total Processed Volume
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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (CONTINUED)

Value driver	Approach
Electricity, fuel & carbon costs	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.
REC, PPA, EV costs, and shadow cost of carbon	<p>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 (Renewable Energy Certificates), on-site PPAs (Power Purchase Agreements), off-site PPAs and EVs (Electric Vehicles). These different combinations which result in pathways named 'most ambitious', 'middle' and 'least ambitious' represent different rates at which the Group can decarbonise and the associated costs. The projections were modelled to 2040. The shadow carbon cost was included to represent the transition risk to the Group of emitting carbon and the externalities caused.</p> <p>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.</p> <p>Conclusions: These 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 7). 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 8). 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 2023 net income of USD 66 million.</p>

Quantification

Figure 7: Energy and decarbonisation costs
Energy and decarbonisation costs million \$
NPV from 2022 – 2040

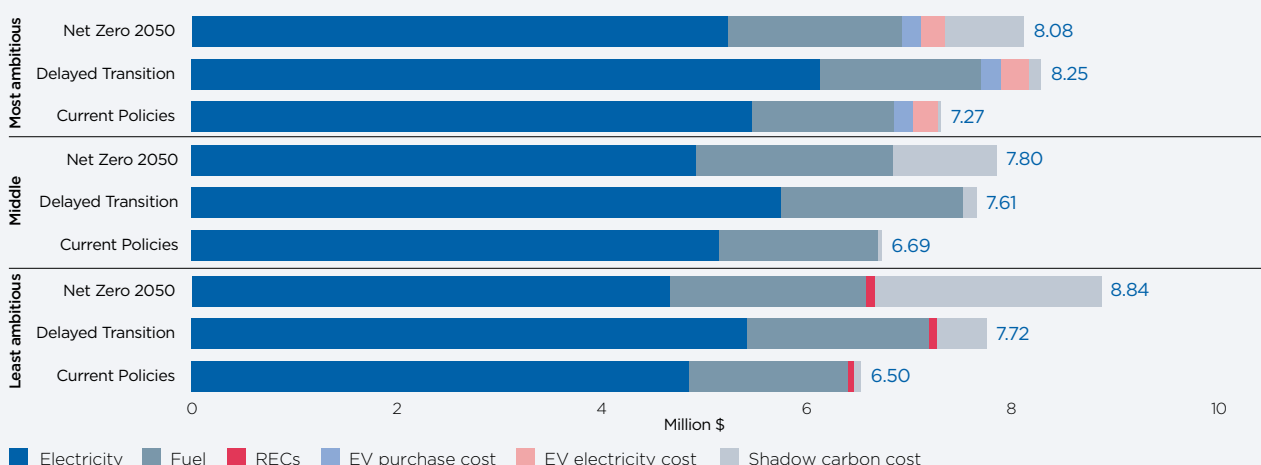


Figure 8: Provisional cost differences between decarbonisation scenarios

Provisional cost differences between decarbonisation scenarios¹
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

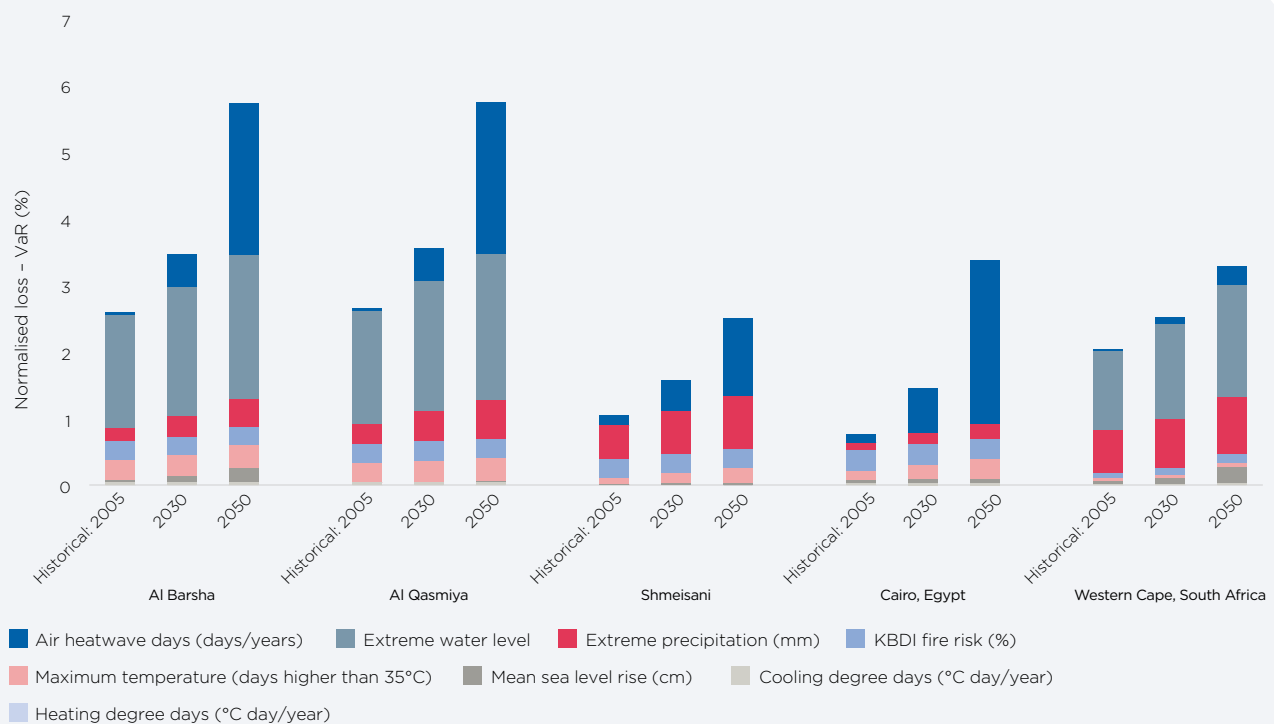
¹ Some significant costs associated with decarbonisation pathways are not yet captured in the model such as capital costs associated with PPAs. We are continuing to explore decarbonisation options and these figures are provisional and subject to change.

Value driver	Approach
Impact of climate change on GDP and the effect of this on transaction volumes and revenue	<p>To quantify the climate risk to revenue streams related to direct revenue from local operations and revenue linked with the Total Processed Volume (TPV) for the UAE, the current relationship between these two key financial metrics and GDP was mapped using the Group's historical data and World Bank historical GDP data.</p> <p>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 included 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 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.</p> <p>Conclusions: Results from preliminary modelling carried out in 2022, as explained in the introduction, 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 the future.</p>
Asset level physical risk assessments of key sites	<p>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.</p> <p>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).</p> <p>Conclusions: The analysis, which was undertaken in 2022 as part of our climate scenario 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.</p> <p>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 performed in 2022 indicated 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.</p>

Figure 9: 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)
<p>Site 1: Al Barsha, Dubai, UAE</p> <p>About: Hot desert climate and by the coast</p> <ul style="list-style-type: none"> › 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 					
<p>Site 2: Qasmiya, Sharjah, UAE</p> <p>About: Hot desert climate and by the coast</p> <ul style="list-style-type: none"> › 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 					
<p>Site 3: Shmeisani, Jordan</p> <p>About: Hot summer Mediterranean climate and a high elevation</p> <ul style="list-style-type: none"> › 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 					
<p>Site 4: Cairo, Egypt</p> <p>About: Hot desert climate and a relatively high elevation</p> <ul style="list-style-type: none"> › Most affected by air heatwave days and maximum temperature › Values are at risk from air heatwave days › Greater loss to productivity than property damage 					
<p>Site 5: Western Cape, South Africa</p> <p>About: Warm summer Mediterranean climate</p> <ul style="list-style-type: none"> › 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 					

Figure 10: Total VaR results for all sites in the Hot House World from the baseline to 2050



Quantification

The climate scenario analysis carried out in 2022 involved the process of calculating potential impact on productivity (VaRP) as well as asset damage (VaRD) percentage for each hazard, site and climate scenario 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 10 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 the Group 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	<p>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:</p> <ul style="list-style-type: none"> › 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. <p>Consolidated scores were assigned to each of the countries in which the Group operates, by ranking order based on poorest ranking of each index.</p>

Assessment of country vulnerability to climate change

The climate scenario analysis carried out in 2022 concluded that the most vulnerable countries¹ in which the Group operates do not represent a large share of revenue. In 2023 we updated our analysis to include the latest revenue figures, which included the DPO acquisition. The Group's top 10 revenue generating countries are not included in the list of countries vulnerable to climate change. However, when we expand the analysis to consider the Group's top 15 revenue generating countries, then Angola, Somalia and Liberia are included, which rank 11th, 14th and 15th by revenue, respectively as countries vulnerable to climate change. These 3 countries make up less than 0.5% of the 2023 revenue of the top 15 countries combined. All but 2 of the 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	<p>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</p>	<p>Key physical risks were as follows:</p> <ul style="list-style-type: none"> › 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. <p>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.</p>

Strategic resilience to climate change: We will continue to assess the Group's resilience to climate change over time, however the results from our initial climate scenario analysis exercise in 2022 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. The scenario analysis exercise indicated that decarbonisation can be achieved at relatively low cost, and that these costs are financially immaterial in the context of the 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 in the context of the Group's overall revenue.

In 2023, there were no significant changes to the Group which would change the resilience of the Group to climate change. The Board will review and take a decision on the frequency with which to update our climate scenario analysis work to continue to review our resilience. This decision will be taken considering best practice, changing market dynamics and changes to the climate which may impact the Group.

¹ Vulnerability to climate change was measured by producing a composite index that combined scores from the Germanwatch Global Climate Risk Index, the Notre Dame Global Adaptation Initiative Index, the Peak RepRisk country ESG risk index, and data from the World Resources Institute Aqueduct dataset on water stress.

Risk Management:

The Group has integrated climate risk into the Enterprise Risk Management Framework (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

Our approach to managing climate-related risks leverages a bottom-up strategy, guided by the ERMF's three-tiered defence system. The first tier involves risk owners and key departments such as Operations and Finance, who evaluate and refine risk management, reporting quarterly to the Executive and Risk & Technology Committees. The second tier, encompassing Risk and Compliance functions, oversees risk divisions to ensure proper risk management application, also reporting quarterly to pertinent committees. The third tier includes Group Internal Audit, providing additional oversight and reporting to the Audit Committee. These entities collectively ensure the ERMF and risk culture are maintained, monitoring key risks and indicators, and reporting to the Board.

Climate change is acknowledged as a growing concern that could impact the Group's performance. Specific KRIs related to climate change risk are tracked under the ERMF, with findings reported to the Risk & Technology Committee and 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 change risk-related KRIs have been developed based on the Key Performance Indicators (KPIs) and are monitored on a quarterly basis. In addition, Risk and Control Self Assessment (RCSA) standards have been documented for climate change-related risks, and these are tested quarterly. The Key Risk Indicators are shown in Figure 11. 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.

Climate risk integration

As part of ongoing TCFD work, a set of climate-related KRIs has been agreed (Figure 11). The Group considers both current and evolving regulatory demands pertaining to climate change, and incorporates them into the formulation of KRIs, where needed, during the annual review exercise. The Group will continue to develop 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. In 2023, we monitored our climate-related KRIs and they have remained stable within our risk appetite. During the annual KRI review exercise conducted in October 2023, which involved the KRI assessment by the second line of defence and respective risk owners, a decision was made to continue tracking and monitoring the existing climate-related KRIs in 2024.

Climate impact on relevant principal risks

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

Figure 11: 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.

Metrics and Targets:

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

TCFD cross - industry category	2021	2022	2023	Targets
Scope 1 carbon emissions tons CO ₂ e	194	210	220	Year-on-year reductions consistent with 2030 carbon neutral target
Scope 2 (market-based) carbon emissions tons CO ₂ e	1,613	1,134	1,022	
Scope 3 carbon emissions tons CO ₂ e	32,531	34,540	42,396	
Scope 1 & 2 market-based emissions relative to revenue (KgCO₂/\$m revenue)	0.005 Kg CO ₂ e per dollar of revenue	0.0030 Kg CO ₂ e per dollar of revenue	0.0025 Kg CO ₂ e per dollar of revenue	Year-on-year reductions consistent with overall targets
Physical and Transition risks		Impact of climate change on GDP and the effect of this on transaction volumes and revenue		Whilst, this information is relevant to the scenario analysis conducted in 2022, in 2023 climate was continually assessed and the Group's stance on climate remains unchanged: climate does not currently possess a material risk to the business. We will continue to monitor these value drivers over time to determine if there are any material changes to our climate-risk exposure.
		REC, PPA, EV costs, and shadow cost of carbon		
		Electricity, fuel & carbon costs		
		Asset level physical risk assessments of key sites		

Group Chief Financial Officer's Review

Financial review

	2023 USD'000	2022 ⁶ USD'000	change
Select financials			
Revenue	490,132	435,535	12.5%
Underlying EBITDA ¹	200,330	177,653	12.8%
Underlying EBITDA margin ¹	40.9%	40.8%	10bps
Profit for the year	66,507	79,154	(16.0%)
Underlying net income ¹	82,243	85,930	(4.3%)
Underlying basic earnings per share (USD cents) ¹	15.4	15.6	(1.3%)
Reported basic earnings per share (USD cents)	12.4	14.3	(13.3%)
Underlying free cash flow (u. FCF) ¹	95,623	81,779	16.9%
Cash flow from operating activities	181,347	119,202	52.1%
Leverage ²	0.6x	0.7x	(0.1)x
Segment results			
Merchant Services revenue	231,942	180,511	28.5%
Outsourced Payment Services revenue	250,719	242,510	3.4%
Other revenue ³	7,471	12,514	(40.3%)
Merchant Services contribution margin ¹	69.8%	71.5%	(170)bps
Outsourced Payment Services contribution margin ¹	70.6%	70.6%	-
Geographical results			
Middle East revenue	354,088	285,547	24.0%
Africa revenue	134,740	142,674	(5.6%)
Other revenue ⁴	1,304	7,314	(82.2%)
Key Performance Indicators⁵			
Total Processed Volume (TPV) (USD m)	59,197	45,905	29.0%
Total number of credentials hosted (m)	18.1	18.0	0.6%
Total number of transactions (m)	1,588.6	1,294.0	22.8%

1 This is an Alternative Performance Measure (APM). See notes 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Refer to pages 47 for the leverage ratio computation and reconciliation of net debt figures to the consolidated financial statements.

3 Other revenue under Segment results primarily includes cash advance fees on withdrawals from ATMs, foreign exchange gains/(losses) arising from the Merchant Services and Outsourced Payment Services business lines, and revenues recognised relating to the Mastercard strategic partnership.

4 Other revenue under Geographical results includes some revenue recognised relating to the Mastercard strategic partnership.

5 For KPIs definition, please refer to page 47.

6 In reviewing the recognition of revenues in the Merchant Services business, the Group identified an adjustment required to the recognition of non-recurring revenues which are charged to some merchants to enable access to the Network's payment processing ecosystem. Such revenues and associated costs should be recognised over the average contractual period of the merchant's contract, which is typically three years. Previously, these revenues and costs were fully recognised within the financial year during which the services were provided. The impact of the restatement in 2022 is a reduction of USD 2.8 m to revenue, USD 1.9 m in associated expenses and USD 0.9 m to underlying EBITDA. There is no impact on operating cashflows. Full details can be found within Note 5 to the consolidated financial statements.

Total revenue

Total revenue in the year increased by 13% y/y to USD 490.1 million (2022²: USD 435.5 million), or 15% y/y in constant FX³.

Revenue results by operating segments

Merchant Services revenue

Merchant Services is focused on direct-to-merchant payment services in the UAE, Jordan and Africa,

representing 47% of total revenue (2022²: 41%). Merchant Services revenue grew 28% y/y to USD 231.9 million (2022²: USD 180.5 million), or 31% y/y in constant FX³. Momentum was very strong in the year, largely due to supportive underlying market conditions and consumer confidence in the UAE, particularly our performance in the SME segment. Revenue from value-added-services also increased significantly in the year, driven by the rollout and uptake of

new capabilities, particularly data and information services through Merchant Dashboards, as well as sector specific food/beverage and SME solutions.

Total Processed Volume (TPV⁴), which represents the monetary volume of consumer purchases processed by the Merchant Services business, grew 29% y/y to USD 59.2 billion (2022: USD 45.9 billion) or 30% in constant FX³. This was supported by good growth across all regions, despite continued challenging macroeconomic conditions in South Africa, and to some extent in Jordan towards the end of the year due to geopolitical issues in the surrounding region. The strong overall TPV performance was also driven by growth across strategic focus segments, with online TPV (excl. Government) up 51% y/y, and SME TPV accelerating in the year, up 53% y/y.

TPV trends in the UAE and Jordan: domestic TPV (which represents spending from consumers domiciled in the region) increased 24% y/y, driven by a buoyant economic environment and strong consumer confidence. International TPV (which represents consumer spending by overseas visitors) grew 55% y/y, an ongoing reflection of the region as a highly attractive tourist destination.

Contribution¹ for the Merchant Services segment increased 25% to USD 161.9 million (2022²: USD 129.1 million). Contribution margin¹ was down to 69.8% (2022²: 71.5%), with strong revenue performance and direct cost leverage offset by a non-recurring chargeback event during the year. Without this chargeback event, contribution margin would have been slightly higher y/y.

Outsourced Payment Services revenue

Outsourced Payment Services supports customers across two main business lines; i) Issuer processing, where Network supports payment credential issuing customers in enabling their consumers to 'make payments' by managing and processing their

1 This is an Alternative Performance Measure (APM). See notes 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figures have been restated. Please refer to note 5 of the consolidated financial statements.

3 For constant FX definition, please refer to page 47.

4 TPV - Total Processed Volumes - the aggregate monetary volume of purchases processed by the Group within its Merchant Services business line.

consumer payment credentials and transactions. This represents the majority of revenue in the business line; ii) Acquirer processing, where Network enables FIs, fintechs and, indirectly, their merchant customers to 'take payments' from consumers. Outsourced Payment Services represents 51% of total Group revenue (2022²: 56%).

Revenue increased by 3% y/y to USD 250.7 million (2022: USD 242.5 million), or 5% y/y in constant FX³.

In regard to KPI trends, transactions increased 23% y/y, whilst credentials were broadly flat y/y due to portfolio rationalisation and client reduction across some African regions, particularly those which are seeing broader macroeconomic challenges and currency devaluation. The Middle East delivered particularly strong growth, driven by core card hosting and transaction processing services across the portfolio, which more than offset slower trading in some parts of Africa given the tougher macro-economic conditions in Egypt, Nigeria and South Africa. The overall momentum in new business wins, cross-selling and expansion of existing client portfolios remains positive; including the signing of over 16 new customers including Mobile Network Operators during 2023.

Contribution¹ for the Outsourced Payment Services segment increased 3% y/y, to USD 176.9 million (2022: USD 171.1 million), with margins flat y/y of 70.6% (2022: 70.6%).

Other revenue, not allocated to an operating segment

The Group's other revenue of USD 7.5 million (2022: USD 12.5 million) is mainly derived from cash advance fees on withdrawals from ATMs, foreign exchange gains/(losses) arising from the Merchant Services and Outsourced Payment Services business lines, and revenue recognised relating to the Mastercard strategic partnership. The decline y/y largely reflects lower revenues recognised relating to Mastercard during 2023.

Revenue results by geography

Middle East

The Group's largest geography is the Middle East, representing 72% of Group revenue in the year (2022: 66%). Revenue increased 24% y/y to USD 354.1 million (2022²: USD 285.5 million), supported by particularly strong growth in our home market of the UAE. The other major market in the Middle East is Jordan, where trading was strong for the first 9 months of the year, with a softening towards the end of year linked to conflict in the surrounding region causing a slowing of international visitors.

Africa

Revenue in Africa represented 27% of total revenue in the year (2022: 33%) and was down (6)% y/y to USD 134.7 million (2022: USD 142.7 million), or flat y/y in constant FX³. Revenue growth was positive y/y and relatively stronger in H1, with revenue declining y/y in H2, where performance in Egypt, Nigeria and South Africa was particularly challenging, largely linked to weaker macroeconomic conditions and currency devaluation. In particular, currency devaluation and broader economic pressures in Egypt and Nigeria led to a number of pricing renegotiations initiated by bank customers. Outside of external factors, the business also experienced slower outsourcing of payment processing activities and new business development.

Expenses and other line items

	Reported	2023 USD'000 Specially disclosed items	Underlying results ¹ (A)	Reported	2022 USD'000 Specially disclosed items	Underlying results ¹ (B)	Change (A&B)
Expenses							
Salaries and allowances ²	104,022	-	104,022	95,357	-	95,357	9.1%
Bonus and sales incentives ²	16,524	-	16,524	15,389	-	15,389	7.4%
Share-based compensation	9,723	-	9,723	5,952	-	5,952	63.3%
Terminal and other benefits	13,838	-	13,838	12,600	-	12,600	9.8%
Total personnel expenses	144,107	-	144,107	129,298	-	129,298	11.5%
Technology and communication costs	60,624	-	60,624	56,709	-	56,709	6.9%
Third-party processing services costs	25,274	-	25,274	26,080	-	26,080	(3.1%)
Legal and professional fees	34,979	(10,293)	24,686	21,473	-	21,473	15.0%
Other general and administrative expenses ²	26,632	-	26,632	21,400	-	21,400	24.4%
Selling, operating and other expenses	147,509	(10,293)	137,216	125,662	-	125,662	9.2%
Expected credit losses and other provisions	8,479	-	8,479	2,922	-	2,922	190.2%
Total expenses	300,095	(10,293)	289,802	257,882	-	257,882	12.4%
Other line items							
Depreciation and amortisation	78,642	(7,024)	71,618	71,429	(10,526)	60,903	17.6%
Net Interest expense	26,397	-	26,397	18,547	-	18,547	42.3%
Unrealised foreign exchange losses/(gains)	6,001	-	6,001	(2,639)	-	(2,639)	(327.4%)
Taxation	12,490	1,581⁴	14,071	13,332	1,581⁴	14,913	(5.6%)

1 This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figure has been restated. Please refer to note 5 of the consolidated financial statements.

3 For constant FX definition, please refer to page 47.

4 SDI relating to amortisation of acquired intangibles in the above table is shown at a gross level i.e. amortisation and its related tax impact are shown in their respective line items.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Expenses: Total expenses (personnel expenses, selling, operating and other expenses and provision for expected credit losses and other provisions) were USD 300.1 million (2022²: USD 257.9 million), with Specially Disclosed Items (SDIs) of USD 10.3 million (2022: USD nil), mainly relating to legal and professional fees associated with the recommended cash acquisition of the Group. Underlying total expenses¹ grew 12% y/y reflecting our ongoing investment in the business and people.

Personnel expenses: Personnel expenses totalled USD 144.1 million in the year (2022²: USD 129.3 million), with growth of 11.5% y/y driven by; i) higher share based compensation; ii) disciplined expansion in headcount across both business lines to further accelerate revenue momentum; and iii) inflation plus linked salary increases to retain talent.

Selling, operating and other expenses and expected credit losses and other provisions: Total selling, operating and other expenses and expected credit losses and other provisions were USD 156.0 million (2022²: USD 128.6 million), including SDIs of USD 10.3 million (2022²: USD nil). Underlying selling, operating and other expenses and expected credit losses and other provisions¹ grew 13.3% y/y to USD 145.7 million (2022²: USD 128.6 million), with growth mainly attributable to; i) investments in products and capabilities directly associated with revenue generation across both business lines and; ii) costs relating to investments in new growth opportunities, including our market entry into the Kingdom of Saudi Arabia; and iii) a chargeback event (USD 5.8 million) which was predominantly confined to the 2023 financial year, and subsequent to which processes and agreements with the merchant have been adjusted to minimise future losses.

Underlying EBITDA¹

Underlying EBITDA¹ increased by 13% to USD 200.3 million (2022²: USD 177.7 million), with an underlying EBITDA margin¹ of 40.9%, up 10 bps y/y (2022²: 40.8%). The y-o-y revenue growth and business operating leverage was partially offset by incremental cost for investment in people and future revenue generating opportunities.

The table below presents a reconciliation of the Group's reported profit to underlying EBITDA¹.

	2023 USD'000	2022 USD'00
Profit for the year²	66,507	79,154
Depreciation and amortisation	78,642	71,429
Net interest expense	26,397	18,547
Unrealised foreign exchange losses/(gains)	6,001	(2,639)
Gain on sale of subsidiary	-	(2,170)
Taxation	12,490	13,332
Specially disclosed items affecting EBITDA	10,293	-
Underlying EBITDA^{1,2}	200,330	177,653

Depreciation and amortisation

The Group's total depreciation and amortisation (D&A) charge was USD 78.6 million (2022: USD 71.4 million). Higher y/y mainly due to higher capital expenditure during the year partially offset by the lower charge for amortisation on acquired intangibles (shown as SDIs) of USD 7.0 million (2022: USD 10.5 million), as the Emerging Market Payments (EMP) acquired intangibles have been fully amortised. The Group's underlying D&A¹ increased by 17.6% to USD 71.6 million (2022: USD 60.9 million).

Net interest expense

The Group's net interest expense increased by USD 7.9 million y/y to USD 26.4 million (2022: USD 18.5 million), mainly due to a higher effective interest rate on the term loan facility of c.7% in 2023 versus c.4% in the prior year, despite the lower term loan balance.

	2023 USD'000	2022 USD'000	Comments
Interest expense on:			
Term loan facilities ³	21,715	13,776	Largely represents interest and other fees. Average balance in 2023: USD 296.9m. Average interest rate of 7.0% for the year (7.4% as at 31 Dec 2023). Average balance in 2022: USD 356.2m. Average interest rate of 3.7% for the year (6.6% as at 31 Dec 2022).
Revolving credit facility	-	208	RCF outstanding balance was fully repaid during Q1-2022.
Bank overdrafts	2,250	1,996	Relates to interest and commitment fees on overdraft facilities for settlement related working capital.
Debt issuance amortisation	1,581	1,766	Amortisation of debt issuance costs associated with the term loan and revolving credit facility.
Other interest expense	3,533	2,135	Relates to interest charges on lease liabilities arising from recognition of right of use assets.
Interest income	(2,682)	(1,334)	Relates to interest income on bank deposits.
Net interest expense	26,397	18,547	

¹ This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

² Comparative figures have been restated. Please refer to note 5 of the consolidated financial statements.

³ Includes DPO term loan facility.

Unrealised foreign exchange (losses)/gains

Unrealised net foreign exchange (losses)/gains primarily relate to the Group's foreign currency denominated assets and liabilities. During the year, these totalled USD (6.0) million (2022: USD 2.6 million) mainly due to the depreciation of local currencies in Egypt and Nigeria.

Taxation

The Group's total tax charge during the year was USD 12.5 million (2022: USD 13.3 million) which includes a SDI of USD (1.6) million (2022: USD (1.6) million), mainly relating to taxes on acquired intangibles. The underlying tax expense was USD 14.1 million (2022: USD 14.9 million) with underlying effective tax rate of 14.6% (2022²: 14.8%).

Profit for the year, underlying net income¹, reported and underlying EPS¹

Profit for the year totalled USD 66.5 million (2022²: USD 79.2 million). Underlying net income¹ decreased by 4.3% to USD 82.2 million (2022: USD 85.9 million). The table below presents a reconciliation of the profit for the year to underlying net income¹.

	2023 USD'000	2022 USD'000
Profit for the year²	66,507	79,154
Gain on disposal of a subsidiary (Mercury)	-	(2,170)
Specially disclosed items affecting EBITDA	10,293	-
Specially disclosed items affecting net income	5,443	8,946
Underlying net income^{1,2}	82,243	85,930

Reported basic earnings per share for the year totalled 12.4 USD cents (2022²: 14.3 USD cents) and underlying basic Earnings Per Share (EPS)¹ decreased by (1.3)% to 15.4 USD cents (2022²: 15.6 USD cents). The weighted average share count decreased to 529,321,515 (2022: 552,291,780) mainly due to the cancellation of 23,353,097 shares which were repurchased during the year.

	2023 USD'000	2022 USD'000
Underlying net income^{1,2} (USD'000)	82,243	85,930
Non-controlling interest (USD'000)	(818)	25
Underlying net income - attributable to equity holders² (USD'000)	81,425	85,955
Weighted average number of shares ('000)	529,322	552,292
Underlying basic earnings per share¹ (USD cents)	15.4	15.6

Specially disclosed items (SDIs)¹

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

SDIs affecting EBITDA during the year totalled USD 10.3 million (2022: nil), mainly due to transaction costs associated with the recommended cash acquisition of the Group.

SDIs affecting net income totalled USD 5.4 million (2022: USD 8.9 million), due to the amortisation of acquired intangibles (net of deferred tax impacts) associated with the acquisition of DPO Group in 2021. The y/y decrease in SDIs affecting net income is due to the amortisation charge associated with the acquisition of EMP in 2016. The amortisation period ended in February 2023.

	2023 USD'000 (A)	2022 USD'000 (B)	Change (A&B)
Items affecting EBITDA			
Recommended cash acquisition related costs	10,293	-	-
Total SDIs affecting EBITDA	10,293	-	-
Items affecting net income			
Amortisation and tax on acquired intangibles ³	5,443	8,946	(39%)
Total SDIs affecting net income	5,443	8,946	(39%)
Total SDIs	15,736	8,946	76%

Cash flow

The Group's net cash flow from operating activities was USD 181.3 million (2022: USD 119.2 million), an increase of USD 62.1 million y/y, mainly due to the Group's underlying business performance, reflecting higher underlying EBITDA¹ which increased by USD 22.7 million y/y and a positive movement in working capital balances.

1 This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figure has been restated. Please refer to note 5 of the consolidated financial statements.

3 Amortisation charge of USD 7.0 million on the intangible assets recognised in the Group's consolidated statement of financial position from the acquisition of DPO Group in 2021, net of a tax related impact of USD (1.6) million from the acquisition of DPO.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

Net cash outflows from investing activities was USD (72.1) million (2022: USD (59.7) million), an increase of USD 12.4 million largely reflecting higher capital expenditure payments of USD (9.4) million and a one-off proceed present in 2022 from the sale of subsidiary Mercury of USD 4.3 million.

Net cash movement from financing activities was USD (140.7) million (2022: USD (137.7) million), mainly reflecting: i) cash outflows of USD (54.2) million for the share buyback programme; ii) a scheduled repayment of the syndicated loan facility of USD (75.5) million; and iii) payment of lease liabilities.

	2023 USD'000	2022 USD'000	Change
Net cash movement from operating activities	181,347	119,202	52.1%
Net cash movement from investing activities	(72,133)	(59,744)	20.7%
Net cash movement from financing activities	(140,682)	(137,740)	2.1%

Share buyback programme

On 11 August 2022 we announced the intention to complete a USD 100 million share buyback programme (the 'Initial Programme'). Given the business's strong cash generation and leverage position below the 1-2x average target range, the buyback programme was an opportunity to return excess capital to shareholders whilst maintaining future flexibility to invest in accelerating growth.

The Initial Programme for the buyback of shares up to an aggregate purchase price of USD 50 million was completed on 27 January 2023. The Group initiated a second tranche of the programme for the buyback of a further USD 50 million worth of shares following the completion of the Initial Programme.

As announced on 9 June 2023, after having purchased the majority of the planned buyback programme equivalent to an aggregate value of USD 44 million of shares, the second tranche of the Buyback Programme was cancelled following the Group's announcement regarding the recommended acquisition by Brookfield and its affiliates. Overall, the Group purchased a total of 28,353,097 ordinary shares, out of which 23,353,097 shares were cancelled, returning a total of USD 94 million to shareholders through the share buyback programme.

Underlying free cash flow¹

Underlying Free Cash Flow¹ (underlying FCF) is USD 95.6 million (2022: USD 81.8 million), with the y/y improvement driven by higher underlying EBITDA¹, positive impact of changes in working capital before settlement related balances, offset by higher capital expenditure and SDIs affecting EBITDA.

	2023 USD'000	2022 USD'000	Change
Profit for the year²	66,507	79,154	(16%)
Depreciation and amortisation	78,642	71,429	10%
Net interest expense	26,397	18,547	42%
Unrealised foreign exchange (gains)/losses	6,001	(2,639)	(327%)
Taxation	12,490	13,332	(6%)
Gain on disposal of a subsidiary	-	(2,170)	(100%)
Specially disclosed items affecting EBITDA	10,293	-	-
Underlying EBITDA^{1,2}	200,330	177,653	13%
Changes in working capital before settlement related balances ²	2,566	(27,952)	(109%)
Taxes paid	(10,362)	(8,773)	18%
Total capital expenditure	(86,618)	(59,149)	46%
Specially disclosed Items affecting EBITDA	(10,293)	-	-
Underlying free cash flow^{1,2}	95,623	81,779	17%
Underlying free cash flow conversion^{1,2}	48%	46%	2%

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

	2023 USD'000	2022 USD'000	Change
Net cash inflows from operating activities	181,347	119,202	52%
Changes in scheme debtors and merchant creditors, long-term receivables and other liabilities ²	(5,216)	14,741	(135%)
Charge for share-based payment	(9,723)	(5,952)	63%
Interest paid	24,312	15,859	53%
Expected credit losses and other provisions	(8,479)	(2,922)	190%
Underlying free cash flow before capital expenditure²	182,241	140,928	29%
Total capital expenditure	(86,618)	(59,149)	46%
Underlying free cash flow^{1,2}	95,623	81,779	17%

1 This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figure has been restated. Please refer to note 5 of the consolidated financial statements.

Capital expenditure

	2023 USD'000	2022 USD'000	Change
Total capital expenditure	86,618	59,149	46%
Core capital expenditure:	78,159	53,430	46%
of which is maintenance capital expenditure ¹	26,969	19,872	36%
of which is growth capital expenditure ¹	51,190	33,558	52%
Kingdom of Saudi Arabia market entry	8,459	4,778	77%
Separation of shared services from Emirates NBD	-	941	100%

Maintenance capital expenditure relates to spending on additions or improvements to the existing operations of the Group. Maintenance capital expenditure totalled USD 27.0 million in the year (2022: USD 19.9 million), an increase over the prior year mainly due to the enhancement and upkeep of our technology infrastructure, including database and system upgrades, which have supported a significant improvement in client experience.

Growth capital expenditure relates to spends that are associated with delivering revenue growth, including but not limited to the onboarding of new customers, expansion of services with existing customers or the development of new product offerings. Growth capital expenditure totalled USD 51.2 million (2022: USD 33.6 million), with the increase relating to: i) investment in new POS terminals to support the record SME client wins; and ii) investment in enhancing our product capabilities, including the onboarding of new financial institution customers in Outsourced Payment Services.

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

	2023 USD'000	2022 USD'000	Change
Total capital expenditure	86,618	59,149	46%
Goods/services received in the current year, but yet to be paid	(22,852)	(11,963)	91%
Goods/services received in the prior year, and paid in the current year	11,048	18,222	(39%)
Total capital expenditure spend (as per consolidated statement of cash flows)	74,814	65,408	14%

Working capital

	2023 USD'000	2022 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors	541,021	336,728	(204,293)
Merchant creditors	(504,491)	(285,791)	218,700
Restricted cash	155,828	119,357	(36,471)
Settlement related working capital balances	192,358	170,294	(22,064)

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

1. Settlement related working capital

Movements in settlement related working capital balances are linked to the direct-to-merchant business line funding cycle and represent those from the UAE, Jordan and from Africa (includes DPO). During the year, there was a net settlement balances outflow of USD (22.1) million, largely due to the timing of the weekend and resultant settlement flows in Jordan at the end of 2023 as compared to the end of 2022.

Scheme debtors and merchant creditors: Merchant creditor and scheme debtor balances generally reflect TPV processed in the direct-to-merchant business line in the immediately preceding days before the year end, as well as a number of other factors that can include the day of the week and the mix of domestic and international volumes.

In the UAE and Jordan, which represents the majority of the balances: merchants generally receive funds before Network obtains settlement from the card schemes and financial institutions, resulting in larger scheme debtor balances when compared to merchant creditor balances. The majority of merchants receive settlement on a T+1 basis following a consumer transaction. Network usually receives funds from the payment schemes on a T+2/3 basis, and from financial institutions on a T+1 basis. In 2023 the period ended on a Sunday. In the UAE, this was a weekend day and therefore no settlement occurred, making both scheme debtor and merchant creditor balances higher than the prior year. The y/y change in the merchant creditor balance was largely offset by the y/y change in the scheme debtor balance. However, in Jordan, the 2023 merchant creditor balance declined y/y which was larger than the decline in the scheme debtor, driving much of the overall outflow for the Group. This resulted from weekend timings, with Sunday being a working day in Jordan, compared with the prior year which was a weekend when no settlement was made to merchants.

In Africa (DPO), payments to merchants are made after DPO has received settlement from banks and mobile network operators and results in larger merchant creditor balances when compared to scheme debtor balances.

Restricted cash: Restricted cash largely represents balances specifically due to merchants.

¹ This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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.

The Group's restricted cash balances have increased overall, as part of a strategy to manage merchant and fraud risk. The increase in restricted cash balances is broadly offset by a matching balance due to the merchants in the merchant creditor line, therefore having little impact on the Group's net settlement movement for the year.

2. Other working capital balances

This represents the amount of capital used by the Group to fund its day-to-day trading operations, outside of the direct acquiring business. The working capital before settlement related balance of USD 6.0 million is 1 % of Group revenue.

	2023 USD'000	2022 USD'000	Change USD'000
Trade receivables and chargeback receivables (Net of expected credit losses and other provisions)	72,221	77,301	5,080
Prepayments and other receivables²	26,356	20,037	(6,319)
Trade, other payables and income tax payables²	(162,227)	(132,124)	30,103
Total	(63,650)	(34,786)	28,864
Items excluded³:			
Capital expenditure accrual	26,182	14,378	(11,804)
Lease liabilities – current portion	5,861	4,262	(1,599)
Interest payable	215	223	8
Expected credit losses and other provisions	8,479	2,922	(5,557)
Tax liabilities	19,629	20,469	840
Other movements	9,308	1,122	(8,186)
Working capital changes²	6,024	8,590	2,566

Debt

The Group's total debt, including current borrowings, amounted to USD 430.4 million (2022: USD 500.6 million).

	2023 USD'000	2022 USD'000	Change
Syndicated term loan			
Principal outstanding	262,500	337,500	(22%)
Unamortised debt issuance cost	(2,177)	(3,515)	(38%)
Net amount included in borrowings	260,323	333,985	(22%)
Other term loan	6,359	7,365	(14%)
Bank overdraft	163,712	159,287	3%
Total	430,394	500,637	(14%)
Non-current borrowings	185,323	265,291	(30%)
Current borrowings	245,071	235,346	4%
Total	430,394	500,637	(14%)

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. We have since made scheduled repayments of USD 37.5 million in 2022 and USD 75.0 million in 2023.

Our leverage ratio¹, which represents net debt¹ to underlying EBITDA¹, is calculated as per the methodology provided in the financing facility agreement with the lending banks. Under this agreement net debt excludes; a) the overdraft facilities which are mainly used to fund settlement related working capital balances and; b) restricted cash balances. EBITDA is measured on an underlying basis over the last twelve-months. Financial covenants limits are set at 3.5x net debt: underlying EBITDA¹.

Leverage ratio¹

	2023 USD'000	2022 USD'000
Net debt	112,581	118,683
Underlying EBITDA ^{1,2,4}	200,330	177,653
Leverage ratio	0.6x	0.7x

1 This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figure has been restated. Please refer to note 5 of the consolidated financial statements.

3 These items are excluded as they are either shown separately in the consolidated statement of cash flows or are non-cash in nature.

4 Underlying EBITDA for leverage ratio computation is for the last twelve-month year.

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

Particulars	2023 USD'000	2022 USD'000
Non-current borrowings	185,323	265,291
Current borrowings	245,071	235,346
Cash balance	(158,542)	(234,402)
	271,852	266,235
Less: Working capital facility overdraft	(163,712)	(159,287)
Add: Unamortised debt issuance cost	2,177	3,515
Other adjustments ³	2,264	8,220
Net debt as per the financing facility agreement	112,581	118,683

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

Net debt movement	2023 USD'000	2022 USD'000
Opening balance	118,683	127,724
Repayment of borrowings		
Term loan	(75,000)	(37,500)
Revolving credit facility	-	(35,000)
ATM lease liabilities	-	(191)
Other bank loans	(1,006)	(1,389)
Cash balances	75,860	35,943
Cash balances of held for sale entity (70%)	-	1,833
Others ⁴	(5,956)	27,263
Closing balance	112,581	118,683

Definitions

Constant FX revenue

Constant FX revenue is current year revenue recalculated by applying the average exchange rate of the prior year to enable comparability with the prior year revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP). The other non-US pegged currencies that have an impact on the Group as a result of foreign operations in South Africa, Ghana and Kenya are the South African Rand (ZAR), Ghanaian Cedi (GHS) and Kenyan Shilling (KES), respectively. The table shows the average rate of these currencies vs USD for the year ended 31 December 2023 and 2022.

Currency rate vs USD	2023 Average rate	2022 Average rate
Egyptian Pound (EGP)	30.8	19.4
South African Rand (ZAR)	18.4	16.3
Ghanaian Cedi (GHS)	12.0	8.4
Nigerian Naira (NGN)	611.0	427.6
Kenyan Shilling (KES)	138.9	122.8

Key Performance Indicators

To assist in comparing the Group's financial performance from year-to-year, 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.

Number of credentials hosted

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

Number of transactions

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

Rohit Malhotra

Group Chief Financial Officer and Group Chief Strategy Officer

27 March 2024

1 This is an Alternative Performance Measure (APM). See note 4 and 6 of the consolidated financial statements for APMs definition and the reconciliations of reported figures to APMs.

2 Comparative figure has been restated. Please refer to note 5 of the consolidated financial statements.

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

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

Introduction from the Chief Risk Officer and Group Company Secretary

Overview

In 2023, key strategic investments were made specifically towards the automation of crucial risk management disciplines, including sanction screening, Anti-Money Laundering (AML), and fraud monitoring capabilities. This forward-looking approach solidifies our commitment to staying at the forefront of technological advancements in order to uphold the highest standards of compliance and security in our operations. Our oversight of third-party vendors and the supply chain continues to be reinforced as we successfully implemented the Vendor Risk Management (VRM) Policy and processes in the DPO business. To support our continuous business expansion across the Middle East and Africa, we re-evaluated our risk appetite, principal risks and emerging risks, and these were approved by the Board. In maintaining our commitment to environmental, social and governance responsibilities, we have initiated a supplier engagement programme to aid in reducing our Scope 3 emissions. We have also enlisted the expertise of sustainability consultants to evaluate our facilities and further reduce our Scope 2 emissions.

Our principal and emerging risks

Significant time and focus were given to monitoring the principal and emerging risks of the Group given the dynamic landscape and regulatory challenges in the region, as governments continue to refine and update financial regulations. The competitive nature of the market adds pressure to innovate continually, adapting to changing customer preferences. Technological evolution introduces both opportunities and challenges, as emerging technologies including blockchain and cryptocurrencies reshape traditional payment concepts. Striking a balance between innovation and security

becomes paramount. Cyber security threats also remained in focus, with the potential for data breaches and cyberattacks posing significant financial and reputational risks. Fraud and financial crimes, including identity theft and money laundering, continue to demand vigilant risk management strategies. 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 2024 since the current principal risks adequately define the overall risks to the Group. Based on the economic uncertainties in the region, and the complex interplay of regulatory, technological and operational risks, some changes were made to the linked KRIs and underlying thresholds to reinforce the Group's current principal risk framework.

For 2023, 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 risk in the region, our overall risk has remained stable due to continuous investments in the Group's infrastructure, resources, governance model and internal control framework.

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.

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.

The following section contains information about the principal risks, their potential impact, our risk appetite and the link to our strategic priorities.


<p>Link to strategic priorities</p> <ol style="list-style-type: none"> 1 Faster sign-up of merchants and financial institutions 2 Grow the merchant base 3 Access new revenue pools <ol style="list-style-type: none"> 1 Harness the power of partnerships 2 Add new revenue streams to every transaction 3 Be the e-commerce champion in the region 	<p>Risk trends defined</p> <p> Decrease in principal risk impact and/or probability at residual level.</p> <p> No change in principal risk impact and/or probability at residual level.</p> <p> Increase in principal risk impact and/or probability at residual level.</p>	<p>Risk appetite rating defined</p> <p>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.</p> <p>Informed An approach which we feel could deliver reasonable rewards, economic or otherwise, by managing the risk in an informed way.</p> <p>High Willing to consider opportunities with higher levels of risk in exchange for potential greater reward.</p>
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Cyber Security

Strategic priorities



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


Risk impact	Progress during 2023	Plan for 2024	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.	<ul style="list-style-type: none"> ▶ Improved vulnerability management across the Group by 80%, moving patching within appetite for the first time in two years. ▶ Delivered improvements in Cloud Security, closing down risk areas highlighted through previous audits while maximising the benefits of SaaS implementations for the Group. ▶ Reduced tool duplication, saving c.USD 2m while optimising security tooling to be more efficient and effective at reducing our attack surface. ▶ Enforced Privileged Access Management controls within the Change Management processes of Technology so that all changes to critical systems require 'break glass' controls. ▶ Expanded Security Operations Centre (SOC) monitoring across all regions through a single outsourced team, unified in-house expertise delivering greater visibility and situational awareness. 	<ul style="list-style-type: none"> ▶ Continue to optimise Cloud Security controls across the multiple new Cloud domains being introduced. ▶ Implement new Data Security controls to improve and enhance data classification and data leakage protections. ▶ Expand the Security Tooling team across all regions to drive greater consolidation of tools, continuing to deliver cost reductions while optimising tools of choice. ▶ Optimise Client Servicing Access Management controls to better support our clients through automated account resets. 	<p> Cybersecurity risks remain high risk as ongoing conflicts in the Middle East have led to a rise in targeted cyberattacks in the region.</p> <p>Distributed Denial of Service (DDoS) attacks across the payments industry increased in frequency, duration, and sophistication, with attackers using multiple vectors. Organisations are facing rising threats from Advanced Persistent Threat (APT) groups, using sophisticated tactics to exploit and compromise digital assets.</p> <p>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.</p>

Strategic priorities



Operational Resiliency

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 2023	Plan for 2024	Risk trend
<p>Inadequate 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.</p> <p>An unexpected disruption to operational performance that may cause damage to customer relations or financial loss to the business.</p>	<ul style="list-style-type: none"> Continued with automation and optimisation of processes across regions to enable scale in processing volumes, faster turnaround times and enhanced controls. Optimised existing automation solutions through re-engineering and re-design at back office to deliver more efficiencies across all regions. Initiated a project in Africa to enable high availability on our Network One platform to continue to expand our resilience and always on services across the Group. We continued to implement PCI PIN mandate phase 2 for various clients to adhere to industry standard security practices. Switch components for API integration have been upgraded to be more resilient by implementing Active-Active across sites. Enhanced resiliency by improving authorisation time at network layer of switch systems and implemented auto-recovery of Host-Host connection failures. 	<ul style="list-style-type: none"> Introduce new system reports to monitor maintenance performed versus requests received. Enhance UAE switch system to upgrade end of life critical software components. Enhance UAE switch system capacity to improve operational efficiency. Enhance UAE switch system to comply with PCI PIN Mandate Phase 3. Improve resilience and increase bandwidth for switch connectivity to in-house Cardholder Management System platforms. Continue to enhance UAE switch system to support Payment Authorisation APIs. Enhance switch system to adhere to industry standard security practices by implementing transport layer security (TLS) protocols. 	<p> Continued improvements in maintaining high availability of tier 1 systems, service levels and disaster recovery capabilities. Investments in new hardware capacity in Jordan DR, and enhanced security patching process.</p> <p>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.</p>

Strategic priorities



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.

Risk impact	Progress during 2023	Plan for 2024	Risk trend
<p>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.</p> <p>We fail to deliver critical strategic projects on time and on budget, deferring or stalling growth and increasing operational and capital expenses.</p>	<ul style="list-style-type: none"> UAE acquiring revenues significantly ahead of expectations, largely driven by the business' SME expansion strategy. Expansion of value-added-services offering and revenues across both business lines. Significant number of client wins in Saudi Arabia. High growth across majority of our Africa markets, albeit macroeconomic pressures led to slower growth in South Africa. Macroeconomic pressures and currency devaluation across Egypt and Nigeria also led to pricing pressure and slower new business development than planned. Moved local operations closer to customers in South Africa through the on-soil deployment of our Network One platform. 	<ul style="list-style-type: none"> Significant focus on new value-added-services and expansion of our value-added services offering in fraud control and customer analytics. Focus on diversification of clients across the processing business, into more mobile network operators, digital banks and fintechs. Consolidate and expand our presence in Saudi Arabia. Launch Commercial Payments services for the UAE market. Continued focus on SME strategy across the acquiring business line. 	<p> Regional geopolitical instability, currency devaluations and slower delivery in some areas.</p> <p>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.</p>

People

Strategic priorities

1 2 3 1 2 3

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

Risk impact	Progress during 2023	Plan for 2024	Risk trend
We are unable to effectively manage our workforce to ensure consistent delivery of the Group's strategy and/or operational performance.	<ul style="list-style-type: none"> Launched leadership training programmes in Egypt, Jordan and UAE to cultivate potential future leaders with a focus on instigating and driving transformative change. 65 aspiring leaders were enrolled and completed the training workshops and mentorship programmes. Introduced the Al Mostaqbal Al Emirati Management Associate Program – an immersive two-year programme to build a pipeline of high potential Emiratis, who will learn about the organisation and industry through stints in the Technology, Operations, Processing and Acquiring departments. Employee engagement surveys rolled out across the Group. For the first time, managers were given access to the tool to interpret, analyse and share their reports with their teams, with the ability to create their own action plans. 	<ul style="list-style-type: none"> Articulate a career philosophy that supports strategic goals, and design relevant job families, skills and accountabilities across the organisation. Define critical experience, knowledge, and skills necessary for career progression; identify flexible career paths within functions across the organisation. Empower managers to support employees through effective conversations and empower employees to actively manage their career choices. Create targeted Individual Development Plans for different roles and assign the right curriculum based on the skills they need to develop or acquire. Unified approach to promotion criteria based on position in the grade. 	<p>Engaged workforce with moderate regretted attrition levels.</p> <p>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 our customers.</p>

Compliance

Strategic priorities

1 2 3 1

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.

Risk impact	Progress during 2023	Plan for 2024	Risk trend
A breach of or noncompliance with legal or regulatory standards leading to penalties, sanctions or reputational damage.	<ul style="list-style-type: none"> AML screening and monitoring processes have been automated in UAE through implementation of state-of-the-art AML solution. Completed the annual compliance assurance review in line with the annual compliance monitoring plan. We continue to monitor any changes in the regulatory ecosystem and introduction of new regulatory requirements or amendment to existing ones across markets. Compliance capabilities in the Group's regulated markets have been strengthened by appointing compliance officers in local markets, streamlining compliance policies and procedures, automation of monitoring processes and conducting assurance reviews. 	<ul style="list-style-type: none"> Automation of AML monitoring process in the Group's regulated markets including South Africa and KSA. Continue to implement new and revised regulatory requirements as and when required. Enhance the Group's staff training and awareness programme with focus on specialised training for specific departments. Enhance compliance monitoring programme with particular focus on increasing the coverage of compliance testing. 	<p>Sanctions as a consequence of Russia-Ukraine conflict continue to evolve with new entries in the watchlists. Screening processes upgraded using automation in major markets (UAE and Jordan).</p> <p>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.</p>

Strategic priorities



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.

Risk impact	Progress during 2023	Plan for 2024	Risk trend
A geopolitical event within our markets that impacts our ability to do business or to meet our strategic objectives.	<ul style="list-style-type: none"> Annual country risk assessments have been completed in line with the annual plan. New and emerging regulatory requirements identified and monitored through the Regulatory Change Management Committee meeting periodically. 	<ul style="list-style-type: none"> Risk assessments will be conducted for the Group's markets shortlisted in the annual country risk assessment plan and on an ad hoc basis. Applicable regulatory obligations will be assessed for new market entries the Group intends to progress with. 	<p>Regional geopolitical instability and currency devaluations in some countries.</p> <hr/> <p>Risk appetite: High The Group's growth strategy is focused on markets which are more likely to be subject to higher levels of political, legal, economic and social instability than those in more developed markets.</p>

Strategic priorities



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.


Risk impact	Progress during 2023	Plan for 2024	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.	<ul style="list-style-type: none"> Adherence to Group treasury policies is an ongoing process, which has been cascaded across the Group and the implementation is in progress. Group has paid its contractual obligation on the term loan for 2023 amounting to USD 75m (USD \$37.5m each in the month of March '23 & September '23 respectively). Interest rates are continuously monitored, and the interest period is determined based on the forecasted future rates. The Group engaged with banks and shifted to an alternate risk-free term secured overnight funding rate (SOFR). 	<ul style="list-style-type: none"> To continue policy adoption and operationalisation across the Group. Continuous cash flow monitoring and opportunity to minimise FX impact is a key plan for 2024. Continuous monitoring of interest movements and evaluate hedging opportunity to cover the remaining portion of debt obligation, if needed. Repatriate funds from the countries having volatile FX nature and complexities. Continuously monitor the FX risk arising from international locations. 	<p>Group liquidity is being managed proactively to effectively enable smooth day-to-day business operations.</p> <hr/> <p>Risk appetite: Informed The Group will manage its liquidity, FX and interest rate risks in line with agreed policies and thresholds.</p>

Strategic priorities

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Third Party

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, regulations, and international standards.


Risk impact	Progress during 2023	Plan for 2024	Risk trend
A third-party provider does not meet its obligations, which negatively impacts our customer relationships, and causes disruption to business performance.	<ul style="list-style-type: none"> ▶ We strengthened our third-party risk management processes for new vendor onboarding and ongoing due diligence reviews of high and medium risk-rated vendors and implemented an Oracle-based solution with Risk and Compliance approvals being obtained through the system. ▶ Enhanced vendor risk assessment questionnaire to gain deeper insights into various aspects of vendor operations, security measures, compliance and overall risk stance. ▶ The Group's vendor risk management framework and processes were expanded to the DPO business. ▶ All significant findings identified as part of the 2022 reviews were closed in accordance with agreed-upon mitigation plans. 	<ul style="list-style-type: none"> ▶ Continue to conduct risk assessments for high and medium risk-rated vendors. ▶ Monitor and close the open risks with vendors identified through reviews. ▶ Address any contractual deficiencies identified during vendor review process, where appropriate. ▶ Refine vendor assessment questionnaire to include evaluation of Scope 2 and Scope 3 emissions of vendors. ▶ Conduct financial due diligence checks for critical vendors prior to onboarding. 	 <p>There were no service disruptions in 2023 that had a material impact on the Group.</p> <p>Risk appetite: Low The Group will not accept risks which may compromise the confidentiality, integrity and availability of its data and its customers' data.</p>

Strategic priorities

1 2 3 1 3

Fraud and Credit

Risk of compromise of card or merchant data or compromise of systems or networks or collusive merchants with the intention of performing unauthorised payment transactions for financial or non-financial gain resulting in losses to the Group or 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 2023	Plan for 2024	Risk trend
Higher level of losses resulting in material impact on reported results and material damage to reputation.	<ul style="list-style-type: none"> ▶ A 'state-of-the-art' system with artificial intelligence and machine learning driven fraud detection and deflection capabilities was implemented in UAE for fraud management. ▶ Launched value-added services to merchants to reduce chargeback losses and generate revenue for fraud management in the acquiring business. 	<ul style="list-style-type: none"> ▶ Offer fraud monitoring services to acquiring processing clients using the recently launched system. ▶ Build a centre of excellence to provide acquiring fraud monitoring services to clients and Group's direct-to-merchant portfolio. ▶ Support growth of BIN sponsored portfolio of fintech clients with enhanced due diligence and ongoing monitoring to mitigate risks. 	 <p>Fraud chargeback losses exceeded thresholds due to a government merchant's chargeback liability being with the Group unlike other merchants. Mitigation: merchant will implement full 3D secure by March 2024.</p> <p>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.</p> <p>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.</p>

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

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.

1. Disruptive technology

Disruptive technology, as an emerging risk, refers to the potential threats and challenges that organisations face when new and innovative technologies significantly alter existing markets, business models and industry landscapes. These emerging risks can have a profound impact on various aspects of an organisation, including its competitiveness, profitability and long-term viability. New technologies can quickly disrupt traditional markets, rendering existing products or services obsolete. This can result in a decline in demand for existing offerings as consumers or businesses adopt innovative alternatives.

2. Use of artificial intelligence (AI)

AI poses both opportunities and risks as an emerging technology in the payment service industry. Third-party AI tools rely on vast amounts of data, which can include sensitive customer transaction data. These externally hosted tools introduce new data security concerns to an organisation with little or no control over how the data is ingested, processed or used in their generative algorithms. This lack of transparency as to how data is used introduces new regulatory and legal concerns as well as raising the potential for customer complaints or queries based on AI generated outputs.

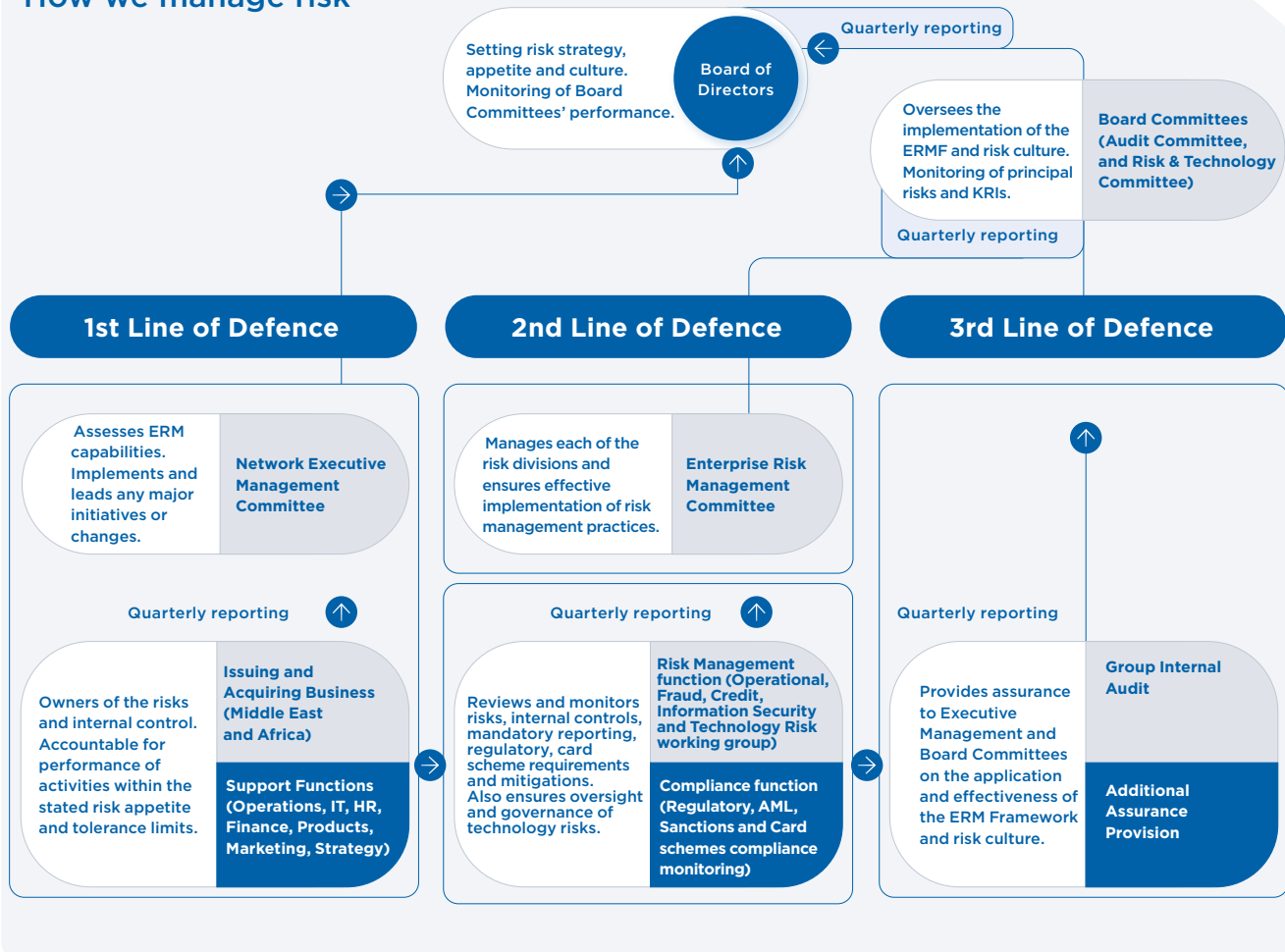
3. Sophisticated cybersecurity threats

The ever-changing cybersecurity threat landscape continues to evolve with upstream and downstream clients and agencies affected by cybersecurity incidents throughout 2023. The nature of the threats remains consistent however the complexity and parameters through which the attacks are delivered continue to evolve. The growth in Cloud utilities for consumed services, application development and infrastructure as a service reaffirms the importance of Cloud Security and API Security for digital first solution providers such as Network International.

4. Increasing geopolitical risk

The ongoing Israel-Palestine conflict carries significant potential risks for the region's economy, taking into consideration the markets that Network operates in. The impact can be both direct and indirect. Some of the ways in which the conflict can affect the economies of the region can include trade disruptions, investor confidence, travel and tourism, and increased security costs. The economic impact of the Israel-Palestine conflict in the region can vary depending on the scale and intensity of the conflict, as well as the specific economic ties each country where Network operates has with Israel and Palestine.

How we manage risk



Our approach to risk management

Risk identification

- › Consideration of initial risk information, causes, sources, events and circumstances which could have a 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 ERM 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.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

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

Reporting requirement	Internal policies and standards	Page
Environmental matters	ESG initiatives	19
	Corporate Social Responsibility	17
	Health and Safety	90
	Environmental Management Policy	20
Climate change	Corporate Social Responsibility	17
	Health and Safety	90
Colleagues	Code of Conduct	24
	Employee Charter	66
	Health and Safety	90
	Equality, Diversity and Inclusion	15
	Learning & Development	16
	Employee engagement survey	17
	Whistleblower Policy	24
Human rights	Modern Slavery Statement	25
	Code of Conduct	24
	Whistleblower Policy	24
	Group Procurement Policy	24
	Vendor Code of Conduct	24
Social matters	Corporate Social Responsibility	17
	Equality, Diversity and Inclusion Policy	15
Anti-corruption and anti-bribery	Code of Conduct	24
	Anti-Bribery and Anti-Corruption Policy	24
	Sanctions Compliance Policy	24
	Anti-Money Laundering/Counter Terrorism Funding (AML/CTF) Policy	24
	Conflicts of Interest Policy	24
	Market Abuse Regulation (MAR) Manual	24
	Whistleblower Policy	24
Business model	N/A	2
Principal risks and uncertainties	Enterprise Risk Management Framework	48
Non-financial key performance indicators	N/A	12, 14

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, 58, 89 & 102 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').

Examples of how the Board is focused on the consequences of its decision making over the long term and the impact on each of our stakeholder groups can be found on pages 12 to 13 in the Strategic Report, presenting our strategic framework, set in the context of our purpose, and the progress we have made during the year. 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 12 to 13 in this report). The Board is mindful of our purpose (described on page 2) and of maintaining and developing those relationships when reviewing the strategy. The Board has overseen the progression of our People agenda, and has ensured there are good levels of bilateral engagement with the wider workforce and a significant focus on the development and support of our employees, as fully described in the 'Our Culture and Values' section of this report on pages 14 to 18 and within our ESG section on page 24. 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 14 to 18 within the Strategic Report and on page 61 in the Corporate Governance Report).

The Company has a strategic and commercial agreement with Mastercard as described within the Governance Report on page 61. Separately at the time of the IPO, Mastercard acquired shares in the Company (as disclosed in the Directors' Report on page 71). 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
27 March 2024

Actively engaging with all of our stakeholders

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 page 57.

How we engage with our stakeholders on pages 12 to 13.

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

Throughout the year, we have maintained the highest standards of governance, meeting the standards expected by our shareholders and other stakeholders. Full details of our governance arrangements are given throughout this report.

The Board and Committees

Having constructed a high calibre, independent Board, we decided during 2023 not to make any additional appointments. Accordingly, there were no changes to the membership of our Board and its Committees during the year.

We are mindful of the revised gender targets set by the Hampton-Alexander Review and new Listing Rule, and we will take these into account should we make any further Board appointments in the year ahead. We exceed the ethnicity targets set by the Parker Review and by the Listing Rule.

The Audit Committee and the separate Risk & Technology Committee made good use of the breadth of the experience of our Independent Non-Executive Directors. The Committees have a good rhythm of work and, throughout 2023, have provided a huge level of quality support for the Board.

Considering that the Board recommended cash offer from Brookfield and its affiliates to acquire the entire issued and to be issued equity shares of the Company ('Takeover') is underway, and that comprehensive externally facilitated Board effectiveness evaluations had been carried out for the past three years, a Board effectiveness evaluation has not been carried out in 2023.

Environmental, social and governance strategy

We continue to make 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, provides 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 19 to 27.

As a Board, we continue to ensure that the Group continues to comply 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 69 nationalities represented across our workforce. We are taking active steps to recruit from all sections of society to ensure that we achieve our committed gender diversity mark of 30% across the organisation.

I am pleased that our most recent employee engagement survey produced significantly higher results than in the prior year. While aligning with the Group's ethics and culture and confirming their awareness of the channels to raise their concerns, employees also identified certain areas for improvement. We are helping our managers understand the results of their teams, prepare for team discussions and setting up action plans to address specific areas of improvement. 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 17 and 18.

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 14 to 18.

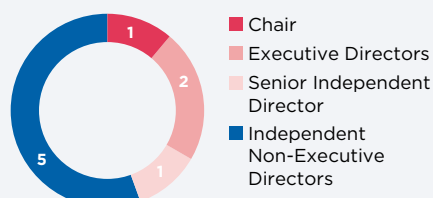
Sir Ron Kalifa OBE

Chairman
27 March 2024

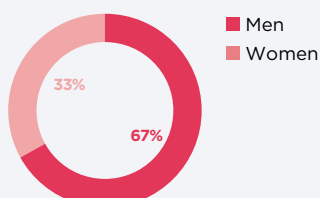
Highlights of progress made during 2023

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:

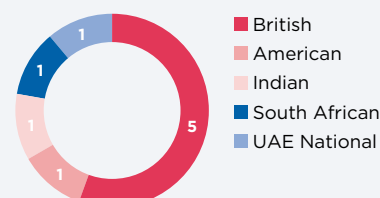
Board composition



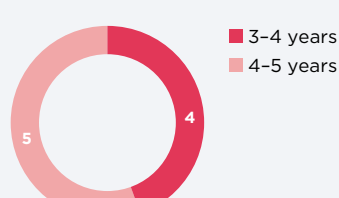
Board gender diversity



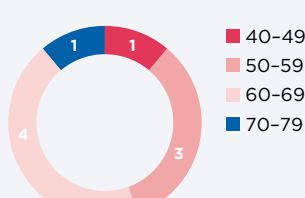
Nationality of the Directors



Board tenure

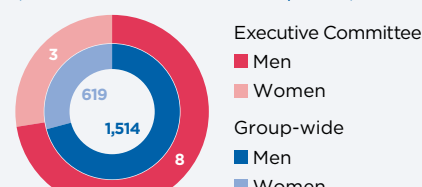


Board member ages



Gender diversity

(Executive Committee & Group-wide)



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 73 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 as on 31 December 2023**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	8	73%
Women	3	33%	0	2	3	27%

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	Number in Senior Management ²	Percentage of Senior Management
White British or other white	4	44%	1	3	1	8%	11	10%
Mixed multiple ethnic groups	0	–	0	0	0	–	0	0%
Asian/Asian British	4	44%	3	1	5	42%	47	42%
Black/African/Caribbean/Black British	0	–	0	0	1	8%	10	9%
Other ethnic group, including Arab	1	11%	0	0	5	42%	44	39%

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

² Executive management and their direct reports.

In addition to the information required by LR 9.8.6R (10), in each table above, we 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 69 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 59 to 60.

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 continue to enhance the support given to the Board within their respective areas of responsibilities.
- › 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.

Risk management and assurance:

- › The Risk & Technology Committee has a 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 technology 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, and there is an ongoing process to identify and evaluate risk, supporting our decision making and the way we manage our business.
- › The Audit Committee, in addition to providing assurance over financial disclosures, the work of the internal audit function and the financial control environment, oversees our ESG programmes and set viable targets against which progress was monitored.

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 values and behaviours, 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 the Executive Committee (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.
- › Employee engagement scores improved significantly as a result of management's improvement plans implemented during the year.
- › There are 69 nationalities represented across our workforce and we are taking active steps to recruit from all sections of society to ensure that we achieve our committed gender diversity mark of 30% 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 Vendor Code of Conduct.

BOARD OF DIRECTORS (CONTINUED)

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, Court of the Bank of England
- › Non-Executive Director, England & Wales Cricket Board
- › Trustee of the Royal Foundation of the Duke and Duchess of Cambridge
- › Council Member, Imperial College London
- › Member, Digital Economy Council, United Kingdom
- › Non-Executive Director, InterContinental Hotels Group PLC
- › Vice Chair, Head of Financial Infrastructure Investing, Brookfield Private Equity Group

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 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 33 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, HSBC Innovation Banking
- › Independent Non-Executive Director, Hargreaves Lansdown plc

Relevant experience

Mr Pope is a qualified accountant with over 32 years of experience in the financial services industry. He 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.

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

- › Independent Non-Executive Director, Transaction Capital Limited ('JSE')
- › Independent Non-Executive Director, Base Resources Limited ('ASX')
- › Independent Non-Executive Director, Redefine Properties Limited ('JSE')
- › Independent Non-Executive Director, Investec Plc and Investec Limited (Dual listed at LSE and 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

- › Independent Non-Executive Director, Liquid Telecom
- › Independent Non-Executive Director, African Export Import Bank
- › Independent 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 Nestlé'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. He 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). He 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

- › Chief Data Officer, HSBC

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 33 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 Nestlé'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 26 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 Managing Director, Acquiring - Middle East and North Africa and Chief Country Officer for the UAE

Joined

March 2008

Role

Jamal is Group Managing Director for Acquiring in the Middle East and North Africa, and Chief Country Officer for the UAE responsible for the strategic plan, financials, customer proposition and overseeing all execution related to servicing merchants and governments across the Middle East and North Africa.

Relevant experience

Prior to his current role at Network, Jamal was the Group Chief Operating Officer, spearheading the Group's across all the markets served by the Group, and 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 Operating Officer

Joined

November 2022

Role

Sandeep is the Chief Operating Officer of the Group. He joined Network in November 2022 as the Chief Business Transformation and Technology Officer responsible for defining and delivering the Digital, Technology & Operations strategy across the enterprise and is also responsible for the Group's operations across all the markets served by the Group.

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.

Mpho Sadiki

Group Managing Director, Acquiring (Africa)

Joined

January 2024

Role

Mpho is the Group Managing Director, Acquiring (Africa), responsible for the strategic plan, financials, customer proposition and overseeing all execution related to servicing merchants and governments across the PayFast and DPO Africa business.

Relevant experience

Mpho has over 15 years of executive management experience in Financial Services. He comes from BankservAfrica where he served as Chief Product Officer and was responsible for product management and their Realtime Payments business. Prior to BankservAfrica, Mpho worked at Nedbank and Deloitte.

EXECUTIVE MANAGEMENT TEAM (CONTINUED)

Nelly Boustany

Chief Human Resources Officer

Joined

October 2023

Role

Nelly is the Group's Chief Human Resources Officer and is responsible for leading the Group's human resourcing functions across the Middle East and Africa, developing and implementing the Group's human resources strategy and programmes.

Relevant experience

Nelly has more than 20 years' of HR leadership experience overseeing HR for global companies in the MENA region, namely Siemens, Nokia Networks and SAP, during periods of business transformation, strategic expansion, optimisation, and M&As. Most recently Nelly led the HR Value Advisory team in SAP EMEA South. Prior to her current role, Nelly was the HR Director for SAP across the Middle East and North Africa region, responsible for ensuring business success through developing and executing on its people strategy, while leading the business's as well as the HR organisation's transformations in the region.

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 24 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 25 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 26 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

Examples of sound governance contributing to our success are included in this report and throughout the Strategic Report on pages 1 to 57.

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 2023, we have maintained our high standards of governance, built on the significant progress made in prior years.

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

Considering that the Company is subject to a Takeover, and that comprehensive externally facilitated Board effectiveness evaluation had been carried out for the past three years, a Board effectiveness evaluation was not conducted in 2023.

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 19 to 27); additionally, the Board monitored the progress made against the refreshed strategy for accelerating growth and cultural transformation.

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 2023, the Board reviewed the maturity of the Group's Enterprise Risk Management Framework (ERMF) and was pleased with the implementation of the processes across the DPO business. 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. 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 governance structure



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 2 to 11 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, in the best interests of the Company and shareholders, and to act professionally, exhibiting high levels of integrity and commitment, within and outside working hours in a manner that protects the Group's reputation and its interests. 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.

Further progress with our People agenda has been made during 2023, as described in the 'Our Culture and Values' section and in the relevant parts of the ESG section within the Strategic Report on page 25. The CEO, with the support of his executive colleagues, takes the necessary steps to ensure that the new values and our positive values and behaviours rolled out during 2021 continue to remain embedded across the organisation, including through regular training programmes, internal communications and reminders at town halls and team meetings.

Our most recent employee engagement survey produced significantly higher results than in the prior year. While aligning with the Group's ethics and culture and confirming their awareness of the channels to raise their concerns, and employees also identified certain areas for improvement. We are helping our managers understand the results of their teams, prepare for team discussions and setting up action plans to address specific areas of improvement. Further details of the survey results and the range of initiatives that have been introduced are disclosed on pages 17 and 18.

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 through the Group's Whistleblowing helpline and the manner in which the issues so raised had been addressed; 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 with 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 48 to 55. The Group's 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 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, these are brought to the Board's knowledge. To support the Board's work in assessing culture as described above, Group Internal Audit conducted a review in 2023 of the effectiveness of the Whistleblower framework 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 page 25. 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 quarterly 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. 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 13 and in the Chairman's Governance letter on page 58. Regular feedback from these meetings is given to the Board.

In addition, our corporate 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 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. In line with our commitment to make our meetings as accessible as possible, the Board conducted the AGM held on 19 May 2023 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 12.

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.

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 83 to 85 and the Principal Risks and Uncertainties section on pages 48 to 55.

Board composition

As at 31 December 2023, 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 page 62 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. Sir Ron Kalifa OBE has been the Chairman throughout the year. He was independent on appointment in March 2019.

Board activity during the year

At its meetings during 2023, the Board discharged its responsibilities, and in particular:

At each Board meeting, the Chief Executive Officer presents a comprehensive update on the strategy and business performance across the Group as well as progress made on Group's culture; and the Chief Financial Officer presents a review of the financial performance, both at Group and operating segment levels. The Board reviews progress reports on new market opportunities, new opportunities with existing customers, progress with new key customers, and acquisition opportunities. In addition This is in addition to the regular in-depth review of the Group's technology strategy, technology platforms and cyber security strategy and resiliency by the Risk & Technology Committee.

The Board reviews the progress made against the Group's strategy at each of its meetings. 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.

Strategic

- › Evaluation of proposals received from prospective bidders to acquire the entire issued and to be issued share capital of the Company and recommending the agreed proposal from the prospective bidders to the shareholders for approval
- › 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 progress against 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
- › Review of progress in respect of the Group's market entry in the Kingdom of Saudi Arabia
- › Review of the product roadmap supporting the acquiring and processing business lines
- › Review of the results of the Customer Engagement Survey for 2022 and monitor the steps taken to further improve the Net Promoter Score
- › Reviewing the of progress of the share buyback programme
- › Review of financial forecasts
- › Approval of annual budget

Reporting

- › Review and approval of the 2022 preliminary results announcement, the 2022 Annual Report and Accounts and the 2023 H1 results, and all statements and confirmations therein
- › Review and approval of Regulatory News Service announcements 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 framework
- › 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 2023 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

- › 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 matters recommended by the Board's Committees
- › All proposed resolutions within the Notice of the 2023 Annual General Meeting and subsequent review of the voting results of that meeting
- › Approval of the Group's risk, compliance and finance policies and insurance coverage through the Audit and the Risk & Technology Committees
- › 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
- › Meetings between the Chairman and the Independent NEDs

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.

The current compositions of the Board's Committees are shown in the relevant Committee sections on pages 74 to 101.

The search, selection and appointment process for Non-Executive Directors is shown in the section on the Nomination Committee on page 88.

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) and the recently introduced Listing Rule requirements in relation to both gender and ethnicity composition of the Board. Whilst we exceed the Parker Review and the Listing Rule requirement in relation to ethnicity, we fall short of the Hampton Alexander and the new Listing Rule 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 are applicable to the Company from the financial year 2023. 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 59. In the tables analysing gender and ethnic background of the Board and Executive Management – see page 60, 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

Upon appointment, each of the Non-Executive Directors confirms they have sufficient time available to discharge their duties towards the Company. Any additional Director roles are discussed ahead of appointment.

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. No changes were recorded during the year that would impact the independence of any of the Directors.

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 remains confident that each Director has devoted suitable time to undertake their responsibilities effectively.

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 71 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 25 March 2024, 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 31 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 has 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.

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 forthcoming Annual General Meeting 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. The meetings are held by way of 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 63.

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 from 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 2023. Non-attendance at two Board meetings and one Committee meeting by Monique Shivanandan and one Committee meeting by Darren Pope was due to unavoidable prior 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 2024.

Individual Director attendance at scheduled meetings during the year 2023

Name	Board	Audit Committee	Risk & Technology Committee	Nomination Committee	Remuneration Committee
No. of meetings held	6	8	6	2	5
Ron Kalifa	6/6	-	-	2/2	5/5
Nandan Mer	6/6	-	-	-	-
Darren Pope	6/6	7/8	6/6	2/2	-
Victoria Hull	6/6	-	-	2/2	5/5
Diane Radley	6/6	8/8	6/6	-	5/5
Monique Shivanandan	4/6	7/8	6/6	-	5/5
Habib Al Mulla	6/6	-	-	2/2	-
Anil Dua	6/6	8/8	-	-	-
Rohit Malhotra	6/6	-	-	-	-

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. Considering that the Company is undergoing a Takeover, and that comprehensive externally facilitated Board effectiveness evaluations had been carried out for the past three years, a Board effectiveness evaluation has not been carried out for 2023. The third annual evaluation of the Board, which was carried out at the end of 2022, and the outputs and Board agreed actions were reported in the Company's 2022 Annual Report and Accounts.

The comprehensive report on the Board effectiveness evaluation for the year 2022 prepared by Egon Zehnder 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 Chairman's evaluation, carried out separately by the Senior Independent Director, concluded that there continued to be a high degree of confidence in the Chairman, who provides strong and effective leadership. Their report set out some clear recommendations, which were discussed by the Board in February 2023.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The following table presents a high-level update on the actions from these recommendations:

Outputs from the 2022 Board evaluation	Board agreed actions	Status
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	The senior talent were invited to attend the meetings of the Board to present to and interact with the Board members
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	The Board regularly interacted with the key stakeholders to monitor the progress against strategic delivery targets
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	Update on organisation's culture leadership growth and evaluation are standing items in the CEO's update to the Board
Additional face-to-face Board meetings including in London	To be built into the Board's agenda and engagement programme	Increased face-to-face participation in the meetings by the Board members
Board papers to be strengthened and circulation times to be improved	Greater focus and priority to be given to this action in 2023	Reporting templates have been standardised and simplified, and circulation timings improved

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 96.

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 63 to 64 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 2023, included:

- › monthly operating reviews of the business performance and performance against KRIs;
- › progress on the Group's IT strategy;
- › continuous evaluation of the Group's management structure;
- › 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;
- › results of the Net Promoter Score 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 2023, 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 and the Enterprise Risk Management dashboard.

The members of the ERM are as follows: Chief Risk Officer and Group Company Secretary (Chairperson), Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Operations Officer, Group Chief Internal Auditor, Group Managing Director – Acquiring (Middle East and North Africa), Group Managing Director – Acquiring (Africa), Managing Director & Co-Head of Processing – Middle East and Managing Director & Co-Head of Processing – Africa.

The Board's perspective on risk and control is covered in the Principal Risks and Uncertainties section within the Strategic Report on page 48 and within the Risk & Technology Committee report on page 83.

The evolution of our Board

We have carefully managed the construct of our Board over the prior years and have been able to attract and retain 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

Members

Darren Pope, Committee Chair

Anil Dua

Diane Radley

Monique Shivanandan

Number of meetings held in the year

Eight.

Attendance

Darren Pope (Chair)	7/8 ¹
Anil Dua	8/8
Diane Radley	8/8
Monique Shivanandan	7/8

¹ Diane Radley acted as the Chair of the meeting which was not attended by Darren Pope

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
- › Ian Cox, Group Chief Internal Auditor
- › Vimal Relli, Group Financial Controller
- › KPMG LLP

[Read Directors' biographies on page 62](#)

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 2023. 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 page 82.

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

Continued the focus on the DPO finance, financial control and Internal Audit integration programmes and was pleased with management's focus on time closure of the outstanding issues in the DPO business, demonstrating the growing maturity and alignment of standards within that business with the rest of the Network International Group.

Disclosures and year-end reporting

We have maintained our 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.

The recommended cash offer from Brokfield and its associates has had no impact on the work of the Committee during the year and has had no impact on the policies adopted or judgements made in the financial statements provided.

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 supported by the latest business

forecast reflective of supportive underlying market trends for the payment industry across the region and appropriate sensitivities as to discount and terminal growth rate assumptions.

The business plan that supports the carrying value relies on the development of new capabilities for DPO (but not for the Group). While the Committee and management assess the delivery risk and likely future revenues as reasonable, a failure to deliver these capabilities on time, or an underperformance once delivered, could have a material impact on the assessment of the carrying value in future years.

ESG programme

The Committee continued to monitor progress against the Group's target commitments in relation to its ESG programme (see pages 20 to 27). The outcome of the work to date is presented on pages 28 to 39 and demonstrates compliance with the requirements of TCFD. The formal reporting structure and the key roadmap for monitoring performance by management with oversight by the Committee, which were put in place last year, are working effectively to provide the required information.

External auditor

We had maintained a significantly increased revenue coverage for audit for the prior years in view of the general market uncertainty arising from the Wirecard failure. Having already reduced the audit coverage to 92% of the Group's revenue for 2022, the audit coverage for the year has been further reduced to 81%, to make it consistent with the revenue coverage range of other FTSE 350 companies.

Considering that the Group is undergoing a Takeover, it has been decided to defer conducting a formal audit tender process that would have led to the appointment of a new external auditor for the statutory audit commencing with the 2024 financial year. The Group remains compliant with the UK Financial Reporting Council (FRC) guidelines to conduct a tender at least every 10 years and rotate auditors after at least 20 years.

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. The level of closure of Internal Audit issues during the year for the Group, including for the DPO business with support by the rest of the Group, continues to be strong and overdue audit actions remain low, illustrating the continuous high level of focus on control.

As reported last year, our first externally facilitated external quality assurance review of Group Internal Audit was carried out by PWC with the highest rating of 5 that their review model generates.

Assurance

The integrated assurance plan agreed with the Risk & Technology Committee continues to ensure 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 satisfied 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. We will continue to monitor and prepare for any changes to our processes and procedures in response to the UK Government proposals adopted by the FRC.

Darren Pope

Chair, Audit Committee
27 March 2024

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 going concern and long term viability of the Group;
- › 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. No 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 2022 full year results, the 2023 half year results and, in 2024, the 2023 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 signoffs;
- › Information in support of statements in the 2022 (in 2024, in the 2023) 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;
- › Utilisation of capital expenditure;
- › The Audit Committee reports for inclusion in the 2022 (and in 2024 in the 2023) Annual Report;
- › The quarterly trading update;
- › The 'expected credit losses' back testing methodology and process;
- › An annual review of tax compliance across the Group; and
- › The Group's transfer pricing methodology.

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 2023;
- › 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;

AUDIT COMMITTEE REPORT (CONTINUED)

- › The effectiveness of the external audit process;
- › Recommended the re-appointment of KPMG as external auditor for 2024, noting however that upon change in ownership as discussed on pages 1 & 103, KPMG will have to resign as external Auditor due to conflict of interest; and
- › The external audit re-tender proposal.

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 consolidated plan for the Group, including the DPO business, for 2024 and approved its implementation;

- › The reports from GIA reviews and management's responses and improvement action plans; and
- › Approval of action to be taken considering the recommendations from the Group Internal Audit externally facilitated quality assurance review carried out by PWC.

The Committee concluded that the strengthening of the GIA function since 2019 had resulted in the planned improvement in its effectiveness.

ESG

- › The re-engagement of a specialist ESG advisor to supplement internal resources; and
- › Approval and oversight of actions undertaken to reduce Scope 1 & 2 emissions; plans to improve the measurement of and reduction of Scope 3 emissions and develop a materially compliant TCFD report.

The Committee is satisfied with the progress made and the organisational commitment to ESG. We continue to refine our strategic and tactical targets in relation to 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;
- › Effectiveness of Whistleblowers' reporting process;
- › Review of the procedures for detecting internal fraud;
- › Controls for implementation of the Oracle Fusion Enterprise Resource Planning system by the Finance function;
- › Controls for merchant receivables for DPO merchants; and
- › Structuring of corporate entities acquired as a part of the DPO business.

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

Key matter considered	Committee review and conclusion	Action taken/enhancements as a result of the Committee's review
DPO integration	The Committee continued to provide oversight of the DPO financial and internal audit integration to monitor achievements, overdue items and the next steps with timelines. 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 with support from the rest of the Group.	The Committee will continue to 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. The Committee reviewed the actions undertaken to reduce Scope 1 & 2 emissions and the plans to improve the measurement and reduction of Scope 3 emissions and is satisfied with the rigour and control around the programme.	Management actively engaged in steps to reduce Scope 1 and 2 emissions.
External audit	Considering that the Group is undergoing a Takeover, the Committee decided to defer conducting 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 review the position with regard to the formal external audit tender process, if required, in May 2024.
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. Following the independent External Quality Assurance (EQA) review of GIA in 2022 Q4 as required by the terms of reference of the Audit Committee, a formal internal follow-up of actions taken to address the EQA recommendations was conducted during 2023. The Committee concluded that GIA continues to make strong progress in line with an agreed plan and that it is broadly conforming to all standards and aligning to best practice and has actions in place to address any remaining gaps.	The Committee will continue to oversee GIA, including the monitoring of its 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 2023, including DPO integration, and approved the main focus areas of the Group Tax team for 2024. 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 key actions taken by the Committee during the year, which ensured that appropriate rigour has been applied to the 2023 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, interim results announcement, and other trading announcements.	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
Accounting practices, estimates and Judgement	To review and challenge the appropriateness of the Group's accounting estimates and judgements.	<p>The Committee reviewed the detailed update provided by the Chief Financial Officer on accounting estimates and judgements used in the preparation of the Group's consolidated financial statements and the related disclosures.</p> <p>Management assessed and concluded that other than estimates used in the assessment of impairment testing on one of the Group's cash generating unit (CGU) i.e., 'DPO' (details of which are below), there are no significant accounting judgements and estimates that affect the application of accounting policies and the amounts reported in relation to the assets and liabilities, income and expenses in the consolidated financial statements for the year ended 31 December 2023.</p> <p>Management used the following estimates to assess if there is any impairment in the DPO CGU.</p> <ul style="list-style-type: none"> a) Post tax Discount rate of 15.7% b) Terminal growth rate of 4.5% c) Cash flows of the CGU of 5 years <p>Using the above assumptions, the recoverable amount is higher by USD 32.4 million as compared to the carrying value of the CGU including goodwill.</p> <p>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.</p> <p>The Group has used the terminal growth rate of 4.5%, same as the terminal growth rate used in prior year for impairment testing, which is reflective of continuing growth trend of the payment industry.</p> <p>Management has estimated the revenue CAGR of 33.2% and underlying EBITDA CAGR of 62% for 5 year period ending 31 December 2028. This is reflective of supportive underlying market trends for payment industry across the region, Group's high growth strategy.</p> <p>The Committee also reviewed following sensitivity analysis.</p> <p>Sensitivity 1: Following changes to the assumptions, individually, that would make the available headroom of USD 32.4 million to NIL.</p> <ul style="list-style-type: none"> a) Increasing the post-tax discount rate to 16.7% b) Reducing the terminal growth rate to 2.9% c) Reducing the revenue CAGR of 33.2% to 32.1%, which will consequently reduce EBITDA CAGR of 62.0% to 59.5% and EBITDA margin of 58.6% to 56.7% in 2028. <p>Sensitivity 2: Reasonable possible changes in all the assumptions as below:</p> <ul style="list-style-type: none"> a) Increase in the post-tax discount rate of 1.0% will reduce the headroom of USD 32.4 million to Nil. b) A decrease in the terminal growth rate of 1.0% will reduce the headroom of USD 32.4 million to USD 10.5 million. c) Lower revenue CAGR by 5% (from 33.2% to 28.2%) coupled with favourable impact of mitigating actions to reduce cost resulting in reduction in EBITDA CAGR from 62.0% to 56.5% resulting in an impairment loss of USD 48.9 million. <p>The Committee reviewed and challenged the assumptions used by management and concurred with management's assessment that there is no impairment of the DPO CGU.</p>	The committee continues to monitor the performance of the CGU and ensure to take appropriate course of action in case of any indication of impairment in 2024.

AUDIT COMMITTEE REPORT (CONTINUED)

Key issue/area of focus	Brief description	Committee review and conclusion	Action taken/ enhancements as a result of the Committee's review
	Merchant One time fees.	<p>As per practice followed in prior years, merchant one-time fee is recognised as revenue when set up of the merchant is completed.</p> <p>During the year, management has reassessed this accounting treatment adopted in the group consolidated financial statements.</p> <p>The one-time fee charged to the merchant on inception of a contract covers a number of services, including:</p> <ul style="list-style-type: none"> a) connecting POS terminals to the Group's payment platform and the merchant's infrastructure, thus connecting the merchant to the payments ecosystem to enable acceptance of debit/credit card and other digital payments, b) Provision of training to the merchant to enable them to utilise the POS terminal and related services so that the merchant can benefit from digital payment processing capabilities and other value added services such as dashboards and MIS reporting, and deal with complex matters such as chargebacks, refunds, transaction types, and compliance with payment regulations. <p>Management have reassessed their determination of distinct performance obligations under such contracts, and concluded that the provision of training to merchants is a distinct performance obligation for which revenue is recorded at the time of on-boarding of merchant when the training is completed. Therefore, an element of the one-time fee, determined with reference to an estimate of cost plus a margin, has been allocated to this performance obligation and is recognised upon merchant acceptance of the training service at a point in time.</p> <p>The remaining portion of the one-time fee is recognised over time as it is allocated to the other performance obligation in the contract which is the obligation to provide transaction processing services over the term of the contract. Management have determined the term of the contract to be 3 years, in line with the typical contractual terms agreed with merchants.</p> <p>Management also assessed the incremental costs incurred in obtaining the contract, and the upfront costs incurred in fulfilling the contract above those that relate to the training performance obligation, and these qualifying costs are amortised over the estimated 3 year life of the contract.</p> <p>The cumulative impact of this reassessment up to 31 December 2022 is an overstatement of revenue and costs of USD 8.1 million and USD 4.0 million respectively, and hence an overstatement of profit of USD 4.1 million.</p> <p>Whilst the impact in each year is not material, given the cumulative impact on revenue and profit, management have concluded that it is appropriate to restate the Group consolidated statements of financial position and income statement for 2022.</p> <p>The enclosed financial statements include restated numbers Group consolidated statements of financial position and income statement for 2022. Further details on restatement are given in note 5 of the consolidated financial statements.</p>	<p>The Committee reviewed the assumptions underlying the reassessment and is aligned with management conclusion on new accounting treatment adopted and the need to restate the prior year statements of financial position and income statement. No further action is required.</p>
	Accounting treatment of Share buy back.	<p>On 11 August 2022, the Group announced a share buyback program which was launched in two tranches; each for a maximum aggregate market value equivalent to USD 50 million. The program was cancelled on 9 June 2023, after having purchased the majority of the planned buyback programme following the Group's announcement regarding the recommended acquisition by Brookfield and its affiliates. Under the programme total shares worth c.USD 95m (total number of shares – 28.35 million) were purchased.</p> <p>The share buyback program resulted in creation of treasury shares balance in consolidated statement of changes in equity as per the guidance of accounting standard. Subsequent to the completion of shares buyback, the Group has cancelled 23.35 million shares and retained 5 million shares in the treasury. Cancelled shares balance was eliminated from the relevant component of consolidated statement of changes in equity which is as per the guidance of accounting standard.</p> <p>The Committee concurred with the accounting treatment of shares cancelled and shares retained in treasury.</p>	No action required
	To review and challenge the impairment analysis on intangible assets including goodwill carried out by management.	<p>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 2023. Goodwill impairment assessment was carried out based on discounted cash flow methodology to estimate the value in use.</p> <p>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 2023.</p>	No action required

Key issue/area of focus	Brief description	Committee review and conclusion	Action taken/ enhancements as a result of the Committee's review
	Going concern assessment.	<p>Management have prepared and presented to the Committee their going concern assessment including forecasts prepared 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.</p> <p>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.</p> <p>The Board is not expected to continue in position post completion of the acquisition and hence it is beyond the Directors control to confirm whether the potential acquisition of the Group by Brookfield may result in the restructuring of the Group's legal entities including restructuring of Network International Holdings Plc, which is the holding company of the Group's subsidiaries. The Committee concluded that this constitutes a material uncertainty which may cast significant doubt over the Company and Group's ability to continue as a going concern. Notwithstanding this the Committee considers the going concern basis remains appropriate based on the analysis undertaken by management.</p> <p>The Committee has reviewed the disclosure made in the Consolidated Financial Statements and concluded it was clear and comprehensive both in terms of basis of management's assessment and the material uncertainty.</p>	No action required. Please refer to the note 2(e) of the consolidated financial statements for detailed disclosure.
	Review of viability assessment including the scenarios and sensitivities considered by management.	<p>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.</p> <p>The Committee reviewed the viability assessment carried out by management and challenged them on the assumptions, stress scenarios considered and various mitigants incorporated in downside scenarios.</p> <p>After discussions and deliberations, the Committee concluded that:</p> <ol style="list-style-type: none"> 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 2026. <p>For further details, please refer to the viability statement on page 107.</p>	No action required. Please refer to the page 107 for details.
Regulatory and Legal Changes	UAE Corporate taxation.	<p>Corporate tax has been introduced in the UAE effective for financial years starting on or after 1 June 2023, with the tax law being substantially enacted in Q2 2023.</p> <p>Management had engaged Deloitte to advise the Company on the potential tax impact, accounting and reporting considerations. Deloitte's assessment was shared with the committee. High level summary is as below:</p> <ol style="list-style-type: none"> 1. UAE corporate tax is applicable for Group's UAE entities is applicable from 1 January 2024 and expected 2024 impact is likely to be circa. USD 8 million. 2. There is no impact of deferred tax in 2023 for the Group because, as per the transitional provisions of UAE CT law, closing balance sheet of 31st Dec 23 will be carried forward as the opening tax balance sheet for FY24 and hence, there would be no temporary differences which requires any deferred tax asset or liability to be recognised. <p>The Committee concurred with Management's conclusion that consolidated Financial Statements for 2023 do not require any adjustments for the impact of UAE Corporate tax.</p>	No action required
	FRC publications related to thematic reviews of reporting and disclosures in the Annual Report and Accounts ('ARA').	<p>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.</p> <p>The Committee reviewed the update and concluded that appropriate actions have been taken by management.</p>	Post Committee's approval, 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 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.

In view of the maturity achieved in GIA's assessment of DPO, the 2024 Internal Audit plan for the first time since completion of the acquisition of the DPO business presented a consolidated approach for the Network and DPO businesses.

Additionally, in recognition of the Group's expanding regulatory and market footprint, the 2024 plan focused on the following five key areas – acquiring sales and onboarding, new business areas and capabilities, technology change management, culture, and regulatory expectations, with technology audit being embedded in virtually all of our 2024 audits, change and thematic reviews.

In approving the Internal Audit plan for 2024, 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 three 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 including the DPO business with the support of the rest of the Group.

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 2024 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. Following the independent External Quality Assurance (EQA) review of GIA in 2022 Q4 as required by the terms of reference of the Audit Committee, a formal internal follow-up of actions taken to address the EQA recommendations was conducted during 2023. The Committee concluded that GIA continues to make strong progress in line with an agreed plan and that it is broadly conforming to all standards and aligning to best practice and has actions in place to address any remaining gaps.

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 2023 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 2022 audit, a small number of areas were identified where joint actions were required to be taken. 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. 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. While the Committee had approved during 2022 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, considering that the Group is undergoing a Takeover, it has been decided to defer conducting a formal audit tender process. The Group remains compliant with the FRC guidelines to conduct a tender at least every 10 years and rotate auditors after at least 20 years. 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, while finalising the ARA for year ending 31 December 2022, the auditors 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.

As KPMG's letter dated 9th August 2023 addressed to the Board Audit Committee; in respect of one of those member firms, such services were provided in February 2023 and therefore also results in a breach for the year ending 31 December 2023. 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 services had no direct or indirect effect on the Company's consolidated financial statements. The Audit Committee had concurred with KPMG's view that this breach was not significant and does not impact the independence of KPMG as Group Auditors.

The total fees payable to the Group's auditor in respect of 2023 amounted to USD 2.3 million, out of which the fee for non-audit services, which was in respect of the half year review and covenant compliance certification is USD 0.2 million. KPMG did not provide any other services to the Group in 2023. Comparative figures for the prior year are included in note 20.1 to the consolidated financial statements on page 154.

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 signoffs 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 48. In March 2024, 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, has 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 maturity to the risk and control framework within the DPO business during the year; and a high level of maturity within the rest of the Group. Further planned improvements within DPO will continue during 2024. The work conducted by management is complemented, supported and challenged by the controls assurance work carried out by the Group Internal Audit function.

AUDIT COMMITTEE REPORT (CONTINUED)

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 in the context of the overall internal control assessment. 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 2023; 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.

The external auditor provides reassurance through their review processes which are focused on consistency between the narrative and numbers, and an assessment of whether the description of business performance is consistent with the understanding gained through their audit procedures, to present a fair and balanced report on the period.

After careful review of the processes described, and consideration of all relevant information, the Directors were satisfied that, taken as a whole, the 2023 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 110 and in note 2(e) to the consolidated financial statements on page 126. The Committee reviewed and challenged the going concern assessment undertaken by management, including assessments of the Group's liquidity and funding position and the potential acquisition of the Group by Brookfield and its associates. Notwithstanding the material uncertainty arising from the potential acquisition, as discussed in note 3 to the financial statements, the Committee believes it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and has recommended to the Board accordingly.

Viability

The Board's statement in respect of the Group's longer-term viability is given on page 107.

The Committee reviewed and challenged the viability assessment (including the three-year time horizon selected) undertaken by management in the 2023 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 107 to 109) to the Board for approval.

Risk & Technology Committee report

Members

Diane Radley, Committee Chair

Darren Pope

Monique Shivanandan

Number of meetings held in the year

Six.

Attendance

Diane Radley (Chair) 6/6

Darren Pope 6/6

Monique Shivanandan 6/6

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
- › Sandeep Chouhan, Chief Operating Officer
- › Phil Westgarth, Group Chief Information Security Officer
- › Ian Cox, Group Chief Internal Auditor
- › KPMG LLP

→ [Read Directors' biographies on page 62](#)

Dear Shareholder

I am pleased to present the Risk & Technology Committee report for the year ended 31 December 2023. 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 support 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 in refreshing the Group's technology strategy and reviewed the risk assessment of the refreshed strategy. Each workstream had key deliverables with timelines and the Committee receives regular updates on progress.

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 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.

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 48, which was reviewed and approved by the Committee, sets out our approach to risk management, the successful implementation of our ERMF and our principal and emerging risks and how they are being mitigated in line with our Board approved risk appetite.

With the expansion of the Group's footprint into new markets, the Group's regulated status as a payments services provider has continued to increase in the last year. In response to this increasing oversight 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:

- › Monitor KRIs for our principal risks, including monitoring the climate-related impacts embedded into those risks, with increased focus on those of our principal risks where the risk trend is increasing;
- › 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 Technology Strategy and through that, 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
27 March 2024

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 48 to 57.

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. 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 clear reporting lines 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 2023 and are more fully described in the Principal Risks and Uncertainties section on pages 48 to 57.

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 48 to 57.
- › The Group's existing Key Risk Indicators leading to their classification for tier 1 and tier 2.
- › Risk assessment of the Group's refreshed technology strategy.
- › 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.

- › ERMF integration plan within the DPO business.
- › Group Risk assurance and Compliance monitoring plans for 2024 and approved the plan for implementation.
- › Reviewed and approved the coordinated assurance coverage of the Risk and Internal Audit reviews for 2023 and 2024.
- › Procedures for detecting internal fraud and the effectiveness of anti-bribery and anti-corruption controls.
- › Reviewed the Information Security risk strategy.
- › 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.
- › Reviewed the country risk assessments of the jurisdictions in which the Group has or has plans to expand its operations.
- › Monitored the status against open risk acceptances.
- › Reports on the outcomes of assurance reviews conducted.
- › Review of the Group's insurance arrangements.

Technology

- › Development of and monitoring progress against the Group's refreshed technology strategy.
- › Technology team structure, monitoring the availability of talent against the requirements.
- › Monitoring the Technology Resilience dashboard.
- › Monitoring the Group's cyber security arrangements and resilience.
- › Reviewing the Group's Technology Budget for 2024 and assessing its sufficiency to support the Group's technological enhancements.
- › Assessment of the Group's strategic technology projects with the aim of prioritising future enhancements to architecture which supports Group strategy.
- › Assessed the prospects of inclusion of new technological developments on the Group's operations, including those related to generative artificial intelligence.
- › For more details, please refer to the Principal Risks and Uncertainties section on pages 48 to 57.

Nomination Committee report

Members

Sir Ron Kalifa OBE, Committee Chair

Victoria Hull

Darren Pope

Habib Al Mulla

Number of meetings held in the year

Two.

Attendance

Ron Kalifa (Chair) 2/2

Victoria Hull 2/2

Darren Pope 2/2

Habib Al Mulla 2/2

Meetings also regularly attended by:

- › Jay Razzaq, Chief Risk Officer and Group Company Secretary

➔ [Read Directors' biographies on page 62](#)

Dear Shareholder

The Committee reviewed the implementation and progress made during the year against targets set within the Group's Equality, Diversity & Inclusion Policy, which was approved by the Board in March 2022. The Committee also reviewed the progress made against the Emiratisation targets prescribed by the UAE Government for the UAE based businesses. 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 18 and 25. We continue to be pleased with the operation of the Group's overarching Employee Charter, its clear linkage with the Company's strategy and values and the significant progress made against the objectives.

We continue to maintain 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 page 59). Our assessment in February 2023 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.

The arrangement to spread the workload amongst our Non-Executive Directors (NEDs) by formation of 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, continues to work 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 during 2023.

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 endorses the targets set by the Hampton-Alexander Review (gender) and the Parker Review (ethnicity).

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 69 nationalities represented across our workforce. We are taking active steps to recruit from all sections of society to ensure that we achieve our committed gender diversity mark of 30% across the organisation. Please see pages 59 and 60 for the analysis required by the Listing Rules.

Considering that the Company is subject to a Takeover, and that comprehensive externally facilitated Board effectiveness evaluations had been carried out for the past three years, a Board effectiveness evaluation was not conducted in 2023.

Comprehensive disclosure of the Board's agreed action plans from the 2022 Board evaluation carried out early in 2023 and progress made since previous evaluations is made within the Governance Report on page 71.

Sir Ron Kalifa OBE

[Chairman and Chair of the Nomination Committee 27 March 2024](#)

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 2023 to the date of this report, the Committee:

- › Conducted a review of the independence, effectiveness and time commitment of the Directors before reviewing the proposed election or re-election of the Directors at the 2023 and 2024 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 implementation of the Group's policy on equality, diversity and inclusion that lies within the Group's Employee Charter, 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 4 to 18 and within the Corporate Governance section on pages 59 to 60);
- › Reviewed the progress made against the Emiratisation targets prescribed by the UAE Government for the UAE based businesses;
- › Reviewed the various external stakeholder policies and current/future targets in respect of Board membership diversity – please see page 58 and the Board diversity charts on page 59; and
- › Reviewed the Nomination Committee report for inclusion in the 2022 (and in 2024 in the 2023) Annual 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 71 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.

- › 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.
- › In respect of each Director seeking additional appointments, 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.
- › The attendance and contribution of individual Directors is continuously monitored by the Company Secretary and Chairman respectively.
- › 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'.

The Board and the Nomination Committee are also mindful of the targets set by the Hampton-Alexander Review (gender) and the Parker Review (ethnicity) and the recently introduced Listing Rule requirements in relation to both gender and ethnicity composition of the Board. Whilst we exceed the Parker Review and the Listing Rule requirement in relation to ethnicity, we fall short of the Hampton Alexander and the new Listing Rule 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 will be taken into account in the process leading to future Board appointments. The gender and ethnicity diversity analysis tables as required by the Listing Rules can be found on pages 59 to 60. 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 appointment 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

Members

Victoria Hull, Committee Chair

Ron Kalifa

Diane Radley

Monique Shivanandan

Number of meetings held in the year

5.

Attendance

Victoria Hull (Chair)	5/5
Ron Kalifa	5/5
Diane Radley	5/5
Monique Shivanandan	5/5

Report structure

This report consists of two sections:

1. Remuneration Overview Pages 91 to 93

Chair's Statement and Summary of Directors' Remuneration Policy.

2. Annual Report on Remuneration Pages 94 to 101

Remuneration received by the Executive and Non-Executive Directors in the financial year ended 31 December 2023.

Dear Shareholder

I am pleased to present to you the Directors' Remuneration Report (DRR) for the year ended 31 December 2023. This DRR is presented in two sections: 1) Remuneration Overview; and 2) Annual Report on Remuneration.

FY23 Executive Directors' pay arrangements

Fixed pay

The salary for the CEO and CFO was set at USD 550,000 p.a. and USD 457,454 p.a. respectively at their time of appointment.

In February 2023 the CEO's salary was revised to USD 600,000 p.a. and the CFO's salary to USD 500,000 p.a., just below the increases provided to the wider workforce, as disclosed in last year's report.

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)

Under the current Policy, the maximum opportunity under the ADBP is 200% of fixed salary with anything payable in excess of 100% of salary deferred into shares for three years. The performance assessment under the ADBP for 2023 was based on a balanced scorecard of financial metrics (45% revenue & 25% EBITDA) and ESG linked non-financial metrics (30%).

The CEO and CFO largely achieved the strategic measures set under the 2023 ADBP, with a formulaic outcome of 28% (out of a possible 30%) of maximum. The remainder of the ADBP was linked to stretching revenue and EBITDA metrics, which, under the formulaic outcome, were narrowly missed. The Committee reviewed this in the context of the significant macroeconomic headwinds facing the Company, notably the Israel-Palestine conflict impacting our regions and the inflation and currency devaluation in our top three markets in Africa. The Committee has been pleased to see how the leadership team has managed these headwinds, and the significant efforts to offset these impacts via cost management and strong UAE performance. Reviewing this holistically, the Committee has used its discretion to determine that a 50% of maximum bonus appropriately and fairly reflects the performance of the Executive Directors within the current context. Further details of our assessment can be found in the relevant section of the report.

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%). The Committee determined that 65.1% of the grant would vest.

FY21 LTIP

Performance against targets for the FY21 LTIP was assessed in the year, which was based on EPS (50%), revenue (25%) and TSR relative to the FTSE 250 (25%).

Whilst we tracked well against our performance metrics for the majority of the performance period, macroeconomic and geopolitical headwinds during the second half of 2023 meant we narrowly missed our EPS threshold, and we were broadly on-target against our revenue goals. Our Total Shareholder Return has outperformed the upper quartile of our peer group over the performance period. Vesting under the 2021 LTIP is therefore 39.6% and the Committee does not intend to apply any further discretion.

Final vesting will be assessed at the end of the vesting period in April 2024.

FY23 LTIP

The 2023 LTIP awards were granted in the form of conditional awards to the CEO, CFO and other members of the leadership team on 17 July 2023 and consisted of an award of up to 200% of fixed salary for the CEO and CFO (calculated by averaging the share price over a period of 30 days prior to the grant) conditional on the achievement of i) stretching EPS (33.3%), revenue (33.3%) and relative TSR (33.3%) performance metrics, and ii) a ROCE underpin over the three year performance period which could reduce levels of vesting by 10% if not met.

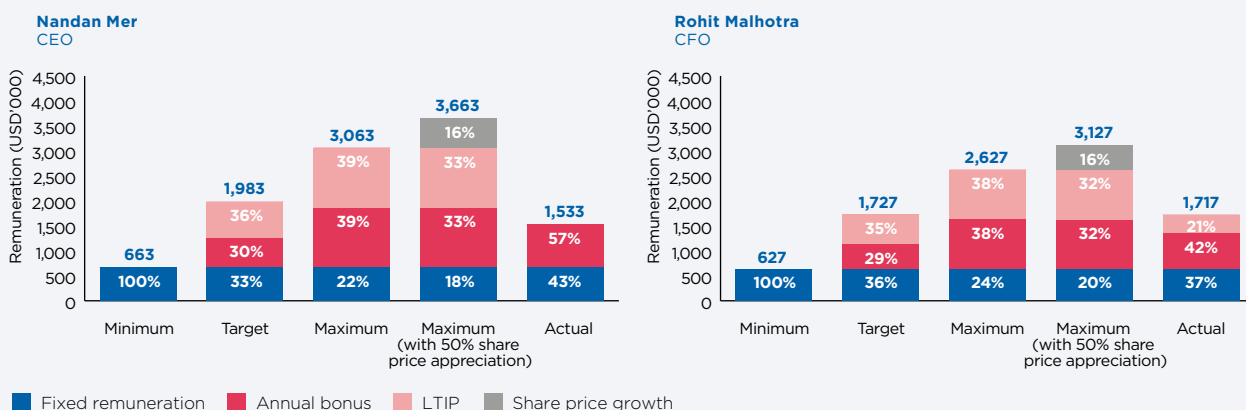
FY24 Directors' pay arrangements

In light of the delay to the proposed takeover, the Committee's approach to remuneration as business as usual until greater clarity on the takeover timeline is known.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Illustration and application of the current Directors' Remuneration Policy for 2023

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.



Fixed pay

The Company had carried out an independent market benchmarking exercise in 2022 which showed that salary fell below the market range against a FTSE 101-225 peer group, and a Global Payment Processing peer group. As disclosed in last year's report, following shareholder feedback, it was proposed that the CEO and CFO's salary were increased by 9% effective 1 February 2023 followed by an additional 9% effective 1 February 2024 subject to continued corporate performance and wider conditions, which has been approved by the Committee. Salaries from 1 February 2024 are therefore \$654,000 for the CEO and \$545,000 for the CFO.

Annual Deferred Bonus Plan (ADBP)

Under the current Policy, the maximum opportunity under the ADBP will remain at 200% of fixed salary with any payment in excess of 100% of salary being deferred into shares. 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, to reflect the importance of this area and support long-term sustainability.

Targets are commercially sensitive and will be disclosed in full retrospectively.

2024 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 approach to the FY24 LTIP in the context of the delay to the proposed takeover.

Continuous improvement/wider workforce

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

The priorities for employees include recognition and career development, health & safety, business ethics, training and diversity.

Network follows a multi-pronged approach to engagement:

- › Encouraging continued two-way open communication with managers.
- › Supporting health and well-being of our colleagues.
- › Analysis of training needs 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 marketplace demands.
- › Helping our colleagues succeed by providing regular growth and training opportunities within the organisation.

Shareholder engagement

Investor feedback is valued and is taken into careful consideration by the Remuneration Committee. The Committee remains committed to having open and constructive dialogue with shareholders on an ongoing basis around Executive remuneration and looks forward to your support at the next AGM on 24 June 2024.

I would once again like to express my gratitude for your support and engagement throughout the year and would remain at your disposal should you have any questions.

I would also thank my fellow Remuneration Committee members, and those who supported the Committee, for their commitment and guidance.

Victoria Hull

Chair of the Remuneration Committee
27 March 2024

Section 1: Remuneration Overview

Our Directors' Remuneration Policy (DRP) was approved by 96.7% of shareholders at our AGM on 18 May 2023 and is intended to be in place for three years from the date of approval. The DRP is summarised in the table below:

DRP element and link to strategy	Operation (Policy)	Performance measures, assessment and proposed operation in 2024
<p>Fixed salary To provide competitive fixed remuneration that will attract and retain key Executive Directors and reflect their experience and position in the Company.</p>	<p>Executive Directors' fixed salaries are reviewed annually, in line with the wider workforce. Fixed salaries may also be reviewed where there is a change in position or responsibility.</p> <p>Fixed salaries are comprised of a fixed basic salary and a fixed allowance, as per local market practice.</p> <p>When determining an appropriate fixed salary, the Remuneration Committee considers:</p> <ul style="list-style-type: none"> › 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. <p>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.</p>	<p>As set out in last year's DRR, following shareholder discussion, salaries for the CEO and CFO were increased effective 1 February 2024 to USD 650,000 and USD 550,000 respectively.</p>
<p>Retirement benefit To provide a competitive Company contribution, in line with local practice, that enables effective retirement planning.</p>	<p>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.</p> <p>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.</p>	<p>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.</p>
<p>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.</p>	<p>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.</p> <p>In certain circumstances, the payment may be calculated by reference to fixed salary. Limited to two years' base salary by the UAE Labour Law.</p>	<p>The Executive Directors are eligible for end of service gratuity.</p>
<p>Annual Deferred Bonus Plan To incentivise the achievement of annual objectives which support the Company's short-term performance goals and protect longer-term interests of the Company.</p>	<p>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.</p> <p>Any portion of an Executive Director's annual bonus amount over 100% of annual fixed salary is deferred into shares with a vesting of one third in each year over three years (to which no further performance conditions are attached).</p> <p>The remainder of an annual bonus is paid in cash.</p>	<p>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.</p>
<p>LTIP To support the long-term strategic objectives of the Company.</p>	<p>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.</p> <p>Performance measures and targets chosen annually, to support the Company strategy as required.</p> <p>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.</p> <p>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).</p> <p>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.</p>	<p>The Committee will review the approach to the FY24 LTIP in the context of the delay to the proposed transaction.</p>

DIRECTORS' REMUNERATION REPORT (CONTINUED)

DRP element and link to strategy	Operation (Policy)	Performance measures, assessment and proposed operation in 2024
Shareholding guidelines To align the interests of Executive Directors with the interests of shareholders.	Executive Directors have five years from joining the Company to build up a minimum shareholding requirement of fixed salary. Post-cessation, Executive Directors will have to retain their full shareholding requirement for 12 months and retain half of their shareholding requirement for a further 12 months. Shares relating to awards to be granted after the date of the 2020 AGM will be included for the purposes of the post-cessation shareholding requirement. Shares relating to awards granted before this date, as well as any shares purchased by the Executive Directors (and for the avoidance of doubt, the pre-IPO cash payments converted into shares), will not be included. The Remuneration Committee will ensure that there is the necessary contractual agreement between the Company and the Executive Directors and/or enforcement mechanism in place to enforce the post-cessation shareholding requirement.	The Executive Directors have a shareholding guideline of 300% of fixed salary.
All-employee share plans To encourage employees to become shareholders in the Company and thereby align their interests with those of shareholders.	There are no all-employee share plans currently in place, but this will remain under review.	N/A.

Alignment with the 2018 UK Corporate Governance Code

The approved Remuneration Policy takes into account Provision 40 of the 2018 UK Corporate Governance Code, and the following table summarises the Committee's views in respect of the approach to remuneration:

Factor	Network Policy alignment to the Code
Clarity	<ul style="list-style-type: none"> › The 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	<ul style="list-style-type: none"> › The Company's share plans are in line with standard UK market practice and designed to be easy to understand, and to be simple and transparent to all stakeholders.
Risk	The Policy includes: <ul style="list-style-type: none"> › 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: <ul style="list-style-type: none"> › 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 the criteria on which the award was based do not reflect the underlying performance of the Company.
Predictability	<ul style="list-style-type: none"> › 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	<ul style="list-style-type: none"> › 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	<ul style="list-style-type: none"> › 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. › 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.

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 effect, 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 their 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 our culture and values 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, the annual employee engagement survey and the independent whistleblower reporting process.

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.

Diversity

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 14 to 18.

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 (27% 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 59 to 60. We recognise that on gender this falls short of the FCA's targets, but remain comfortable with our progress in light of the markets we operate in. We continue to prioritise gender diversity at senior levels, and last year we 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

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 FY23, 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. The Committee applied upwards discretion in respect of the FY23 annual bonus, as described below.

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	FY23	596	23	600	-	547	40	659	1,147	1,806
	FY22	550	23	399	399	-	32	605	797	1,402
Rohit Malhotra	FY23	496	35	500	-	303	93	624	803	1,427
	FY22	457	34	332	332	513	38	529	1,176	1,706

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 FY20 LTIP has a performance score of 65.1%. The conversion USD exchange rate used is 1.2066 (as at year end 2022). Final vesting of the FY20 LTIP was in August 2023. Whilst the performance period was completed in FY22, this figure has been restated to take into account the final vesting determination and the share price and Fx rate at the time of vesting.

The FY21 LTIP has a performance score of 39.6%. The conversion USD exchange rate used is 1.2737 (as at year end 2023).

3 Relates to the provision accrued during the year.

> No other items of remuneration received in FY23 and FY22 other than as disclosed in the table.

> The FY22 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 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 91.

Fixed salary (audited)

As described in last year's report, effective 1 February 2023, the CEO's salary was increased to USD 600,000 and the CFO's to USD 500,000. This reflects a c.9% increase from 2022, below the average of 10% for the wider workforce.

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 FY23 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, akin to the UK pension scheme. The amounts included are accrued in respect of qualifying services provided in the period. 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 FY23.

2023 annual bonus (audited)

The Remuneration Committee reviewed the structure of the annual bonus arrangements and determined that its structure remained appropriate and aligned with FTSE 250 market practice and our sector. To support the Company's growth journey, performance was intended to once again focus on revenue (45%) and EBITDA (25%). The remaining 30% of the annual bonus was to be 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: 2023 Annual bonus metrics (Audited)

Performance measures		Financial (70%)																	
		Revenue (USDm)									EBITDA (USDm)								
Weighting		45%									25%								
		Threshold			Target			Stretch			Threshold			Target			Stretch		
Targets		510			520			530			210			215			218		
Payout levels (as a % of max.)		25%			50%			100%			25%			50%			100%		
Outcome (2023 Actuals)		490									200								
Performance achieved		0%									0%								
Formulaic bonus (as a % of max.)		0%									0%								

ESG		Strategic (30%)																				
		Environment (E)						Social (S)						Governance (G)								
Performance measures		Carbon Footprint (Scope 1 & 2)			Voice of the Customer - Net Promoter Score (NPS-Processing Business)			Voice of the Customer - Net Promoter Score (NPS-Direct to Merchants)			Female representation @ Leadership & Leadership-1 levels			Voice of the Employees - Engagement Score			Business Sustainability (Minimise data leakage)			Strong Governance Practices (Rapid addressal of audit highlights)		
Weighting		2.5%			5%			5%			2.5%			5%			5%					
Targets		Ac-cept-able	Above Ex-pected	Strong	Ac-cept-able	Above Ex-pected	Strong	Ac-cept-able	Above Ex-pected	Strong	Ac-cept-able	Above Ex-pected	Strong	Ac-cept-able	Above Ex-pected	Strong	Ac-cept-able	Above Ex-pected	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 (2023 Actuals)		See next section																				
Performance achieved		100%			100%			100%			80%			100%			100%			80%		
Formulaic bonus (as a % of max.)		2.5			5.0%			5.0%			2.0%			5.0%			5.0%			4.0%		

Figure 3: 2023 performance measures

Strategic measures	Performance summary	Outcome
Carbon Footprint (Scope 1 & 2) 2.5%	› The impact of the RECs purchased has resulted in a 7.6% reduction of carbon emissions in 2023	Strong
Voice of the Customer - Net Promoter Score (NPS-Processing Business) 5%	› Processing business NPS: › Middle East: 69 › Africa: 31 › Average: 50 (versus a target KPI of 25)	Strong
Voice of the Customer - Net Promoter Score (NPS-Direct to Merchants) 5%	› Direct to Merchants NPS: › Middle East: 69 › Africa: 38 › Average: 53.5 (versus a target KPI of 45)	Strong
Female representation @ Leadership & Leadership-1 levels 2.5%	› Female representation of the Executive Management Team: 27% (versus an on target KPI of 25%)	Above Expectation
Voice of the Employees - Engagement Score 5%	› Employee engagement score: 71%. +14% vs. 2022. (versus a target improvement of 4% versus prior year)	Strong
Business Sustainability (Minimise data leakage) 5%	› Financial losses resulting from material data leakage: Nil. (versus a loss tolerance of \$3M)	Strong
Strong Governance Practices (Rapid addressal of audit highlights) 5%	› Audit issues closed by original due date: 93.5% (versus a target limit of 90%)	Strong

The Committee reviewed performance across the year in light of the macroeconomic and geopolitical headwinds faced in 2023, which heavily impacted a number of our markets. Most notably, inflation and currency devaluation in our largest three African markets, coupled with the war in Gaza impacting our operations in Jordan and Egypt, which significantly impacted our financial performance in the year, and so narrowly missing the revenue and EBITDA targets set at the beginning of the year. It is estimated that, without the impact of these events, performance against targets would have been close to maximum. Nonetheless, the Committee commended how Network's leadership have managed the situation, taking an agile approach to cost management and commercial decision making in the impacted regions in order to offset this impact. Furthermore, in regions which have been less impacted, such as the UAE, performance has been extremely strong across the year. This has been reviewed alongside strong performance against our strategic metrics. The Committee has looked to balance fairly rewarding leadership for their strong performance during this period, whilst also reflecting the impact that the broader climate has had on actual performance. In the round, the Committee has applied upwards discretion to allow for 50% of the bonus opportunity to vest.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

	2023 Gross salary p.a.	Max bonus eligibility		Corporate scorecard		2023 Performance bonus	
	USD'000	%	USD'000	% of max	USD'000	% of max	USD'000
Bonus earned (USD'000) - Nandan Mer	600	200%	1,200	28.5%	342	50.0%	600
Bonus earned (USD'000) - Rohit Malhotra	500	200%	1,000	28.5%	285	50.0%	500

Long Term Incentive Plan (LTIP)

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 a ROCE underpin, which if not met could lead to a scale back of up to 10% of the amount vested. The Committee did not apply discretion to final outcomes, and no portion of the amount vested is linked to share price appreciation.

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%	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	412.4	60.4%	15.1%
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 %)							65.1%
Indicative vesting (after ROCE underpin %)							65.1%

¹ Excluding impact of acquisition of DPO on number of shares, actual DPO performance and specially disclosed items related to amortisation of IT transformation which was excluded from underlying performance when 2020 LTIP targets were finalised.

FY21 LTIP award

The FY21 LTIP was subject to i) adjusted earnings per share (EPS), ii) revenue, and iii) relative Total Shareholder Return (TSR). The award is also subject to a ROCE underpin, which if not met could have led to a scale back of up to 10% of the amount vested. Vesting based to the end of the period is 39.6% of maximum, and the Committee does not intend to apply discretion to final outcomes.

Performance measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Performance period	Actual performance to end of performance period	Actual vesting	Actual proportion of maximum achieved
Adjusted EPS (CAGR)	50%	22.6%	27%	1 January 2021 – 31 December 2023	19.8%	0%	0%
Revenue (CAGR)	25%	467.9	531.1	1 January 2021 – 31 December 2023	510	58.3%	14.6%
Relative TSR against the FTSE 250	25%	Median	Upper Quartile	1 January 2021 – 31 December 2023	> Upper Quartile	100%	25.0%
Indicative vesting (before ROCE underpin %)							39.6%
Indicative vesting (after ROCE underpin %)							39.6%

Figure 4: 2023 awards granted

The intention to grant awards under the 2023 LTIP was made on 15 April 2023 and awards were granted on 17 July 2023 as conditional share awards. For the 2023 LTIP, the Remuneration Committee granted the Executive Directors an award of 200% of fixed salary.

The share price at which the awards were granted was determined to be £3.85, 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 provisional award grant date, to the extent that the Remuneration Committee is satisfied that the performance conditions to 31 December 2025 have been met. Malus provisions apply to the end of the vesting period, and clawback provisions apply for two years following vesting. Any dividend accrual during the performance period and expiry of the holding period may be awarded in the form of additional shares.

Executive Director	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	200% of fixed salary	361,412	1,808,867	25%	31/12/2025
Rohit Malhotra	LTIP - Conditional Shares	200% of fixed salary	301,175	1,507,381	25%	31/12/2025

¹ The face value of the award is based on the closing share price on the date prior to the award (£3.85). 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: 2023 award performance conditions

The approved performance conditions for the 2023 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	33.3%	29.3	34.7
Revenue ¹	33.3%	626.4	797.5
Relative TSR vs FTSE 250 ¹	33.3%	Median	Upper Quartile
ROCE	Underpin which will reduce levels of vesting by up to 10% if not met		15% ROCE in 2025

¹ Straight-line vesting between points.

Figure 6: Executive Directors' shareholding and share interest (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.

Executive Directors	Shareholding			Unvested			
	Shareholding requirement (% of fixed salary) ¹	Shareholding requirement % met (of fixed salary) ^{2,3}	Shares beneficially owned	With performance conditions		Without performance conditions	
				LTIP - 2022	LTIP - 2023	ADBP 2021 - shares	ADBP 2022 - shares
Nandan Mer	300%	368%	237,623	297,397	361,412	84,667	118,969
Rohit Malhotra	300%	570%	400,992	247,355	301,175	70,420	98,951

¹ For the purposes of the shareholding requirement, only the net number of unvested share awards not subject to performance conditions is included, in line with institutional investor guidelines.

² The shareholding requirement calculation is based on annualised fixed salary.

³ The closing share price of £3.898 as at 31 December 2023 has been used for the purpose of calculating the current shareholding as a percentage of salary. The conversion USD exchange rate used is 1.2737 (as at year end 2023).

Payment to past Directors/payment for loss of office (audited)

There were no payments to past Directors or payments for loss of office in FY23.

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 October 2023. 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

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Historic total remuneration of the CEO

Executive Director	Year	Total single figure remuneration (USD'000)	Annual bonus payment (% of maximum)	LTIP vesting (% of maximum)
Nandan Mer	FY23	1,806	50%	46%
	FY22	1,402	72.5%	N/A
	FY21 (from 01/02/2021)	1,368	73.8%	N/A
Simon Haslam	FY21 (to 31/01/2021)	57	0.0%	N/A
	FY20	585	0.0%	N/A
	From 27/2/2019 (appointment date)	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 FY23.

	(% change from FY22 to FY23)			(% 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	Salary or fees ¹	Benefits ²	Bonus
Executive Directors												
Nandan Mer	8.3%	1.0%	-24.8%	0.0%	-8.3%	-1.8%	N/A	N/A	N/A	N/A	N/A	N/A
Rohit Malhotra	8.5%	1.0%	-24.6%	0.0%	0.0%	-1.8%	0.0%	249.8%	675%	N/A	N/A	N/A
Non-Executive Directors												
Ron Kalifa	0.0%	0.0%	N/A	0.0%	23.3%	N/A	20.0%	-100%	N/A	3.3%	N/A	N/A
Darren Pope	0.0%	N/A	N/A	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	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	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	0.0%	N/A	N/A	13.3%	N/A	N/A	4.2%	N/A	N/A
Suryanarayan Subramanian	-100%	N/A	N/A	0.0%	N/A	N/A	21.0%	N/A	N/A	1.6%	N/A	N/A
Monique Shivanandan	1.2%	N/A	N/A	15.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Diane Radley	60.5%	N/A	N/A	5.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comparator group												
Average UAE colleague³	21.5%	-4.2%	-4.5%	-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 FY23 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 the 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.

Relative importance of the spend on pay

The table below indicates how the earnings of Executive Directors compare with other financial disbursements.

	FY23 ¹ (USD'000)	FY22 (USD'000)
Distributions to shareholders by way of dividend ²	0	0
Total tax contributions ³	10,362	8,773
Overall spend on pay including Executive Directors ⁴	144,107	130,537

- 1 Calculated on the same basis as the single total figure of remuneration on page 94.
- 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 124 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 19 of the consolidated financial statements for further information). FY22 has been restated (see note 5 of the consolidated financial statements)

For every \$1 spent on Executive Directors' remuneration by the Company in FY23, \$0 was made in dividend payments, \$3.2 was paid in tax and \$45 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 FY23.

Non-Executive Directors' remuneration

Figure 8: 2023 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 FY23.

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	FY23	450	22	N/A	N/A	N/A	472	-	472
(Chairman)	FY22	450	22	N/A	N/A	N/A	472	-	472
Darren Pope	FY23	160	N/A	N/A	N/A	N/A	160	-	160
(Senior Independent Director)	FY22	160	N/A	N/A	N/A	N/A	160	-	160
Victoria Hull	FY23	120	N/A	N/A	N/A	N/A	120	-	120
	FY22	120	N/A	N/A	N/A	N/A	120	-	120
Habib Al Mulla	FY23	85	N/A	N/A	N/A	N/A	85	-	85
	FY22	85	N/A	N/A	N/A	N/A	85	-	85
Anil Dua	FY23	85	N/A	N/A	N/A	N/A	85	-	85
	FY22	85	N/A	N/A	N/A	N/A	85	-	85
Suryanarayan Subramanian³	FY23	-	N/A	N/A	N/A	N/A	-	-	-
	FY22	75	N/A	N/A	N/A	N/A	75	-	75
Monique Shivanandan	FY23	105	N/A	N/A	N/A	N/A	105	-	105
	FY22	104	N/A	N/A	N/A	N/A	104	-	104
Diane Radley	FY23	169	N/A	N/A	N/A	N/A	169	-	169
	FY22	105	N/A	N/A	N/A	N/A	105	-	105

1 Relates to a payment for the purposes of obtaining private health insurance.

2 No other item of remuneration received in FY23 other than as disclosed in the table.

3 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: 2023 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 2023, including those held by connected persons.

Non-Executive Director	Number of shares held at 31 December 2023	Number of shares held at 31 December 2022
Ron Kalifa	559,156	599,156
Darren Pope	8,824	8,824
Victoria Hull	66,319	66,319
Habib Al Mulla	0	0
Anil Dua	0	0
Monique Shivanandan	0	0
Diane Radley	30,000	30,000

DIRECTORS' REMUNERATION REPORT (CONTINUED)

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	Independent Board Chair	13-Mar-19	19-May-22	3 Months	1 Year 4 Months
Darren Pope	Senior Independent Non-Executive Director	13-Mar-19	19-May-22	3 Months	1 Year 4 Months
Victoria Hull	Independent Non-Executive Director	13-Mar-19	19-May-22	3 Months	1 Year 4 Months
Habit Al Mulla	Independent Non-Executive Director	29-Mar-19	19-May-22	3 Months	1 Year 4 Months
Anil Dua	Independent Non-Executive Director	22-Jan-20	19-May-23	3 Months	2 Year 4 Months
Monique Shivanandan	Independent Non-Executive Director	01-Jan-21	N/A	3 Months	4 Months
Diane Radley	Independent Non-Executive Director	01-Jan-21	N/A	3 Months	4 Months

¹ From January 2024.

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.

Non-Executive Director	Title	Original date of appointment	Date of re-appointment	Notice period
Nandan Mer	Group Chief Executive Officer	01-Feb-2021	N/A	6 Months
Rohit Malhotra	Group Chief Financial Officer	02-Jun-2020	19-May-2023	6 Months

Report on the Remuneration Committee

Remuneration Committee remit

The Remuneration Committee's terms of reference can be found on our website at investors.networkinternational.ae/investors/corporate-governance. In summary, the Remuneration Committee makes recommendations to the Board regarding the Company's policy relating to Executive remuneration and its cost, giving full consideration to the matters set out in the Corporate Governance Code. It determines, on the Board's behalf, the entire individual remuneration packages for each Executive Director, the Chair of the Board and the Executive Management Team. The Remuneration Committee meets at least five times each year and otherwise as the Chair of the Remuneration Committee requires.

Figure 11: Remuneration Committee composition and meetings

The table below indicates the number of meetings held during 2023 and Remuneration Committee member attendance.

Member	Member since	FY23 meetings	Number of meetings attended	% of meeting attendance
Victoria Hull	13 March 2019	5	5	100%
Ron Kalifa	13 March 2019	5	5	100%
Monique Shivanandan	01 January 2021	5	5	100%
Diane Radley	01 January 2021	5	5	100%

Figure 12: Remuneration Committee activity

The following table is a summary of the Remuneration Committee's activity during FY23. The Remuneration Committee meets a minimum five times a year. During FY23, the Remuneration Committee met five times at scheduled meetings.

The agenda items discussed at the meetings are summarised below.

February 2023	<ul style="list-style-type: none"> › 2022 performance update and bonus proposal › Approval of 2023 annual bonus measures and targets › Overview of shareholder consultation on the proposed 2023 Remuneration Policy and next steps
March 2023	<ul style="list-style-type: none"> › Update on DRR progress and review draft DRR for finalisation › 2023 Remuneration Policy finalisation
April 2023	<ul style="list-style-type: none"> › Approach to 2023 LTIP targets and measures
July 2023	<ul style="list-style-type: none"> › 2020 LTIP vesting outcome
December 2023	<ul style="list-style-type: none"> › Update on proposed treatment of variable incentives on completion of the transaction

Figure 13: Statement of voting

The table below sets out last year's Remuneration Report voting outcome, from our AGM held on 18 May 2023.

	Votes "For"	Votes "For" %	Votes "Against"	Votes "Against" %	Votes total	% of issued share capital voted	Votes "Withheld"
Remuneration Policy (Binding)	247,687,699	96.70%	8,448,076	3.30%	256,135,775	47.63%	1,857,652
Remuneration Report (Advisory)	257,545,534	99.83%	447,892	0.17%	257,993,426	47.98%	1

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 FY23, PwC advised the Remuneration Committee on all aspects of the Remuneration Policy for the Executive Directors and members of the Executive Management Team. 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 £150,000 were paid to PwC during the year in respect of remuneration advice received, accrued on a time and expenses basis. PwC provides other services to the Company, in relation to accounting, tax advice, reporting, internal audit and risk management. The Remuneration Committee is satisfied that no conflicts of interest in 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.

Victoria Hull

Chair of the Remuneration Committee
27 March 2024

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 2023.

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 57 and Governance Report on page 58 onwards:

Subject matter	Page reference
Likely future developments in the business	10-11
Research and development	139
Key performance indicators	4-5
Employee engagement, development, inclusion and diversity	14-18
Relationships with suppliers, customers and others	12-13
Principal risks and uncertainties	48-55
Energy consumption, greenhouse gas and carbon emissions	20, 28-39
Disclosures required under TCFD recommendations	28-39
Directors' remuneration	89-101

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 58 to 73 and the Strategic Report on pages 1 to 57 (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	103
Listing Rule 9.8.6(8)	
Climate-related financial disclosures consistent with TCFD	28

Share capital

The structure of the issued share capital of the Company as at 31 December 2023 and information about the issue of shares during 2023 are set out in note 17 (on page 151) 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 buyback of shares

1. Issue of shares

The Directors were granted authority on 18 May 2023 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 18 May 2023 to disapply pre-emption rights. This authority disappplies pre-emption rights over 10% of the Company's issued share capital.

These authorities apply until the AGM to be held in 2024 or, if earlier, at the close of business on the date falling 15 months after the resolutions conferring them were passed on 18 May 2023. While the relevant institutional guidelines support disapplication of pre-emption rights up to 20% of the Company's issued share capital, the Board currently intends to seek to renew these powers at the 2024 AGM, for 10% of the Company's issued share capital in line with the authority granted on 18 May 2023.

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 18 May 2023 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 2024 or, if earlier, at the close of business on the date falling 15 months after the resolution conferring it was passed on 18 May 2023. The Board currently intends to seek to renew this authority at the 2024 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 was to reduce the Company's share capital. The share buyback programme was cancelled with effect from 13 June 2023. During the year up to 13 June 2023, the Company bought back through market purchases on the London Stock Exchange 28,353,097 ordinary shares with a nominal value of 10 pence each, representing 5.053% of the issued share capital of the Company when the programme started, for a total consideration of approximately USD 96.42 million, including expenses of USD 1.55 million. As at 31 December 2023, 28,353,097 ordinary shares with a nominal value of 10 pence each have been bought back, out of which 23,353,097 ordinary shares have been cancelled and 5,000,000 ordinary shares are being held in treasury.

Recommended takeover offer

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates to acquire the Group. The Board unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

As we announced on 30 November 2023 and 15 March 2024, Network and Brookfield have made significant progress in obtaining the relevant merger control and regulatory approvals required in a number of jurisdictions before the acquisition can close. We continue to engage positively with the relevant authorities in the jurisdictions where approvals remain outstanding, with a view to completing the acquisition as soon as possible. As we announced on 15 March 2024, the long stop date for the acquisition has been extended to 9 October 2024.

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

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 above; (ii) as set out in the Articles of Association; and (iii) certain restrictions which may from time to time be imposed by laws and regulations (for example insider trading laws and regulations, which prohibit the transfer of shares by Directors, officers and employees at certain times and otherwise require such individuals to obtain approval to deal in the ordinary shares in the Company in accordance with the Company's share dealing rules).

DIRECTORS' REPORT - OTHER STATUTORY DISCLOSURES (CONTINUED)

Notifiable interests in voting rights

At 31 December 2023, and updated as at 20 March 2024, the Company had been notified of the following interests in voting rights of 3% or more over the issued share capital of the Company:

Shareholder	As at 31 December 2023		As at 20 March 2024		Nature of Interest
	Number of voting rights	% interest in voting rights	Number of voting rights	% interest in voting rights	
Mastercard UK Holdco Limited	49,950,000	9.38	49,950,000	9.38	Indirect
JP Morgan Chase & Co	42,337,340	7.95	44,262,096	8.31	Indirect
Societe Generale	30,627,053	5.75	43,049,795	8.08	Direct
Emirates NBD Bank PJSC	28,634,626	5.375	28,634,626	5.375	Direct
Barclays PLC	26,935,102	5.055	31,014,922	5.82	Indirect
Wellington Management Group LLP	26,110,466	4.90	26,110,466	4.90	Direct
Norges Bank	21,251,307	3.99	21,251,307	3.99	Direct
Rubric Capital Management LP	18,475,796	3.47	18,475,796	3.47	Direct
Jefferies Financial Group Inc.	-	-	27,125,827	5.09	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 20 March 2024, 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 2023.

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 100.

There were no changes in the constitution of the Board of Directors during the FY 2023.

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 58. Biographical details of the Directors are set out on page 62, 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 69.

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 103.

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 100.

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 165 to 170.

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 is included in the Strategic Report on pages 10 to 11.

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 17.

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 were 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. The Articles of Association were amended by the shareholders of the Company at their meeting held on 4 August 2023. Copies of the Articles of Association of the Company 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 107 to 110 respectively and are incorporated into this Directors' Report by reference.

Events after the balance sheet date

There are no 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').

DIRECTORS' REPORT – OTHER STATUTORY DISCLOSURES (CONTINUED)

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
27 March 2024

Registered Office:
Suite 1, 7th Floor
50 Broadway
London, SW1H 0BL
United Kingdom

Registered number: 11849292

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 2023. This period was selected as an appropriate timeframe based on the following rationale:

- i. 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;
- ii. The three-year period is in line with the long-term management incentive plan;
- iii. 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
- iv. 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 period longer 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%+ CAGR 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 120,000 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 business lines. Both principal platforms comprise core authorisation and card management systems from commercial off-the-shelf providers to benefit from leading international technologies, which have been fully integrated and tailored to the markets and regions in which the Group operates. During the year, we have expanded our Network One on-soil deployment in two of our markets – South Africa and Kingdom of Saudi Arabia – to further strengthen our market position. Post 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 the 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 2023 was 0.6x 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.

VIABILITY STATEMENT (CONTINUED)

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, 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 2024) was reviewed and approved by the Board in December 2023. 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:

1. Capitalise on structural market growth and regional adoption of digital payments
2. Expand customer base
3. Expand regional leadership position
4. Leverage technology investment

The Group's financial forecasts are based on the following key assumptions:

1. Organic revenue growth at high teens in the near term, accelerating to 20%+ CAGR growth over medium to long term, supported by underlying market growth and strategic initiatives;
2. EBITDA margin expansion, as we continue to deliver on new customer wins;
3. Stable capex spends on core business;
4. No dividend payment to the shareholders; and
5. 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.

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:
 - a. Growth in the business plan is achieved up to 50% of projected growth.
 - b. No growth in the business plan vs 2023 performance, with cost increasing at 5%.
 - c. Decline in the performance by 5% y-o-y vs 2023 performance, with costs remaining the same as in 2023.

2. Data breaches: The Group assessed its exposure to 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 of up to 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 five 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 Resiliency	-	✓	-	✓	-	-
Execution	✓	✓	✓	✓	✓	✓
People	-	-	✓	-	-	✓
Compliance	-	✓	✓	✓	-	✓
Geopolitical	✓	-	✓	-	✓	✓
Financial	✓	-	✓	-	✓	✓
Fraud and 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 2026.

Going Concern Statement

The Directors have adopted the going concern basis in preparing these consolidated financial statements after assessing 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. The base forecast has been done based on the budget for 2024 approved by the Board. The forecast has been done based on assumptions related to key variables including but not limited to Transaction Processing Volumes (TPV), number of cards hosted, and transactions processed, which are the key drivers of the Group revenue and cash flow.

Merchant Services is focused on direct-to-merchant payment services in the UAE, Jordan and Africa, representing 47% of total revenue (2022: 42%). Merchant Services revenue grew 28% y/y with a strong momentum in the period, largely due to the supportive underlying market conditions and consumer confidence in the UAE, particularly our performance in the SME segment.

Outsourced Payment Services supports customers across two main business lines; i) Issuer processing, where Network supports payment credential issuing customers in enabling their consumers to 'make payments' by managing and processing their consumer payment credentials and transactions. This represents the majority of revenue in the business line, and ii) Acquirer processing, where Network enables FIs, fintechs, and, indirectly, their merchant customers, to 'take payments' from consumers. Outsourced Payment Services represents 51% of total Group revenue (2022: 55%). Total revenue increased by 13% y/y. Whilst overall performance is reflective of good trading across both regions, the Middle East delivered particularly strong growth, driven by core card hosting and transaction processing services across the portfolio, which more than offset slower trading in some parts of Africa given the tougher macroeconomic conditions in Egypt, Nigeria and South Africa. The overall momentum in new business wins, cross-selling and expansion of existing client portfolios remains positive.

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 the 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 2023 was 0.6x (2022: 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 2023 performance.

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

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates and unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates to acquire the Group. The Board unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

As we announced on 30 November 2023 and 15 March 2024, Network and Brookfield have made significant progress in obtaining the relevant merger control and regulatory approvals required in a number of jurisdictions before the acquisition can close. We continue to engage positively with the relevant authorities in the jurisdictions where approvals remain outstanding, with a view to completing the acquisition as soon as possible. As we announced on 15 March 2024, the long stop date for the acquisition has been extended to 9 October 2024.

The potential acquisition by Brookfield may result in the restructuring of the Group's legal entities including restructuring of Network International Holdings Plc, which is the holding company of the Group's subsidiaries ('Holding company'). Due to this, the Directors consider the existence of the holding company as materially uncertain and therefore, it may cast significant doubt over the holding company's ability to continue as a going concern.

Notwithstanding this uncertainty, 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 2023 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 2023 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 five financial years ended 31 December 2023. 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 matter noted below, we have not performed any non-audit services during the financial year ended 31 December 2023 or subsequently which are prohibited by the FRC Ethical Standard.

We have identified that a KPMG member firm had provided preparation of local financial statement services during 2023 to a group entity that is in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. 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 these services would not impair our integrity or objectivity for any of the impacted financial years. The Audit Committee concurred with this view.

Materiality:	USD 4.5m (2022: USD 4.0m)	
Group financial statements as a whole	5.0% of normalised profit before tax (2022: 4.3% of profit before tax)	
Coverage	86.4% (2022: 92.1%) of Group revenue	
Key audit matters vs 2022		
Recurring risks	Recoverability of goodwill and parent's investment in DPO	▲
	Risk of error in Merchant Services acquiring revenue	◀▶

This year Going Concern is also a key audit matter. See section 2 below.

2. Material uncertainty related to going concern

We draw attention to note 2(e) to the financial statements which indicates because of the potential change in control the directors have concluded that they cannot confirm whether the prospective purchasers will retain the current legal entity structure of the Group.

On this basis the directors have identified a material uncertainty relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK INTERNATIONAL HOLDINGS PLC (CONTINUED)

Disclosure quality

The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.

The directors have assessed the going concern status of the Company and the Group based on the business plans approved by the current Board in December 2023 and the existing debt facilities and concluded that sufficient liquidity headroom exists in both 'base case' and 'severe but plausible downside' scenarios to enable the Company and the Group to meet their obligations as they fall due during the going concern period.

That judgement is based on an evaluation of the inherent risks to the Group's and parent Company's business model and how those risks might affect the Group's and parent Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.

There is little judgement involved in the directors' assessment that the company has the liquidity to continue as a going concern. As there is uncertainty over the legal entity structure of the Group, there is also little judgement over the directors' conclusion that the circumstances, described in note 2(e) to the financial statements, represent a material uncertainty over the ability of the Group and parent Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements.

However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our response

Our procedures included:

- › Assessing transparency: Considering whether the going concern disclosure in note 2(e) to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks, dependencies, and related sensitivities.
- › Our assessment of management's going concern assessment also included:
 - **Evaluating directors' intent:** We made inquiries of the directors regarding the status of the proposed acquisition, remaining steps prior to acquisition, and ascertained the directors' assessment of the acquiror's intentions for the Group should the proposed acquisition be successful.
 - **Sensitivity analysis:** We assessed the reasonableness of the directors' forecasts in their going concern model and evaluated whether key assumptions are within a reasonable range. We also assessed severe but plausible downside scenarios.
 - **Evaluate assumptions:** We assessed whether there is adequate support for the assumptions underlying the directors' cash flow projections, including whether they are realistic and achievable and consistent with the external and internal environment and other matters identified in the audit
 - **Historical comparison:** We performed a retrospective review of the directors' track record of forecasts vs actual cashflows to assess their forecasting accuracy

Our results

We found the going concern disclosure in note 2(e) with a material uncertainty to be acceptable.

3. Other 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. Going concern is a significant key audit matter and is described in section 2 of our report. We summarise below the other 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.

Recoverability of goodwill and parent's investment in DPO of USD 234.1m and USD 283.2m respectively (2022: Goodwill and parent's investment in DPO of USD 234.1m and USD 283.2m respectively)

Refer to pages 77 and 78 of the Audit Committee Report, accounting policy note 2(g) and note 8.2 to the group financial statements and notes 4 and 5 to the parent company financial statements (financial disclosures)

The risk

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 assumptions in the short to medium-term. This growth may be impacted by internal and external factors, which may influence its trading.

These include economic and political uncertainty, the introduction of new products and services, competition, and consumer confidence.

As part of annual impairment testing, the Group determined the Value-in-use (VIU) and the Fair value less costs to sell (FVLCS) to assess the recoverable amount of the DPO CGU and identified the latter as being the higher of the two.

The estimated recoverable amount is subjective due to the inherent uncertainty involved in key assumptions relating to forecast financial performance including revenue growth rates, EBITDA margins, long-term growth rate, and discount rate used in estimating the fair value less costs to sell. 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.

Our response

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:

Substantive procedures:

- ▶ **Our sector experience** – We considered the consistency of the forecasts prepared by the Group with our understanding of the sector and the business, including expected changes in the sector and relevant markets, in assessing the determination of the recoverable amount.
- ▶ **Historical accuracy** – We considered historic trends of budgeted against actual figures, performing a retrospective review to support our assessment of whether the forecasts are reliable.
- ▶ **Our valuation expertise** – Our valuation specialists assisted us in developing an independent point estimate for the long-term growth rate and an independently derived discount rate range estimate for comparison to the assumptions used by the Group.
- ▶ **Benchmarking assumptions** – We challenged and compared the Group's assumptions to externally derived data, industry norms and our expectation based on our knowledge and experience of the Group and the sector, in relation to key inputs such as projected market growth, revenue growth rates and comparable company EBITDA margins.
- ▶ **Sensitivity analysis** – We performed sensitivity analysis which considers reasonably possible changes in the key assumptions and their impact on the recoverable amount.

Disclosures: We considered the adequacy of the Group's disclosure of the key risks and sensitivity around the outcome, and whether that disclosure reflects 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 and disclosure that there is no impairment of goodwill and parent Company's investment in 2023 to be acceptable (2022: acceptable).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK INTERNATIONAL HOLDINGS PLC (CONTINUED)

Risk of error in Merchant Services acquiring revenue – 76% of Merchant Services revenue of USD 176.7m (2022: 73% of Merchant Services revenue of USD 183.3m)

Refer to note 18 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 IT systems.

Our response

Our procedures included:

Control design: For Merchant Services excluding Payfast (Payfast representing 8% of Merchant Services acquiring revenue), testing the design of 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 Merchant Services excluding Payfast (Payfast representing 8% of Merchant Services 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.

For Merchant Services including Payfast, testing of the operating effectiveness of the manual controls over the reconciliation of transactions as reported by the operational IT systems.

Substantive procedures: Re-performance on a sample basis by comparing 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.
- › Recalculation of the revenue to be recognised, disaggregated by merchant and scheme, based upon the key system inputs.
- › Examination of cash receipts from schemes and third-party confirmations.

The extent of substantive procedures and sample sizes reflected the degree of control reliance.

Disclosures: 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 (2022: no weaknesses identified). We found the revenue recognised and disclosure in respect of acquiring revenue to be acceptable (2022: acceptable).

4. 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 4.5m (2022: USD 4.0m), determined with reference to a benchmark of normalised Group profit before tax of USD 89.3m, of which it represents 5.0% (2022: 4.3% of 2022 Group profit before tax). In 2023 we normalised Group profit before tax by excluding M&A costs, as disclosed in note 4.1.

Materiality for the parent Company financial statements as a whole was set at USD 3.8m (2022: USD 3.0m), determined with reference to a benchmark of parent Company total assets (2022: total assets), of which it represents 0.2% (2022: 0.2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2022: 75%) of materiality for the financial statements as a whole, which equates to USD 3.4m (2022: USD 3.0m) for the Group and USD 2.9m (2022: USD 2.3m) 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 0.23m (2022: USD 0.20m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scope

Of the Group's 41 (2022: 40) reporting components, we subjected 5 (2022: 9) 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	Absolute group profit before tax	Group total assets
Full scope audits for Group purposes 2023	86.4%	82.8%	88.8%
Full scope audits for Group purposes 2022	92.1%	83.5%	93.0%

The remaining 13.6% (2022: 7.9%) of total Group revenue, 17.2% (2022: 16.5%) of Absolute group profit before tax and 11.2% (2022: 7.0%) of total Group assets is represented by 36 (2021: 31) reporting components, none of which individually represented more than 7% (2022: 4%) of any of total Group revenue, Absolute 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 components' materiality, which ranged from USD 1.6m to USD 3.8m (2022: USD 1.2m to USD 3.0m), having regard to the mix of size and risk profile of the Group across the components. The work on 4 of the 5 components (2022: 8 of the 9 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 2023, the Group team performed procedures on the remaining excluded items.

The Group team visited 4 (2022: 6) component locations in UAE, Egypt, South Africa, and Jordan (2022: UAE, Egypt and South Africa) to assess the audit risk and strategy. Video and telephone conference meetings were also held with these component auditors. 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.

5. 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 39, 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 inquiries 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 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 included in the Other Information in the Annual Report as set out on pages 19 to 39 and considered consistency with the financial statements and our audit knowledge.

6. Going concern basis of preparation

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 for at least a year from the date of approval of the financial statements ("the going concern period"). As stated in section 2 of our report, they have also concluded that there is a material uncertainty related to going concern.

An explanation of how we evaluated management's assessment of going concern is set out section 2 of our report.

Our conclusions based on this work:

- › we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- › we have nothing material to add or draw attention to in relation to the directors' statement in note 2(e) to the financial statements on the use of the going concern basis of accounting, and their identification therein of a material uncertainty over the Group and parent Company's ability to continue to use that basis for the going concern period, and we found the going concern disclosure in note 2(e) to be acceptable; and
- › the related statement under the Listing Rules set out on page 110 is materially consistent with the financial statements and our audit knowledge.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK INTERNATIONAL HOLDINGS PLC (CONTINUED)

7. 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 their 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.

8. 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, other than the material uncertainty related to going concern referred to above, we have nothing further material to add or draw attention to in relation to:

- › the directors' confirmation on page 48 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 107 to 109 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETWORK INTERNATIONAL HOLDINGS PLC (CONTINUED)

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.

9. 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.

10. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 105 to 106, 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.

11. 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

27 March 2024

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 USD'000	31 December 2022 USD'000 Restated ¹	1 January 2022 USD'000 Restated ¹
Assets				
Non-current assets				
Goodwill	8	495,464	495,782	496,695
Intangible assets	8	231,711	229,216	243,081
Property and equipment	9	78,390	58,148	59,584
Investment securities		246	246	246
Other long-term assets		8,398	2,337	4,749
Deferred tax assets	23.4	6,733	9,184	7,633
Total non-current assets		820,942	794,913	811,988
Current assets				
Scheme debtors	10	541,021	336,728	364,025
Receivables, prepayments and other assets	11	98,577	97,338	89,445
Cash and cash equivalents (restricted)	10, 12	155,828	119,357	86,801
Cash and cash equivalents (un-restricted)	12	158,542	234,402	270,345
Assets held for sale		-	-	4,347
Total current assets		953,968	787,825	814,963
Total assets		1,774,910	1,582,738	1,626,951
Liabilities				
Non-current liabilities				
Borrowings	15	185,323	265,291	336,739
Other long-term liabilities	16	33,713	22,444	28,600
Deferred tax liabilities	23.4	14,722	18,195	18,914
Total non-current liabilities		233,758	305,930	384,253
Current liabilities				
Merchant creditors	10	504,491	285,791	329,280
Trade and other payables	14	156,522	126,893	138,991
Income tax payable		5,705	5,232	8,826
Borrowings	15	245,071	235,346	154,605
Liabilities held for sale		-	-	1,769
Total current liabilities		911,789	653,262	633,471
Shareholders' equity				
Share capital	17	70,036	73,077	73,077
Share premium	17	252,279	252,279	252,279
Treasury shares	17	(16,148)	(40,631)	-
Share merger reserve	17	52,971	52,971	52,971
Foreign exchange reserve	17	(49,867)	(36,501)	(19,693)
Reorganisation and other reserves	17	(1,542,283)	(1,544,066)	(1,547,389)
Retained earnings		1,861,719	1,866,579	1,799,315
Equity attributable to equity holders		628,707	623,708	610,560
Non-controlling interest		656	(162)	(1,333)
Total shareholders' equity		629,363	623,546	609,227
Total liabilities and shareholders' equity		1,774,910	1,582,738	1,626,951

¹ The Group has restated comparative information (see note 5).

Notes 1 to 30 form part of these consolidated financial statements.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 March 2024 and signed on its behalf by:

Nandan Mer
Director and Chief Executive Officer

Consolidated Statement of Profit or Loss

For the year ended 31 December

	Notes	2023 USD'000	2022 USD'000 Restated ¹
Revenue	18	490,132	435,535
Personnel expenses	19	(144,107)	(129,298)
Selling, operating and other expenses	20	(147,509)	(125,662)
Expected credit losses and other provisions	11	(8,479)	(2,922)
Depreciation and amortisation	8, 9	(78,642)	(71,429)
Profit before interest, tax and gain on sale of a subsidiary		111,395	106,224
Net interest expense	21	(26,397)	(18,547)
Unrealised foreign exchange gains/(losses)		(6,001)	2,639
Gain on sale of subsidiary		-	2,170
Profit before tax		78,997	92,486
Taxes	23.1	(12,490)	(13,332)
Profit for the year		66,507	79,154
Attributable to:			
Equity holders of the Group		65,689	79,179
Non-controlling interest		818	(25)
Profit for the year		66,507	79,154
Basic earnings per share in USD cents	22	12.4	14.3
Diluted earnings per share in USD cents	22	12.2	14.1

1 The Group has restated comparative information (see note 5).

Notes 1 to 30 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

	2023 USD'000	2022 USD'000 Restated ¹
Profit for the year	66,507	79,154
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation difference on foreign operations	(13,366)	(16,808)
Items that will never be reclassified to profit or loss		
Re-measurement of defined benefit liability	(1,258)	2,345
Net change in other comprehensive income	(14,624)	(14,463)
Total comprehensive income for the year	51,883	64,691
Attributable to:		
Equity holders of the Group	51,065	64,716
Non-controlling interest	818	(25)
Total comprehensive income for the year	51,883	64,691

¹ The Group has restated comparative information (see note 5).

Notes 1 to 30 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 2023

	Share capital	Share premium	Treasury shares	Share merger reserve	Foreign exchange reserve	Reorganisation reserve	Reorganisation reserve	Capital redemption reserve	Other reserves ¹	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total shareholders' equity
	USD'000												
As at 1 January 2023 (restated)	73,077	252,279	(40,631)	52,971	(36,501)	(1,552,365)	-	-	8,299	1,866,579	623,708	(162)	623,546
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	65,689	65,689	818	66,507
Other comprehensive income for the year:													
Foreign currency translation differences	-	-	-	-	(13,366)	-	-	-	-	-	(13,366)	-	(13,366)
Re-measurement of defined benefit liability	-	-	-	-	-	-	-	-	(1,258)	-	(1,258)	-	(1,258)
Total other comprehensive income for the year	-	-	-	-	(13,366)	-	-	-	(1,258)	-	(14,624)	-	(14,624)
Total comprehensive income for the year	-	-	-	-	(13,366)	-	-	-	(1,258)	65,689	51,065	818	51,883
Purchase of treasury shares ¹	-	-	(54,239)	-	-	-	-	-	-	-	(54,239)	-	(54,239)
Related transaction cost	-	-	(1,550)	-	-	-	-	-	-	-	(1,550)	-	(1,550)
Creation of capital redemption reserve	-	-	-	-	-	-	3,041	-	-	(3,041)	-	-	-
Cancellation of treasury shares	(3,041)	-	80,272	-	-	-	-	-	-	(77,231)	-	-	-
Share-based payment reserve (LTIP)	-	-	-	-	-	-	-	-	-	9,723	9,723	-	9,723
As at 31 December 2023	70,036	252,279	(16,148)	52,971	(49,867)	(1,552,365)	3,041	7,041	1,861,719	628,707	656	629,363	

¹ Refer to note 17.

Notes 1 to 30 form part of these consolidated financial statements.

	Share capital	Share premium	Share 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
Restatement (Note 5)	-	-	-	-	-	-	-	(3,186)	(3,186)	-	(3,186)
As at 1 January 2022 (restated)	73,077	252,279	-	52,971	(19,693)	(1,552,365)	4,976	1,799,315	610,560	(1,333)	609,227
Total comprehensive income for the year	-	-	-	-	-	-	-	79,179	79,179	(25)	79,154
Restated profit for the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year:	-	-	-	-	(16,808)	-	-	-	(16,808)	-	(16,808)
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	79,179	64,716	(25)	64,691
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 (restated)	73,077	252,279	(40,631)	52,971	(36,501)	(1,552,365)	8,299	1,866,579	623,708	(162)	623,546

¹ Refer to note 17.

Notes 1 to 30 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2023 USD'000	2022 USD'000 Restated ¹
Operating activities			
Profit for the year from operations		66,507	79,154
Adjustments for:			
Depreciation and amortisation	8, 9	78,642	71,429
Expected credit losses and other provisions	11	8,479	2,922
Net interest expense	21	26,397	18,547
Taxes	23.1	12,490	13,332
Unrealised foreign exchange gains/(losses)		6,001	(2,639)
Gain on sale of a subsidiary		-	(2,170)
Charge for share based payment	26	9,723	5,952
Interest paid		(24,312)	(15,859)
Taxes paid		(10,362)	(8,773)
Net cash flows before working capital balances		173,565	161,895
Changes in scheme debtors		(204,293)	27,297
Changes in merchant creditors		218,700	(43,489)
Changes in long-term receivables and other liabilities		(9,191)	1,451
Changes in other working capital balances ²		2,566	(27,952)
Net cash flows from operating activities		181,347	119,202
Investing activities			
Purchase of intangible assets and property and equipment	4.7	(74,814)	(65,408)
Proceeds from sale of subsidiary		-	4,330
Interest received		2,681	1,334
Net cash flows from investing activities		(72,133)	(59,744)

1 The Group has restated comparative information (see note 5).

2 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.

Notes 1 to 30 form part of these consolidated financial statements.

	Notes	2023 USD'000	2022 USD'000 Restated ¹
Financing activities			
Repayment of borrowings		(75,536)	(73,368)
Purchase of treasury shares (share buyback)		(54,239)	(40,631)
Purchase of treasury shares (share-based payments)		-	(16,889)
Payment of debt issuance cost		(186)	(591)
Transaction cost for share buyback		(1,550)	-
Payment of lease liabilities		(9,171)	(6,261)
Net cash flows from financing activities		(140,682)	(137,740)
Net decrease in cash and cash equivalents			
Effect of movements in exchange rates on cash held		(12,346)	(7,303)
Cash and cash equivalents at the beginning of the year		194,472	280,057
Cash and cash equivalents at the end of the year	12	150,658	194,472

1 The Group has restated comparative information (see note 5).

Notes 1 to 30 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 2023 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) Consideration of climate risk

In preparing the consolidated financial statements, the Directors have considered the impact of climate change, particularly in the context of the risks identified in the Task Force on Climate-related Financial Disclosures (TCFD) made in this annual report and accounts. There has been no material impact identified on the financial reporting judgement and estimate, and other areas including going concern and viability assessment, cash flow forecast used for the impairment assessments of non-current assets, carry value and economic lives of property, equipment and intangible assets.

Whilst there is currently no medium-term impact expected from climate change, the Directors are aware of the ever-changing risks associated with climate change and on-going assessment is needed to identify any potential change in circumstances that increases Group's risk profile for climate change and would require appropriate considerations against the significant judgment and estimate made in the preparation of these consolidated financial statements.

(e) Going concern

The Directors have adopted the going concern basis in preparing these consolidated financial statements after assessing 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 "going concern assessment period", estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group. The base forecast has been done based on the budget for 2024 approved by the Board. The forecast has been done based on assumptions related to key variables including but not limited to Transaction Processing Volumes (TPV), number of cards hosted, and transactions processed, which are the key drivers of the Group revenue and cash flow.

Merchant Services is focused on direct-to-merchant payment services in the UAE, Jordan and Africa, representing 47% of total revenue (2022: 41%). Outsourced Payment Services supports customers across two main business lines; i) Issuer processing, where Network supports payment credential issuing customers in enabling their consumers to 'make payments' by managing and processing their consumer payment credentials and transactions. This represents the majority of revenue in the business line, and ii) Acquirer processing, where Network enables FIs, fintechs, and indirectly, their merchant customers, to 'take payments' from consumers. Outsourced Payment Services represents 51% of total Group revenue (2022: 56%). Total revenue increased by 13% y/y

in 2023. 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 28 of the consolidated financial statements for details of the Group's drawn and available facilities. The Group has strong liquidity position which is effectively managed by the cash generated in the business, term loans and overdraft facilities. As per the financing facility agreement for term loans, the Group is required to maintain a leverage ratio below the threshold of 3.5x net debt to underlying EBITDA. The leverage ratio as at 31 December 2023 was 0.6x (2022: 0.7x).

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

- a) revenue growth is 50% lower than the revenue growth expected in the base forecast.
- b) no revenue growth in forecast period as compared to the actual 2023 performance.

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

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates to acquire the Group. The Board unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

As we announced on 30 November 2023 and 15 March 2024, Network and Brookfield have made significant progress in obtaining the relevant merger control and regulatory approvals required in a number of jurisdictions before the acquisition can close. We continue to engage positively with the relevant authorities in the jurisdictions where approvals remain outstanding, with a view to completing the acquisition as soon as possible. As we announced on 15 March 2024, the long stop date for the acquisition has been extended to 9 October 2024.

The Directors have considered the impact of the potential acquisition on financing arrangements, liquidity position and operations of the business, including change of control clauses where relevant, and do not consider this to impact the going concern assessment described above. The Directors also examined intention statements outlined in the Scheme Document, including commitments by and intention of Brookfield and its affiliates around the operation of the Group.

However, the potential acquisition by Brookfield may result in the restructuring of the Group's legal entities including restructuring of Network International Holdings Plc, which is the holding company of the Group's subsidiaries ('Holding company'). The current Board is not expected to continue in position post completion of the acquisition and hence, the Directors have concluded that it is beyond their control to confirm whether the prospective acquirer would undertake any restructuring of the Group's legal entities. Therefore, the Directors consider that this constitutes a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and hence consequently Group's ability to continue as a going concern on a consolidated basis. The Group and the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this material uncertainty with respect to the legal structure of the group, the Directors have concluded that the business is growing and profitable with positive cashflow generation and sufficient liquidity headroom to meet financial obligations as they arise. They have a reasonable expectation that the Group and the Company will have adequate resources to remain in operation for at least 12 months from the approval of these consolidated financial statements (the going concern assessment period) and therefore continue to adopt the going concern basis in preparing these consolidated financial statements. The financial statements do not include any adjustments that would be required if the Going concern basis of preparation is not adopted.

(f) New standards and interpretations

The following amendments and interpretations apply for the first time in beginning on or after 1 January 2023, but do not have any significant impact on the consolidated financial statements.

- › Disclosures of accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements
- › Definition of accounting Estimates – Amendments to IAS 8
- › Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes
- › International tax reform – pillar two model rules – Amendments to IAS 12
- › IFRS 17 Insurance contracts

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Basis of preparation (continued)

The following amendments and interpretations apply for the first time in beginning on or after 1 January 2024.

- › Non-current liabilities with covenant – Amendment to IAS 1
- › Classification of Liabilities as Current or Non-current – Amendment to IAS 1
- › Lease liability in a sale and lease back – Amendment to IFRS 16
- › Supplier financing arrangement – Amendment to IAS 7 and IFRS 7
- › Lack of exchangeability – Amendment to IAS 21

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

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

Impairment testing requires the Directors to assess whether the carrying value of assets or a Cash Generating Unit (CGU) can be supported by their recoverable amount (i.e., the greater of value in use or its fair value less costs to sell). The key assumptions that Directors have used in performing impairment test of DPO are cash flow projections, post-tax discount rate and terminal growth rate. Refer 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 period presented. The brief description of these accounting judgements and estimates are 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 8 and 9)
- iii. Impairment of loans and receivables (refer to note 11)
- iv. Employee benefits – (refer to note 16)
- v. Revenue recognition – (refer to note 18)
- vi. Taxes – (refer to note 23)

3. Accounting policies

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 relates to the consolidated financial statements as a whole. The other specific accounting policies are described in the note to which it relates.

(a) Basis of consolidation

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration paid by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred or assumed and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Any Goodwill that arises is tested annually for impairment.

i. Subsidiaries

Subsidiaries are the entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement in the entity and has the ability to affect those returns through its powers over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 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 gains or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective profit and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the consolidated statement of profit or loss, except for investment securities designated at fair value through other comprehensive income, where the exchange translation is recognised in the consolidated statement of other comprehensive income.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to USD at exchange rates at the reporting date. The income and expenses of foreign operations are translated to USD at exchange rates at the dates of the transactions or an appropriate average rate. Equity elements are translated at the date of the transaction and not retranslated in subsequent periods.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve ('foreign exchange reserve') in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of entirely or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in associate or joint venture that includes a foreign operation retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 2023 and 2022.

	2023 USD'000	2022 USD'000
Items affecting EBITDA		
Recommended cash acquisition and M&A related costs ¹	10,293	-
Total SDIs affecting EBITDA	10,293	-
Items affecting Net Income		
Amortisation and tax on acquired intangibles ^{2,3}	5,443	8,946
Total SDIs affecting net income	5,443	8,946
Total specially disclosed items⁴	15,736	8,946

1 This included costs incurred for due diligence, advisory, and execution in relation to the proposed offer for the acquisition of the Group and M&A opportunities pursued during the year.

2 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.

3 During the year, the amortisation charge amounted to USD 5.4 million (2022: USD 8.9 million) on the intangible assets recognised in the Group's consolidated statement of financial position from the following acquisitions: i) USD 0.7 million (2022: USD 4.2 million) from Emerging Market Payments Services in 2016 and; ii) USD 6.3 million (2022: USD 6.3 million) net of a tax related impact of USD (1.6) million (2022: USD (1.6) million) from the acquisition of DPO.

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

4.2 Underlying EBITDA

Underlying EBITDA is defined as earnings for the year, before interest, taxes, depreciation and amortisation, unrealised foreign exchange losses/gain, gain on disposal of subsidiary, 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 2023 and 2022.

	2023 USD'000	2022 ¹ USD'000
Profit for the year	66,507	79,154
Depreciation and amortisation	78,642	71,429
Net interest expense	26,397	18,547
Unrealised foreign exchange losses/(gains)	6,001	(2,639)
Taxes	12,490	13,332
Gain on disposal of subsidiary	-	(2,170)
Specially disclosed items affecting EBITDA	10,293	-
Underlying EBITDA	200,330	177,653

1 The Group has restated comparative information (see note 5).

4.3 Depreciation and amortisation to underlying depreciation and amortisation

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

	2023	2022
	USD'000	USD'000
Depreciation and amortisation	78,642	71,429
Amortisation on acquired intangibles	(7,024)	(10,526)
Underlying depreciation and amortisation	71,618	60,903

4.4 Underlying EBITDA margin

Underlying EBITDA margin defined as underlying EBITDA divided by the revenue.

	2023	2022¹
	USD'000	USD'000
Revenue	490,132	435,535
Underlying EBITDA	200,330	177,653
Underlying EBITDA margin	40.9%	40.8%

¹ The Group has restated comparative information (see note 5).

4.5 Underlying net income

Underlying net income represents the Group's profit for the year adjusted for gain on disposal of subsidiary, 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 2023 and 2022.

	Notes	2023	2022¹
		USD'000	USD'000
Profit for the year		66,507	79,154
Gain on disposal of subsidiary		-	(2,170)
Specially disclosed items affecting EBITDA	4.1	10,293	-
Specially disclosed items affecting net income	4.1	5,443	8,946
Underlying net income		82,243	85,930

¹ The Group has restated comparative information (see note 5).

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	2023	2022¹
		USD'000	USD'000
Underlying net income (USD'000)		82,243	85,930
Non-controlling interest (USD'000)		(818)	25
Underlying net income - attributable to equity holders (USD'000)		81,425	85,955
Weighted average number of shares ('000)	22	529,322	552,292
Underlying basic EPS (USD cents)		15.4	15.6

¹ The Group has restated comparative information (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Alternative performance measures (continued)

4.7 Capital expenditure

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

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

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

	2023	2022
	USD'000	USD'000
Total capital expenditure	86,618	59,149
Core capital expenditure	78,159	53,430
of which is maintenance capital expenditure	26,969	19,872
of which is growth capital expenditure	51,190	33,558
Kingdom of Saudi Arabia market entry	8,459	4,778
Separation of shared services from Emirates NBD	-	941

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

	2023	2022
	USD'000	USD'000
Total capital expenditure	86,618	59,149
Goods and services received in the current period, but yet to be paid	(22,852)	(11,963)
Goods and services received in the previous period, and paid in the current period	11,048	18,222
Total consolidated capital expenditure spends (as per consolidated statement of cash flows)	74,814	65,408

4.8 Underlying free cash flow

Underlying free cash flow is calculated as underlying EBITDA adjusted for changes in other working capital balances, taxes paid, total capital expenditure and SDIs affecting EBITDA. 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.

	2023	2022¹
	USD'000	USD'000
Underlying EBITDA	200,330	177,653
Changes in other working capital balances ²	2,566	(27,952)
Taxes paid	(10,362)	(8,773)
Total capital expenditure	(86,618)	(59,149)
Specially disclosed items affecting EBITDA	(10,293)	-
Underlying free cash flow	95,623	81,779

1 The Group has restated comparative information (see note 5).

2 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

	2023	2022¹
	USD'000	USD'000
Net cash inflows from operating activities	181,347	119,202
Changes in scheme debtors, merchant creditors, other long-term assets and other long-term liabilities	(5,216)	14,741
Charge for share based payment	(9,723)	(5,952)
Interest Paid	24,312	15,859
Expected credit losses and other provisions	(8,479)	(2,922)
Underlying free cash flow before capital expenditure	182,241	140,928
Total capital expenditure	(86,618)	(59,149)
Underlying free cash flow	95,623	81,779

1 The Group has restated comparative information (see note 5).

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 2023 and 2022 was 14.6 % and 14.8%, respectively.

	2023 USD'000	2022 ¹ USD'000
Underlying net income before tax	96,314	100,843
Underlying taxation ²	14,071	14,913
Underlying effective tax rate	14.6%	14.8%

¹ The Group has restated comparative information (see note 5).

² Underlying tax is defined as reported tax during the year USD 12.5 million (2022: USD 13.3 million) adjusted for related SDI of USD (1.6) million (2022: USD (1.6) million) from the acquisition of DPO.

5. Restatement of comparative information

Merchant services revenue includes revenue from one-time fees charged to merchants to enable access to the payment processing ecosystem through the Group's payment platform and the merchant's existing infrastructure previously recognised when billed, i.e. recognised at a point in time. During the year, the Group identified that due to the nature of the performance obligations an element of these revenues should have been recognised over time. Following the application of the correct accounting of the revenue over time, revenue from such fees charged to merchants amounts to USD 5.7 million in the current period (2022: USD 3.7 million).

The one-time fee charged to the merchant on inception of a contract covers a number of services, including:

- a) connecting POS terminals to the Group's payment platform and the merchant's infrastructure, thus connecting the merchant to the payments ecosystem to enable acceptance of debit/credit card and other digital payments,
- b) Provision of training to the merchant to enable them to utilise the POS terminal and related services so that the merchant can benefit from digital payment processing capabilities and other value added services such as dashboards and MIS reporting, and deal with complex matters such as chargebacks, refunds, transaction types, and compliance with payment regulations.

During the period, management reviewed these contracts and concluded that the provision of training to merchants is a distinct performance obligation for which revenue is recorded at the time of on-boarding of merchant when the training is completed. Therefore, an element of the one-time fee, determined with reference to an estimate of cost plus a margin, has been allocated to this performance obligation and is recognised at a point in time.

The remaining portion of the one-time fee is recognised over time as transactions processing services are provided to the merchant over the term of the contract. Management have determined the term of the contract to be 3 years, in line with the typical contractual terms agreed with merchants.

Management also assessed the incremental costs incurred in obtaining the contract, and the upfront costs incurred in fulfilling the contract except for those that relate to the training performance obligation (which are recognised immediately). These qualifying costs are recognised as contract assets within prepayments and other receivables (see note 11 and 18) and are amortised over the estimated 3 year life of the contract.

Accordingly, the cumulative impact up to 31 December 2022 is an overstatement of revenue and costs of USD 8.1 million and USD 4.0 million respectively, and hence an overstatement of profit of USD 4.1 million. Whilst the impact in each year is not material, given the cumulative impact on revenue and profit, management have concluded that it is appropriate to restate the Group consolidated statements of financial position and statement of comprehensive income for 2022. Due to the 0% tax rate in the UAE there is no effect on taxation.

The following tables summarise the impacts of the restatement on the Group's consolidated statement of financial position and statement of comprehensive income. There has been no effect on the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Restatement of comparative information (continued)

Consolidated statement of financial position

	1 Jan 2022 As originally presented USD'000	Change USD'000	1 Jan 2022 Restated USD'000	31 Dec 2022 As originally presented USD'000	Change USD'000	31 Dec 2022 Restated USD'000
Assets						
Non-current assets						
Goodwill	496,695	-	496,695	495,782	-	495,782
Intangible assets	243,081	-	243,081	229,216	-	229,216
Property and equipment	59,584	-	59,584	58,148	-	58,148
Investment securities	246	-	246	246	-	246
Other long-term assets	3,735	1,014	4,749	333	2,004	2,337
Deferred tax assets	7,633	-	7,633	9,184	-	9,184
Total non-current assets	810,974	1,014	811,988	792,909	2,004	794,913
Current assets						
Scheme debtors	364,025	-	364,025	336,728	-	336,728
Receivables, prepayments and other assets	88,374	1,071	89,445	95,372	1,966	97,338
Cash and cash equivalents (restricted)	86,801	-	86,801	119,357	-	119,357
Cash and cash equivalents (un-restricted)	270,345	-	270,345	234,402	-	234,402
Assets held for sale	4,347	-	4,347	-	-	-
Total current assets	813,892	1,071	814,963	785,859	1,966	787,825
Total assets	1,624,866	2,085	1,626,951	1,578,768	3,970	1,582,738
Liabilities						
Non-current liabilities						
Borrowings	336,739	-	336,739	265,291	-	265,291
Other long-term liabilities	25,815	2,785	28,600	18,520	3,924	22,444
Deferred tax liabilities	18,914	-	18,914	18,195	-	18,195
Total non-current liabilities	381,468	2,785	384,253	302,006	3,924	305,930
Current liabilities						
Merchant creditors	329,280	-	329,280	285,791	-	285,791
Trade and other payables	136,505	2,486	138,991	122,711	4,182	126,893
Income tax payable	8,826	-	8,826	5,232	-	5,232
Borrowings	154,605	-	154,605	235,346	-	235,346
Liabilities held for sale	1,769	-	1,769	-	-	-
Total current liabilities	630,985	2,486	633,471	649,080	4,182	653,262
Shareholders' equity						
Share capital	73,077	-	73,077	73,077	-	73,077
Share premium	252,279	-	252,279	252,279	-	252,279
Treasury shares	-	-	-	(40,631)	-	(40,631)
Share merger reserve	52,971	-	52,971	52,971	-	52,971
Foreign exchange reserve	(19,693)	-	(19,693)	(36,501)	-	(36,501)
Reorganisation and other reserves	(1,547,389)	-	(1,547,389)	(1,544,066)	-	(1,544,066)
Retained earnings	1,802,501	(3,186)	1,799,315	1,870,715	(4,136)	1,866,579
Equity attributable to equity holders	613,746	(3,186)	610,560	627,844	(4,136)	623,708
Non-controlling interest	(1,333)	-	(1,333)	(162)	-	(162)
Total shareholders' equity	612,413	(3,186)	609,227	627,682	(4,136)	623,546
Total liabilities and shareholders' equity	1,624,866	2,085	1,626,951	1,578,768	3,970	1,582,738

Consolidated statement of comprehensive income

	For the year ended 31 December 2022		
	As originally presented USD'000	Change USD'000	Restated USD'000
Revenue	438,371	(2,836)	435,535
Personnel expenses	(130,851)	1,553	(129,298)
Selling, operating and other expenses	(125,995)	333	(125,662)
Expected credit losses and other provisions	(2,922)	-	(2,922)
Depreciation and amortisation	(71,429)	-	(71,429)
Profit before interest, tax and gain on sale of a subsidiary	107,174	(950)	106,224
Net interest expense	(18,547)	-	(18,547)
Unrealised foreign exchange gains	2,639	-	2,639
Gain on sale of subsidiary	2,170	-	2,170
Profit before tax	93,436	(950)	92,486
Taxes	(13,332)	-	(13,332)
Profit for the year	80,104	(950)	79,154
Attributable to:			
Equity holders of the Group	80,129	(950)	79,179
Non-controlling interest	(25)	-	(25)
Profit for the year	80,104	(950)	79,154
Basic earnings per share in USD cents	14.5	(0.2)	14.3
Diluted earnings per share in USD cents	14.3	(0.2)	14.1
Other comprehensive income			
Profit for the year	80,104	(950)	79,154
Items that may subsequently be reclassified to profit or loss			
Foreign currency translation difference on foreign operations	(16,808)	-	(16,808)
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit liability	2,345	-	2,345
Net change in other comprehensive income	(14,463)	-	(14,463)
Total comprehensive income for the year	65,641	(950)	64,691
Attributable to:			
Equity holders of the Group	65,666	(950)	64,716
Non-controlling interest	(25)	-	(25)
Total comprehensive income for the year	65,641	(950)	64,691

6. 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.

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. Furthermore, the Group has applied its reasonable judgement to aggregate DPO results into Merchant services based on the a) similar economic characteristics of future cash flows, b) nature of Group services (i.e., merchant acquiring products); and c) the Group's method to provide these services to its merchants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Segment reporting (continued)

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.

2023

Statement of profit or loss	Merchant	Outsourced	Non- attributable	Total (restated)
	Services (restated)	Payments Services		
USD'000				
Revenue	231,942	250,719	7,471	490,132
Contribution	161,889	176,938	7,471	346,298
Contribution margin (%)	69.8%	70.6%	-	70.7%
Central functions costs	-	-	(145,968)	(145,968)
Depreciation and amortisation	-	-	(78,642)	(78,642)
Specially disclosed items affecting EBITDA	-	-	(10,293)	(10,293)
Net interest expense	-	-	(26,397)	(26,397)
Unrealised foreign exchange losses	-	-	(6,001)	(6,001)
Taxes	-	-	(12,490)	(12,490)
Profit for the year	161,889	176,938	(272,320)	66,507

Statement of financial position	Merchant	Outsourced	Non- attributable	Total (restated)
	Services (restated)	Payment Services		
USD'000				
Current assets	706,986	68,813	178,169	953,968
Non-current assets	34,005	40,629	746,308 ¹	820,942
Total assets	740,991	109,442	924,477	1,774,910
Current liabilities	721,612	1,872	188,305	911,789
Non-current liabilities	4,707	-	229,051	233,758
Total liabilities	726,319	1,872	417,356	1,145,547

¹ This includes goodwill amounting to USD 495.5 million.

2022¹

Statement of profit or loss	Merchant	Outsourced	Non- attributable	Total
	Services	Payments Services		
USD'000				
Revenue	180,511	242,510	12,514	435,535
Contribution	129,064	171,130	12,514	312,708
Contribution margin (%)	71.5%	70.6%	-	71.8%
Central functions costs	-	-	(135,055)	(135,055)
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	129,064	171,130	(221,040)	79,154

¹ The Group has restated comparative information (see note 5).

Statement of financial position	Merchant Services	Outsourced Payment Services	Non-attributable	Total
				USD'000
Current assets	464,558	70,796	252,471	787,825
Non-current assets	64,940	35,385	694,588 ¹	794,913
Total assets	529,498	106,181	947,059	1,582,738
Current liabilities	491,953	2,152	159,157	653,262
Non-current liabilities	3,924	-	302,006	305,930
Total liabilities	495,877	2,152	461,163	959,192

¹ This includes goodwill amounting to USD 495.8 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
2023	354,088	134,740	1,304	490,132
2022¹	285,547	142,674	7,314	435,535

Non-current assets	Middle East	Africa	Non-attributable	Total
				USD'000
31 December 2023	32,467	3,648	784,827	820,942
31 December 2022¹	35,199	1,972	757,742	794,913

¹ The Group has restated comparative information (see note 5).

Middle East

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

Africa

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

(i) North Africa

One of the most significant markets in North Africa is Egypt. The Group currently provide services to several of Egypt's leading financial institutions, for outsourced payments services. North Africa contributed 31% of the total Africa Revenue in 2023 (2022: 36%) and 8% of Group revenues (2022: 12%).

(ii) West & Central Africa

The significant markets in West & Central Africa are Nigeria and Ghana, where the Group has an established presence serving several leading financial institutions, mainly providing outsourced payments services. West & Central Africa contributed 27% of the total Africa Revenue in 2023 (2022: 26%) and 7% of Group revenues (2022: 9%).

(iii) East Africa

The significant market in East Africa is Kenya where the Group provides its services. East Africa contributed 12% of the total Africa Revenue in 2023 (2022: 10%) and 3% of Group revenues (2022: 3%).

(iv) Southern Africa

The significant market in Southern Africa is South Africa, where the Group provides merchant services and outsourced payments services. South Africa contributed 30% of the total Africa Revenue in 2023 (2022: 28%) and 8% of Group revenues (2022: 9%).

Major customer

The Group's major customer is Emirates NBD PJSC and its subsidiaries whose revenue accounts for approximately 14.1% (2022: 15.2%) of the total Group revenue.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Business combination and disposals

7.1 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 in 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.

7.2 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 had recognised a goodwill amounting to USD 260.1 million (refer to note 8 for details).

7.3 3G Direct Pay Holdings Limited – Direct Pay Online (DPO)

On 28 July 2020, the Group entered into an agreement to acquire (the "Transaction") 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 (amounted 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 as USD 283.4 million (cash – USD 228.8 million and fair value of shares – USD 54.6 million).

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 recognised 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 recognised 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 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 recognised 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 recognised 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 recognised includes the cost of materials, staff salaries, overhead costs that are directly attributable to preparing the asset for its intended use, and recognised 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 recognised and any accumulated impairment losses.

	Goodwill	Computer software	Customer relationships	Technology development and brands	CWIP	Total
	USD'000					
2023						
Cost						
Balance as at 1 January 2023	495,782	330,209	75,397	21,343	28,903	951,634
Additions	-	12,255	-	-	44,047	56,302
Disposal	-	(155)	-	-	-	(155)
Transfers from CWIP	-	31,760	-	-	(31,760)	-
Transfers from property and equipment	-	216	-	-	-	216
Effects of change in foreign exchange	(318)	(1,715)	-	-	(65)	(2,098)
As at 31 December 2023	495,464	372,570	75,397	21,343	41,125	1,005,899
Amortisation and impairment						
Balance at 1 January 2023	-	186,936	37,173	2,527	-	226,636
Charge for the year	-	46,456	5,001	2,022	-	53,479
Disposal	-	(155)	-	-	-	(155)
Effects of change in foreign exchange	-	(1,236)	-	-	-	(1,236)
Balance as at 31 December 2023	-	232,001	42,174	4,549	-	278,724
Carrying value	495,464	140,569	33,223	16,794	41,125	727,175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Intangible assets and goodwill (continued)

	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	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

8.1 Goodwill

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

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

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

	Goodwill		Indefinite life intangible assets (brand)	
	2023	2022	2023	2022
	USD'000	USD'000	USD'000	USD'000
Africa	230,734	231,052	-	-
Jordan	30,647	30,647	2,780	2,780
DPO	234,083	234,083	-	-
	495,464	495,782	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 of disposal. 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.

In assessing fair value less cost of disposal, the Group uses a valuation technique, using market, cost or Income approach, to measure the fair value of the CGU. The Group uses a methodology that is appropriate in the circumstances and for which sufficient data is available to measure fair value, recognised the use of relevant observable inputs and recognised the use of unobservable inputs.

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

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

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

Goodwill is not deductible for tax purposes.

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

During the year, impairment testing of goodwill was performed based on CGUs. For this purpose, management considered three CGUs, namely, Africa, Jordan and DPO. For Africa and Jordan CGU, similar to last year, recoverable amount is measured using value in use of the CGU. For DPO, the management has used fair value less of disposal as the fair value less cost of disposal is higher than value in use as at 31 December 2023.

Africa

During the year, the impairment testing resulted in nil impairment for Africa CGU (2022: nil) as the recoverable amount (value in use) exceeds its carrying value of USD 414.1 million (2022: USD 414.1 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 22.4%
- 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 performed the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the recoverable amount of this CGU. The Directors noted that by changing the discount rate (by +1.0% and -1.0%) and terminal growth rate (by +0.5% and -0.5%), individually, would not cause the carrying amount of the CGU to be higher than recoverable amount.

Jordan

During the year, the impairment testing resulted in nil impairment for Jordan CGU (2022: nil) as the recoverable amount (value in use) exceeds from its carrying value of USD 53.5 million (2022: USD 53.5 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 14.7%
- c) Terminal growth rate of 4.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Intangible assets and goodwill (continued)

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 Jordan CGU, as non-critical in the preparation of these consolidated financial statements.

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

DPO

During the year, the impairment testing resulted in nil impairment for DPO CGU (2022: Nil) as the recoverable amount (fair value less cost of disposal) exceeds its carrying value of USD 276.0 million (2022: USD 280.3 million)

The Group has used an income approach to measure fair value less cost of disposal. Under the income approach, a present value technique is used by discounting estimated future cash flows using a discount rate from market participant's perspective.

Following are the key assumptions used by the Group in carrying out the impairment testing, that have the most significant effect on the fair value of the CGU. The recoverable amount of the CGU is based on fair value less costs of disposal, estimated using discounted cashflows. The fair value measurement was categorised as level 3 fair value based on the inputs in the valuation technique used.

The value assigned to the key assumptions represents management's assessment if the future trends in the relevant industries and have been based on historical data from both external and internal sources.

- a) Revenue and EBITDA growth
- b) Post-tax discount rate of 15.7%
- c) Terminal growth rate of 4.5%

The management have also considered an estimated cost of disposing the CGU which reflects directly associated cost of disposing an asset and includes the estimated fee be paid to various advisors to assist in executing a disposal transaction.

Using the above assumptions, the recoverable amount is higher by USD 32.4 million as compared to the carrying value of the CGU including goodwill.

- a) Management has estimated the revenue CAGR of 33.2% and underlying EBITDA CAGR of 62.0% for a 5-year period ending 31 December 2028. The underlying EBITDA margin in 2028 is 58.6%. This is reflective of supportive underlying market trends for the payment industry across the region and the Group's 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 and market risk premium.

The Group has used the terminal growth rate of 4.5% which is reflective of the continuing growth trend of the payment industry.

Sensitivity analysis

The Directors have performed the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the impact of changes on the recoverable amount of the CGU.

Sensitivity 1:

The Directors noted that by making the following changes to the assumptions individually would make the available headroom of USD 32.4 million to NIL.

- a) Increasing the post-tax discount rate to 16.7%
- b) Reducing the terminal growth rate to 2.9%
- c) Reducing the revenue CAGR of 33.2% to 32.1%, which will consequently reduce EBITDA CAGR of 62.0% to 59.5% and EBITDA margin of 58.6% to 56.7% in 2028. The sensitivity analysis is performed assuming similar costs as in the base case business plans in all years, and therefore, does not include any cost savings initiatives that a market participant would take to mitigate the lower growth in revenues.

Sensitivity 2:

The Directors further performed a sensitivity analysis by making reasonable possible changes in all the assumptions and noted the following:

- a) The directors have assessed that reasonable possible change in the post-tax discount rate is a change of 1.0%. Accordingly, an increase in the post-tax discount rate of 1.0% will reduce the headroom of USD 32.4 million to USD NIL.
- b) The directors have assessed that reasonable possible change in the terminal growth rate is a change of 1.0%. Accordingly, a decrease in the terminal growth rate of 1.0% will reduce the headroom of USD 32.4 million to USD 10.5 million.
- c) The directors have assessed that reasonable possible change in the revenue CAGR is a reduction of 5.0%. While performing this sensitivity, the Directors have also considered the impact of mitigating actions, that a market participant would take, to reduce cost which will partially offset the impact of lower revenue growth. Accordingly, if revenue CAGR is reduced from 33.2% to 28.2%, with a reduction in EBITDA CAGR from 62.0% to 56.5%, it results in an impairment loss of USD 48.9 million.

Impairment assessment 2022 (for comparative purpose only)

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

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

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

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

- a) Management has estimated the revenue CAGR of 35.4% and underlying EBITDA CAGR of 48.6% for 5-year period ending 31 December 2027. This is reflective of supportive underlying market trends for payment industry across the region and Groups' high growth strategy.
- b) Discount rates used reflect the time value of money and are based on the Group's weighted average cost of capital, adjusted for specific risks relating to the countries in which the CGU operates. Inputs into the discount rate calculation include a country risk-free rate, country risk premium, market risk premium.
- c) The Group has used the terminal growth rate of 4.5% which is reflective of the existing and potential growth trend of the payment industry.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. 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 recognised 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 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 property and equipment. 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 represent spends related to the assets that are under development and are classified as such until the completion of the development work and are ready for use. Once put to use, these assets are amortised in line with the applicable Group accounting policy.

	Land and building	Right of use asset	Leasehold improvement, furniture and fixtures	Computer and office equipment	Capital work in progress (CWIP)	Total
	USD'000					
2023						
Cost						
Balance as at 1 January 2023	5,434	22,638	9,226	178,425	2,208	217,931
Additions	-	-	399	7,551	22,366	30,316
Right of use asset additions during the year	-	18,186	-	-	-	18,186
Disposals	-	-	(15)	(3,005)	-	(3,020)
Transfers from CWIP	-	-	3,851	17,687	(21,538)	-
Transfers to intangible assets	-	-	-	(216)	-	(216)
Effects of change in foreign exchange	(59)	(2,799)	(709)	(3,365)	(16)	(6,948)
As at 31 December 2023	5,375	38,025	12,752	197,077	3,020	256,249
Accumulated depreciation and impairment						
Balance at 1 January 2023	923	13,127	5,675	140,058	-	159,783
Charge for the year	6	7,653	899	16,605	-	25,163
Disposals	-	-	(15)	(3,005)	-	(3,020)
Effects of change in foreign exchange	(168)	(1,278)	(414)	(2,207)	-	(4,067)
Balance as at 31 December 2023	761	19,502	6,145	151,451	-	177,859
Carrying Value	4,614	18,523	6,607	45,626	3,020	78,390
	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	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	3,812	1,063	16,156	-	21,369
Disposals	(145)	-	(92)	(3,924)	-	(4,161)
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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	2023 USD'000	2022 USD'000	Cash inflow/ (outflow) USD'000
Scheme debtors		541,021	336,728	(204,293)
Merchant creditors		(504,491)	(285,791)	218,700
Restricted cash (part of cash and cash equivalents)	12	155,828	119,357	(36,471)

Scheme debtors

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

Merchant creditors

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

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

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

Restricted cash (part of cash and cash equivalents, refer 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, prepayments and other assets

Receivables and initially recognised at fair value in the period to which they relate. They are held at amortised cost, less provision (if any). Prepayments are non-monetary assets and therefore are not fair valued. Provisions are presented net with the related receivable on the consolidated statement of financial position.

	2023 USD'000	2022 ¹ USD'000
Trade receivables	77,900	79,453
Chargeback receivables	6,540	3,955
Prepaid expenses	9,032	9,343
Security deposits	451	1,573
Other receivables	16,872	9,121
	110,795	103,445
Less: Provision for impairment	(12,218)	(6,107)
	98,577	97,338

¹ The Group has restated comparative information (see note 5).

The movements in the provision for impairment are as follows:

	Notes	2023 USD'000	2022 USD'000
As at 1 January		6,107	3,876
Charge during the year			
Provisions for expected credit losses	11.1	2,652	1,750
Other provision	11.2	5,827	1,172
		8,479	2,922
Amounts written off		(2,617)	(326)
Amounts reversed		-	(207)
The effect of changes in foreign exchange rates		249	(158)
As at 31 December		12,218	6,107

Below is the split of changes in other working capital balance.

	Notes	2023 USD'000	2022 ¹ USD'000	2023 vs 2022
Trade receivables & chargeback receivables				
(Net of expected credit losses and other provisions)		72,221	77,301	5,080
Prepayments and other receivables		26,356	20,037	(6,319)
Trade and other payables & income tax payable		(162,227)	(132,124)	30,103
		(63,650)	(34,786)	28,864
Items excluded²				
Unpaid capital expenditure	14	26,182	14,378	(11,804)
Lease liabilities – current portion	14	5,861	4,262	(1,599)
Interest payable	14	215	223	8
Expected credit losses and other provisions		8,479	2,922	(5,557)
Tax liabilities ³		19,629	20,469	840
Other movements		9,308	1,122	(8,186)
Working capital changes		6,024	8,590	2,566

1 The Group has restated comparative information (see note 5).

2 These items are excluded as these are either shown separately in the statement of cash flows or non-cash in nature.

3 Tax liabilities include tax and other related liabilities under Note 14 of USD 13.9 million (2022: USD 15.2 million) and income tax payable in the statement of financial position of USD 5.7 million (2022: USD 5.2 million).

11.1

The Group follows the Simplified approach under IFRS 9 provisioning model for estimating the impairment of financial assets and according to it the Group measures the loss allowance at an amount equal to full lifetime expected credit losses.

The Group applies a provision matrix which uses historical loss experience for each trade receivables segment and adjust 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 2.6 million (2022: USD 1.8 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 above accounting estimates as non-critical.

11.2

Other provisions relate to certain charge back losses which the Group has recognised because the probability of recovering these losses under contractual arrangement with the counterparty is low. The charge for the current year is mainly higher due to a non-recurring chargeback loss resulting from processing of non-secured transactions for a client, which the Group is liable to bear contractually. The requisite processes have been implemented to minimise future losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Cash and cash equivalents

12.1 Cash and cash equivalents

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

	2023	2022
	USD'000	USD'000
Cash and cash equivalents – per consolidated statement of financial position		
Cash and cash equivalents (restricted)	155,828	119,357
Cash and cash equivalents (un-restricted)	158,542	234,402

	Notes	2023	2022
		USD'000	USD'000
Cash and cash equivalents – per consolidated statement of cash flows			
Cash and cash equivalents (restricted)		155,828	119,357
Cash and cash equivalents (un-restricted)		158,542	234,402
Bank overdraft	15	(163,712)	(159,287)
Cash and cash equivalents – per consolidated statement of cash flows		150,658	194,472

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 by the Group in its bank account, 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 and held by the Group in its bank accounts, 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. The management believes that the terms and conditions of these transactions are comparable with those that could be obtained from third parties.

	2023	2022
	USD'000	USD'000
Executive Directors remuneration		
Directors remuneration during the year	1,092	1,007
Terminal and other benefits	1,963	1,587
Share based payments	1,129	558
Non-Executive Directors remuneration		
Directors remuneration during the year	1,455	1,427
Other key management personnel remuneration		
Salaries and allowances	4,483	4,001
Terminal and other benefits	4,592	4,151
Share based payments	3,971	2,816

14. Trade and other payables

	Notes	2023 USD'000	2022 ¹ USD'000
Accrued expenses		68,261	49,919
Staff benefits			
Provision for sales incentives and bonus		10,201	10,623
Terminal and other benefits		1,631	2,064
Unpaid capital expenditure		26,182	14,378
Unclaimed balances		8,038	6,562
Tax and other related liabilities		13,924	15,237
Interest payable		215	223
Deferred revenue (refer note below)		5,948	7,241
Lease liabilities	24.2	5,861	4,262
Other trade payables		16,261	16,384
		156,522	126,893

¹ The Group has restated comparative information (see note 5).

Deferred income relates to the Group contractual liabilities for the project related revenues and contract liabilities (refer note 18 and note 2(f)).

15. Borrowings

The Group's total borrowings amounted to USD 430.4 million (2022: USD 500.6 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. We have since made a scheduled repayment of USD 75 million during 2023 and USD 37.5 million during 2022 which represents 20% and 10% of the amount drawn respectively, with the repayment being 20% between 2024-25, and the remaining balance of 30% to be paid in full in 2026. The table below provides a breakdown of the borrowings:

	2023 USD'000	2022 USD'000
Term loan		
Principal outstanding	262,500	337,500
Unamortised debt issue cost	(2,177)	(3,515)
Net amount included in borrowings	260,323	333,985
Other term loan	6,359	7,365
Bank overdraft	163,712	159,287
Total	430,394	500,637
Split into:		
a) Term loan		
› Non-current portion (a)	185,323	258,985
› Current portion (b)	75,000	75,000
Sub total	260,323	333,985
b) Other term loan - from business combination		
› Non-current portion (a)	-	6,306
› Current portion (b)	6,359	1,059
Sub total	6,359	7,365
c) Bank overdraft		
› Current portion (b)	163,712	159,287
Sub total	163,712	159,287
Total	430,394	500,637
As per consolidated statement of financial position		
Non-current borrowings (a)	185,323	265,291
Current borrowings (b)	245,071	235,346
Total	430,394	500,637

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Other long-term liabilities

	Notes	2023 USD'000	2022 ¹ USD'000
Staff benefits	16.1	13,272	10,779
Lease liabilities for right of use assets	24.2	15,734	7,390
Deferred revenue	18	4,707	3,924
Other long-term liabilities		-	351
		33,713	22,444

¹ The Group has restated comparative information (see note 5).

16.1 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 in (i.e., mainly UAE, Jordan and Egypt).

UAE Pension Fund

Pension are provided by way of a contribution to a personal pension scheme or cash allowance in lieu of pension benefits. This is done on behalf of the Group's UAE national employees.

Defined Contribution Plan

End of Service Gratuity is provided to non-UAE national employees of the Group in the UAE, and all employees in Jordan and Egypt, 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 Projected Unit Credit (PUC) actuarial method. Under the 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.

Net interest expense and other expenses related to defined benefit plans are recognised in 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 (1.3) million (2022: USD 2.3 million) in the consolidated statement of other comprehensive income on account of re-measurement of defined benefit liability. Accordingly, the Group's employee benefits obligation as at 31 December 2023, included in 'employee end of service benefits' above amounted to USD 13.3 million (2022: USD 10.8 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. The 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 of the significant entity of the Group at the reporting date:

	31 December 2023	31 December 2022
Discount rate p.a.	5.5%	5.00%
Pre-retirement non-death/disability termination rate p.a.	12.5% p.a.	12.5% p.a.
Salary escalation rate p.a.	4.00%	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:

2023	(+) 0.5 percentage	(-) 0.5 percentage
Discount rate p.a.	6%	5%
+ / (-) in defined benefit obligation (in USD '000)	(349)	368
Salary increment rate p.a.	4.5%	3.5%
+ / (-) in defined benefit obligation (in USD '000)	372	(356)
Voluntary exit rate	Withdrawal rate of 7.5%	Withdrawal rate of 17.5%
+ / (-) in defined benefit obligation (in USD '000)	(257)	135
2022	(+) 0.5 percentage	(-) 0.5 percentage
Discount rate p.a.	5.5%	4.5%
+ / (-) 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

17. 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.

	2023 USD'000	2022 USD'000
Issued and fully paid up		
537,748,593 shares of GBP 0.10 each (2022: 561,101,690 shares of GBP 0.10 each)	70,036	73,077

Share buyback programme

On 11 August 2022, the Group announced a share buyback program (the "Initial Program"). The decision to undertake the share buy-back program is in-line with Group's capital allocation strategy

The program was completed during the year which resulted in the buy-back of 28,353,097 shares, out of which 23,353,097 has been cancelled and adjusted against share capital and retained earnings.

Reserves comprise of the following:

Share premium amounted to USD 252.3 million (2022: USD 252.3 million) which was recognised as part of the issuance of new shares in 2020.

Treasury shares amounted to USD (16.2) million (2022: USD (40.6) million) and represents buyback of 28,353,097 shares (2022: 11,532,594 shares) purchased under the share buyback programme, out of which 23,353,097 shares have been cancelled.

Foreign exchange reserves amounted to USD (49.9) million (2022: USD (36.5) million), include the cumulative net change due to changes in value of subsidiaries functional currency to USD from the date of previous reporting period to date of current reporting period.

Reorganisation and other reserves includes a) Reorganisation reserve and b) Other reserve.

- Reorganisation reserve** amounted to USD (1.5) billion (2022: USD (1.5) billion), that relates the reserve created as part of restructuring undertaken by the Group in 2019.
- Other reserve** amounted to USD 7.0 million (2022: USD 8.3 million). It includes the following:
 - Statutory reserve** amounted to USD 8.5 million (2022: USD 8.5 million). Statutory reserve are the reserves representing a proportion of profit that are required to be maintained in subsidiary companies based on the local regulatory laws of the respective countries in which the Group operates.
 - Fair value reserve** represents net defined benefit cost recognised in other comprehensive income amounted to USD (1.5) million (2022: USD (0.2) million).
- Capital redemption reserve** represents amount of share capital bought back and cancelled during the period.

Retained earnings includes USD (16.9) million representing purchase of 5,218,802 shares for LTIP scheme during 2022, which has not recurred during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Revenue

Merchant Services

Under Merchant Services, the Group provides a broad range of technology-led payment solutions to its merchants through a full omni-channel service allowing them to accept payments of multiple types, across multiple payment channels. The Group offers functionality in most aspects of payment acceptance, whether in-store, online or on a mobile device, by providing access to a global payments network through its agile, integrated, secure, reliable and highly scalable technology platforms, Network One and Network Lite. The Group's Merchant Services business line is where we maintain direct relationships with merchant customers and PSPs (Payment Service Provider businesses), enabling merchants to accept digital payments. The business line spans the UAE, Jordan, across Africa (DPO Group) and newly launched services in Egypt. The Group generates both, transactional and non-transactional revenue (refer below for detail) under Merchant Services.

Outsourced Payments Services

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

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

- ▶ **Transaction based revenue** includes revenue generated through a combination of: (a) a Gross Merchant Service Charge (MSC), charged to the merchant on the total processed volume (TPV); (b) a fee per transaction processed and billed, (c) a fee per credential hosted and billed and (d) fees for the provision of Value-Added Services including foreign exchange services. The revenue is reported on a net basis, i.e., after the deduction of interchange and scheme fees. The transactional based revenue is recognised at a point in time in line with the group accounting policy.

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

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

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

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

- ▶ Services provided by the Group where customer simultaneously receives and consumes the benefits as and when the Group performs its obligation; and
- ▶ Project related revenue, where the Group provides service to develop or enhances the tangible/intangible assets which is short term in nature. The management applied judgement in measuring the progress of the project through internal process to recognise revenue based on the completion of the project.
- ▶ Project related revenue (where the Group applies its judgement in measuring the completion status of the project) and revenue from one-time fees from merchants is only 3.9% (2022: 5.9%) of the total Group's revenue. Therefore, the Directors do not consider this as a critical accounting judgement that has most significant effect in preparing these consolidated financial statements.

	2023	2022 ¹
	USD'000	USD'000
Merchant services	231,942	180,511
Outsourced payments services	250,719	242,510
Other revenue	7,471	12,514
	490,132	435,535

1 The Group has restated comparative information (see note 5).

Contract Balances

The following table provides information about contract assets and contract liabilities from contract with customers.

	Notes	2023 USD'000	2022 ¹ USD'000
Contract assets			
Non-current portion, included under other long-term assets		3,763	2,004
Current portion, included in other receivables (under receivables, prepayments and other assets)	11	3,651	1,966
		7,414	3,970
Contract liabilities			
Non-current portion, included under other long-term liabilities	16	4,707	3,924
Current portion, included under trade and other payables	14	5,573	4,182
		10,280	8,106

¹ The Group has restated comparative information (see note 5).

The contract assets primarily relates to the cost incurred by the Group's to either obtain or fulfil a contract with merchants. The contract liabilities primarily relate to the advance consideration received from merchants. Both contract asset and liabilities relate to the acquiring services to merchants by providing access to the Group payment platform to enable merchant's payment transactions.

Amortisation of contract assets and recognition of over time revenue (by reducing contract liabilities) are done over the period of 3 years line with the typical contractual terms agreed with merchants.

19. 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:

	Notes	2023 USD'000	2022 ¹ USD'000
Salaries and allowances		104,022	95,357
Bonus and sales incentives		16,524	15,389
Share based compensation	26	9,723	5,952
Terminal and other benefits		13,838	12,600
		144,107	129,298

¹ The Group has restated comparative information (see note 5).

During the year, the gain on exercising of shares vested in 2023 for Directors amounted to USD 0.5 million (2022: nil).

Detail of total number of employees by department is as follows:

Departments	2023	2022¹
Operations	558	578
Information technology	694	603
Sales	506	396
Other support functions (including Finance, HR and Risk)	375	376
	2,133	1,953

¹ Comparative numbers have been updated to align with the changes in organisation structure in 2023.

20. 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 and other general and administrative expenses. The details of selling, operating and other expenses are as follows:

	2023 USD'000	2022 ¹ USD'000
Technology and communication cost	60,624	56,709
Third-party cost	25,274	26,080
Legal and professional fees	34,979	21,473
Other general and administrative expenses	26,632	21,400
	147,509	125,662

¹ The Group has restated comparative information (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Selling, operating and other expenses (continued)

20.1 Auditor remuneration

The details of Group's auditor remuneration are as follows:

	2023	2022
	USD'000	USD'000
Total fees to the Group's auditor for the audit:		
Fees payable to the company's auditor for the audit of the company's annual accounts	631	628
Fees payable to the company's auditor and its associates for other services – audit of the accounts of subsidiaries	1,109	1,083
Overruns and other expenses	363	-
Total fees to the Group's auditor for other services:		
Review of half yearly financial information	187	206
Other non-audit services	25	12
	2,315	1,929

21. Net interest expense

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

	2023	2022
	USD'000	USD'000
Interest on term loan facility	21,715	13,776
Interest on revolving credit facility	-	208
Interest on bank overdrafts	2,250	1,996
Amortisation of debt issuance cost	1,581	1,766
Other interest expense	3,533	2,135
Interest income	(2,682)	(1,334)
	26,397	18,547

22. 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 65.7 million (2022: USD 79.2 million).

On 11 August 2022, the Group announced a share buyback programme (the "Initial Program"). This decision to undertake a share buyback program is in-line with the Group's capital allocation policy. The weighted average number of shares decreased during the year to reflect the total buyback of 28,353,097 shares, out of which 23,353,097 shares were cancelled (2022: 11,532,594 shares, amounting to USD 40.6 million).

Basic earnings per share is computed on weighted average number of 529,321,515 shares (2022: 552,291,780 shares). Diluted earnings per share is computed on diluted average number of 538,738,056 shares (2022: 559,911,755 shares). The difference between the weighted average number of shares for basic and diluted earnings per share is on account of LTIP shares that have not yet vested of 9,416,541 shares (2022: 7,619,975 shares).

	2023	2022¹
	USD cents	USD'000
Basic earnings per share	12.4	14.3
Diluted earnings per share	12.2	14.1

¹ The Group has restated comparative information (see note 5).

The number of issued shares at 31 December 2023, totalled 537,748,593 (2022: 561,101,690).

23. Taxes

Taxes comprise of current and deferred tax. Current tax and deferred tax are recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Group's total tax charge involves estimation and judgement in respect of certain matters particularly on recognising deferred tax assets and provisions for uncertain tax positions. Judgement and estimation involved in deferred tax mainly relates to the 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 there from is expected to be taxed under the announced taxation rules. The management has assessed the impact of corporate tax in the UAE, based on the clarifications available to date by the MoF and is ready for implementation.

In the Directors' view, both the recognition of deferred taxes and corporate tax accruals are not considered 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Taxes (continued)

23.1 Taxes

The tax expense recognised in the consolidated statement of profit or loss is as follows:

	2023 USD'000	2022 USD'000
Current tax expense	12,757	12,857
Adjustment for prior periods	546	1,907
	13,303	14,764
Deferred tax credit	(813)	(1,432)
Tax expenses	12,490	13,332

23.2 Reconciliation of effective tax

	2023 USD'000	2022 USD'000
Profit before tax¹	78,997	92,486
Tax using the Company's domestic tax rate ²	-	-
Effect of tax rates in foreign jurisdictions	7,305	13,072
Tax effect of:		
Non-deductible expenses	5,086	4,164
Tax-exempt income	-	(89)
Other allowable deduction	(3,764)	(5,975)
Tax incentives/rebates	947	(55)
Carry forward losses	188	127
Adjustment for prior periods	546	1,907
Other adjustments	2,995	1,613
Income tax expense	13,303	14,764

1 The Group has restated comparative information (see note 5).

2 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.

The underlying effective tax rate for the Group for 2023 and 2022 was 14.6% and 14.8%, respectively (refer Note 4.10). The tax rate in the various jurisdictions of the Group ranges from 15% to 33%.

23.3 Deferred tax liability (net of assets)

	Notes	2023 USD'000	2022 USD'000
Balance as at 1 January		9,011	11,281
Deferred tax credit		(813)	(1,432)
Effects of change in foreign exchange		(209)	(838)
Balance as at 31 December	23.4	7,989	9,011

23.4 Reconciliation of deferred tax

	Balance at 1 Jan	Recognised in P&L	Effects of change in foreign exchange	Balance at 31 Dec
2023				
Deferred tax asset				
Provisions and other items	(9,184)	(1,998)	-	(11,182)
Foreign exchange differences	-	-	4,449	4,449
	(9,184)	(1,998)	4,449	(6,733)
Deferred tax liability				
Property and equipment and intangibles	15,252	(174)	-	15,078
Foreign exchange differences	2,943	1,359	(4,658)	(356)
	18,195	1,185	(4,658)	14,722
Total	9,011	(813)	(209)	7,989

	Balance at 1 Jan	Recognised in P&L	Effects of change in foreign exchange	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

24. 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 impact of renewal option to extend the lease period is not considered material by the management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Leases (continued)

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 change 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 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. Furthermore, the Group does not intend to exercise the extension option and have assessed that its resulting impact in the lease liability is immaterial.

Short term leases and leases of low-value assets

The Group has elected to take exemption for certain lease contract that have either a lease term of 12 months or are 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.

24.1 Right of use assets

	2023 USD'000	2022 USD'000
Balance as at 1 January	9,511	13,127
Additions during the year	18,186	3,412
Depreciation charge for the year	(7,653)	(3,812)
Effect of change in foreign exchange	(1,521)	(3,216)
Balance as at 31 December	18,523	9,511

24.2 Lease liabilities

	2023 USD'000	2022 USD'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	7,591	4,637
One to five years	17,782	15,388
More than five years	-	1,484
Total undiscounted lease liabilities at 31 December	25,373	21,509
Current	5,861	4,262
Non-current	15,734	7,390
Discounted lease liabilities included in the statement of financial position at 31 December	21,595	11,652

24.3 Amounts recognised in the consolidated statement of profit or loss

	2023 USD'000	2022 USD'000
Interest expense on lease liabilities	2,131	1,996
Depreciation of right of use assets	8,615	3,812

The expense relating to leases of low-value assets and short-term lease assets that are not a part of above right of use assets and lease liabilities (as the Group has availed exemption of short-term lease and low-value assets under IFRS 16) amounted to USD 0.2 million and (2022: USD 0.2 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.

25. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Total USD'000
	Lease liability for right of use asset USD'000	Borrowings USD'000	Retained earnings USD'000	
2023				
Opening balance	11,652	341,350	(86,329)	266,673
Repayment of loan	-	(75,536)	-	(75,536)
Payment of debt issuance cost	-	(186)	-	(186)
Payment of lease liabilities	(9,171)	-	-	(9,171)
Purchase of treasury shares (share buyback)	-	-	(54,239)	(54,239)
Transaction cost for the purchase of treasury shares (share buyback)	-	-	(1,550)	(1,550)
Total	2,481	265,628	(142,118)	125,991
The effect of changes in foreign exchange rates	(1,825)	(527)	-	(2,352)
Other changes				
Recognition of lease liabilities under IFRS 16	18,808	-	-	18,808
Amortisation of debt issuance cost	-	1,581	-	1,581
Interest expense	2,131	-	-	2,131
Other changes	20,939	1,581	-	22,520
Closing balance	21,595	266,682	(142,118)	146,159
Current portion	5,861	81,359	-	87,220
Non-current portion	15,734	185,323	-	201,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities				Total USD'000
	Lease liability for right of use asset USD'000	ATM lease liability USD'000	Borrowings USD'000	Retained earnings USD'000	
2022					
Opening balance	16,145	191	414,064	(28,809)	401,591
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 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)	263,851
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	-	-	1,767	-	1,767
Interest expense/paid	1,996	(3)	3	-	1,996
Other changes	5,546	(3)	1,770	-	7,313
Closing balance	11,652	-	341,350	(86,329)	266,673
Current portion	4,262	-	76,059	-	80,321
Non-current portion	7,390	-	265,291	-	272,681

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).

26. Share-based compensation

The Group currently operates the following share-based compensation plans:

- › Long Term Incentive Plan (LTIP)

LTIP is an equity-settled share-based payment.

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 non-market vesting condition.

The fair value of equity instruments granted should be based on market prices, if available, and to take into account the terms and conditions upon which those equity instruments were granted. In the absence of market prices, fair value is estimated, using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

The Group has calculated the fair value of the equity instruments granted by applying well-established principles of financial analysis, adapted as appropriate to meet the requirements of valuing individual incentive plans. For the valuation of the plan with only non-market conditions, Black-Scholes model has been used whereas, for the valuation of the incentive plan with market condition, 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 Group will not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised. However, a transfer within equity is allowed, i.e. a transfer from one component of equity to another.

Below are the key features of Group Incentive Plans:

Long Term Incentive Plan (LTIP)

The Group has established a long-term equity settled share-based incentive plan (Network International Holdings Long Term Incentive Plan 'LTIP Plan') which is awarded to the eligible employees and subject to the condition specified under the LTIP Plan rules through 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 3 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.
- › The exercise price of all grants is Nil.

Below are the details of the various grants with service as well as performance condition:

Grants with performance conditions:

Grant year	Number of grants	Grant date share price/per share ¹	Weighted average fair value	Vesting condition	Tenure
2020	2	GBP 4.1 and GBP 4.3	GBP 3.5 and GBP 4.0	Adjusted EPS Revenue Relative TSR	3 years
2021	1	GBP 4.3	GBP 3.9		3 years
2022	1	GBP 2.5	GBP 2.3		3 years
2023	1	GBP 3.9	GBP 3.5		2.75 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 dividends or dividends equivalents)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Share-based compensation (continued)

Grants with service conditions only:

Grant year	Number of grants	Grant date share price/per share ¹	Tenure
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
2023	3	Various ranging between GBP 2.64 to GBP 3.63	6 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 2023 is 1.6 years (2022: 1.5 years).

The movement in the share grants are as follows:

	2023 in '000	2022 in '000
Balance as at 1 January	10,047	4,627
Less: vested during the year	(3,179)	(453)
Less: lapsed and cancelled	(1,742)	(844)
New grants during the year	5,656	6,717
Balance as at 31 December	10,782	10,047

Below is the breakdown of cumulative and current year charge for all share-based compensation plans since the IPO in April 2019.

Particular	Cumulative P&L USD'000		P&L charge USD'000	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
LTIP	25,668	15,945	9,723	5,952

27. Financial instruments

Classification

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 specified date that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- › the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- › the contractual terms of the financial asset give rise to cash flows on specified date that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to designate the instrument under the classification of FVTOCI with subsequent changes in fair value being recorded in other comprehensive income. This election is made on an investment-by-investment basis.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

Recognition and measurement

Receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets at fair value through other comprehensive income (FVTOCI) are carried at fair value. After initial measurement, the Group 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 payments is established.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Derecognition of financial instruments

The Group derecognises financial assets when the contractual right to the cash flows from the financial assets expires, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of 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 expired.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Impairment

During the year, the Group has applied 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 input used in making these measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Financial instruments (continued)

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 2023 USD'000	Carrying value			Fair value			
	Financial assets	Financial liabilities	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value							
Investment securities	246	-	246	246	-	246	-
Financial assets at amortised cost							
Scheme debtors	541,021	-	541,021	-	-	-	-
Receivables and prepayments	98,577	-	98,577	-	-	-	-
Restricted cash	155,828	-	155,828	-	-	-	-
Cash and cash equivalents	158,542	-	158,542	-	-	-	-
Long term receivables	8,398	-	8,398	1,675	-	1,675	-
	962,366	-	962,366				
Financial liabilities at amortised cost							
Merchant creditors	-	504,491	504,491	-	-	-	-
Trade and other payables	-	156,522	156,522	-	-	-	-
Borrowings - Current	-	245,071	245,071	245,071	-	245,071	-
Other long-term liabilities	-	33,713	33,713	33,713	-	33,713	-
Borrowings - Non-current	-	185,323	185,323	185,323	-	185,323	-
	-	1,125,120	1,125,120				
As at 31 December 2022¹							
Financial assets measured at fair value							
Investment securities	246	-	246	246	-	246	-
Financial assets at amortised cost							
Scheme debtors	336,728	-	336,728	-	-	-	-
Receivables and prepayments	97,338	-	97,338	-	-	-	-
Restricted cash	119,357	-	119,357	-	-	-	-
Cash and cash equivalents	234,402	-	234,402	-	-	-	-
Long term receivables	2,337	-	2,337	149	-	149	-
	790,162	-	790,162				
Financial liabilities at amortised cost							
Merchant creditors	-	285,791	285,791	-	-	-	-
Trade and other payables	-	126,893	126,893	-	-	-	-
Borrowings - Current	-	235,346	235,346	235,346	-	235,346	-
Other long-term liabilities	-	22,444	22,444	22,444	-	22,444	-
Borrowings - Non-current	-	265,291	265,291	265,291	-	265,291	-
	-	935,765	935,765				

¹ The Group has restated comparative information (see note 5).

28. Risk management

The Group has exposure to the following risks:

- › Credit risk
- › Liquidity risk
- › Market risk
- › Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's enterprise risk management framework.

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

- › that a risk based approach is used during key decision making;
- › consistent tone from the top and clear responsibilities for risk identification and challenge;
- › employees have risk management accountability and escalate issues on a timely basis;
- › our incentive structures promote a risk aware culture to effectively manage risk and remunerates employees accordingly; and
- › we adopt a culture of 'learning from our mistakes' to foster continuous improvement of processes and controls.

The importance of risk culture is reinforced in the Group's policies and standards and the Code of Conduct, to which all employees receive annual training as part of the attestation process.

Our risk governance model operates on the three lines of defense 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'). They provide independent assurance to the Board and Management over the effectiveness of governance, risk management and control.

There are a number of priority areas that are vital to establishing a robust and sustainable risk assessment system 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 seek 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Risk management (continued)

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 credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available and in some cases bank references.

The Group establishes an allowance for impairment that represents its expected credit losses and other provisions in respect of receivables.

At 31 December, the maximum exposure to credit risk (net of provisions) by geographic region is as follows:

	2023 USD'000	2022 ¹ USD'000
Middle East	794,639	616,085
Africa	152,552	164,734
	947,191	780,819

The maximum exposure to credit risk (net of provisions) by type of counterparty is as follows:

	2023 USD'000	2022 ¹ USD'000
Schemes	541,021	336,728
Banks	392,707	427,239
Others	13,462	16,852
	947,191	780,819

	2023 USD'000	2022 ¹ USD'000
Not credit impaired (0-180 days)	950,418	781,616
Credit impaired (181 days and above)	8,991	5,310
Less: Loss allowances	(12,218)	(6,107)
	947,191	780,819

Financial instruments measured for expected credit losses and other provisions (refer to note 11)

	2023 USD'000	2022 ¹ USD'000
Not credit impaired (0-180 days)	75,449	82,068
Credit impaired (181 days and above)	8,991	5,310
Less: Loss allowances	(12,218)	(6,107)
	72,222	81,271

¹ The Group has restated comparative information (see note 5).

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	2023 USD'000	Rating	Agency
Emirates NBD PJSC	183,472	P-1	Moody's
Standard Chartered Bank	9,399	P-1	Moody's
Citibank N.A.	7,595	P-1	Moody's

Name of the bank	2022	Rating	Agency
	USD'000		
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

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 make 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. Following are the details for Group's key overdraft facilities.

	2023	2022
Overdraft financing		
Limit (USD million)	163	163
Interest rate	2.0% + 1M Eibor	2.4% + 1M Eibor
Tenure/renewal date	October 2024	October 2023

The Group has transitioned from LIBOR to an alternative risk-free benchmark rate of "Term SOFR" as part of the LIBOR cessation. The amendment to the existing loan agreement was completed in Q3 2023 with its lenders.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payment and exclude the impact of netting agreements.

31 December 2023 USD'000	Carrying amount		Contractual cash flows				
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Merchant creditors	504,491	504,491	504,491	-	-	-	-
Trade and other payables	156,522	158,252	96,365	61,887	-	-	-
Borrowings - Current	245,071	260,358	165,622	94,736	-	-	-
Other long-term liabilities	33,713	35,760	-	-	28,973	6,787	-
Borrowings - Non-current	185,323	208,525	-	-	208,525	-	-
Total	1,125,120	1,167,386	766,478	156,623	237,498	6,787	-

31 December 2022 ¹ USD'000	Carrying amount		Contractual cash flows				
	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	126,893	131,529	57,701	73,828	-	-	-
Borrowings - Current	235,346	256,118	159,325	96,793	-	-	-
Other long-term liabilities	22,444	39,602	-	-	22,018	16,100	1,484
Borrowings - Non-current	265,291	296,176	-	-	181,820	114,356	-
Total	935,765	1,009,216	502,817	170,621	203,838	130,456	1,484

¹ The Group has restated comparative information (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group's exposure to market risk arises from:

- › Equity price risk
- › Currency risk
- › Interest rate risk

Equity price risk

Equity price risk arises from the change in fair value of equity investments. The Group's investment in securities classified as investment in fair value through profit or loss is exposed to equity price risk. With the change of 100 basis point in the price, keeping other factors constant, the price of the securities would increase/(decrease) by USD 2,460 only.

Interest rate risk

The Group's long-term indebtedness and revolving line of credit for acquiring settlement needs and other working capital requirements are held at a variable rate on interest. The interest rates for these credit facilities are based on a fixed margin plus a market rate of interest. Interest rate changes do not affect the market value of such debt but could impact the amount of the Group's interest payments and accordingly the Group's future earnings and cash flows.

At the reporting date, the interest profile of the Group's interest-bearing financial assets and liabilities are as follows:

	2023	2022
	USD'000	USD'000
Fixed rate instruments		
Financial assets	55	52
Financial liabilities	19,984	3,547
Variable rate instruments		
Financial assets	5,569	122
Financial liabilities	410,410	497,106

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) Group's profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

31 December 2023		
(USD'000)	-0.5%	+0.5%
Interest rate ¹	1,344	(1,344)
	1,344	(1,344)
31 December 2022		
(USD'000)	-0.5%	+0.5%
Interest rate	1,789	(1,789)
	1,789	(1,789)

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. A substantial portion of the Group's revenue (91% of 2023 revenue and 87% of 2022 revenue) are either incurred in U.S. 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 are 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 income statement.

	USD USD'000	AED USD'000	EGP USD'000	JOD USD'000	ZAR USD'000	Others USD'000	Total USD'000
As at 31 December 2023							
Total financial assets							
Scheme debtors	20,267	509,550	1,930	2,119	1,634	5,521	541,021
Receivables and prepayments	8,210	63,358	11,578	1,499	3,234	10,698	98,577
Restricted cash	37,313	55,127	3,632	-	29,522	30,234	155,828
Cash and cash equivalents	54,888	47,549	16,105	2,291	5,258	32,451	158,542
Long term receivables	1,442	3,763	-	2,779	67	347	8,398
Investment securities	246	-	-	-	-	-	246
	122,366	679,347	33,245	8,688	39,715	79,251	962,612
Total financial liabilities							
Merchant creditors	46,766	395,790	-	323	33,102	28,510	504,491
Trade and other payables	4,402	111,959	10,045	6,859	9,767	13,490	156,522
Borrowings – current	57,857	160,871	-	19,984	6,359	-	245,071
Other liabilities	643	26,392	4,897	933	424	424	33,713
Borrowings – non current	144,643	40,680	-	-	-	-	185,323
	254,311	735,692	14,942	28,099	49,652	42,424	1,125,120
Net position	(131,945)	(56,345)	18,303	(19,411)	(9,937)	36,827	(162,508)
As at 31 December 2022¹							
Total financial assets							
Scheme debtors	4,575	316,242	580	10,933	997	3,401	336,728
Receivables and prepayments	15,294	62,257	1,578	5,025	2,388	10,796	97,338
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	2,004	-	148	-	168	2,337
Investment securities	246	-	-	-	-	-	246
	141,369	467,785	16,631	32,527	36,601	95,495	790,408
Total financial liabilities							
Merchant creditors	25,598	178,002	-	17,537	30,536	34,118	285,791
Trade and other payables	5,731	93,677	7,495	5,748	4,791	9,451	126,893
Borrowings – current	59,111	171,667	-	3,547	1,021	-	235,346
Other liabilities	470	12,094	7,015	429	2,073	363	22,444
Borrowings – non current	202,500	56,448	-	-	6,343	-	265,291
	293,410	511,888	14,510	27,261	44,764	43,932	935,765
Net position	(152,041)	(44,103)	2,121	5,266	(8,163)	51,563	(145,357)

1 The Group has restated comparative information (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Risk management (continued)

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 5%	ZAR 5%	Others 5%
2023 - USD'000 +/-(-)	915	(497)	1,841
2022 - USD'000 +/-(-)	106	(408)	2,578

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 requirement.

The Group's key objective on capital managements are as below:

- › to comply with all the regulatory requirements in markets we operate in,
- › to maintain a strong capital base with optimum capital structure so as to maintain investor, creditor and market confidence,
- › to provide adequate funds to meet requirements of future growth; and
- › to optimise returns for shareholders.

The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, (the Group defines this as shareholders' equity).

29. Group entities

S.No	Company name	Registered address	2023
Direct subsidiaries of Network International Holdings PLC (the ultimate parent entity) as at 31 December 2023			
1	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%
2	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%
3	3G Direct Pay Holdings Limited	Ulysses House, Foley Street, Dublin 1 Dublin, Ireland	100%
Indirect subsidiaries of the ultimate parent entity as at 31 December 2023			
4	Network International LLC ¹	Level: 101-201 – Emirates NBD – AL Barsha (2), PO Box 4487, Dubai UAE	49%
5	Diners Club UAE (LLC)	Level: 101-201 – Emirates NBD – AL Barsha (2), PO Box 4487, Dubai UAE	100%
6	Network International Services (Mauritius) Limited	Les Cascades, Edith Cavell Street, Port-Louis, Mauritius	100%
7	Network International Payments Services Nigeria Limited	11th Floor, Heritage Place, 21 Lugard Avenue, Ikoyi, Lagos, Nigeria	100%
8	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%
9	Network International Services Limited Jordan	Abdul Raheem Al-Wakeed St Building No. 43 Shmeisani Amman, Jordan	100%
10	Network International Egypt Company (S.A.E.)	Building 13C01, Southern Business Park C, Cairo Festival City, Cairo, Egypt. 92, Tahrir Street, Dokki, Giza	99.54%
11	Network International Jordan (Private Limited Company)	King Hussein Business Park – Building No. (3), King Abdallah II Ben Al Hussein St. Amman – Jordan	100%
12	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%
13	Diners Club Services Egypt (S.A.E.)	55 Kods Sharif Street, Mohandessin, Giza, Egypt	97.86%
14	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%
15	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%
16	NDiMO – Network Payments Solutions S.A.E	Cairo Festival City, Building13C01, Southern Business Park C, Cairo, Egypt	100%
17	3G Direct Pay Limited	Ulysses House, Foley Street, Dublin 1 Dublin, Ireland	100%
18	Direct Pay Ltd	Avenue 5 Building, Rose Avenue, Hurlingham Nairobi, Kenya	100%
19	Direct Payment Limited	Kigali City Tower, 14th Floor, P.O. Box 6428 Kigali, Rwanda	100%
20	Direct Pay Limited	European Business Centre, Lilongwe, Malawi	100%
21	Direct Pay (Private) Limited	27 Ridgeway South Highlands, Harare, Zimbabwe	100%
22	Virtual Card Services Botswana Proprietary Limited	Plot 17295, Molekangwetsi Crescent, Gaborone West Phase 1, Gaborone, Botswana	100%
23	Virtual Card Services Namibia Proprietary Limited	Unit 5, Sinclair Park, Sinclair Street, Windhoek, Namibia	100%
24	3G Direct Pay South Africa Proprietary Limited	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
25	PayGate Proprietary Limited ² (previously called PayFast Pty. Ltd.)	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Group entities (continued)

26	Setcom Proprietary Limited ²	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
27	PayFast Proprietary Limited (previously called PayGate Pty. Ltd.)	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
28	PayFast Holdings Proprietary Limited ²	Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, South Africa	100%
29	Direct Pay Limited	19 Church street, Port Louis, Republic of Mauritius	100%
30	One Payment Limited	9th Floor, St. Nicholas House Catholic Mission Street, Lagos Island, Lagos, Nigeria	98.83%
31	Direct Pay Limited	No 31, Asafoanye O. Broni Crescent, Ringway Estates, Accra, Ghana	70%
32	Direct Pay Online Cote D'Ivoire	Cocody II Plateaux Angre 7è Tranche Immeuble Saphir Abidjan, Cote D'Ivoire	100%
33	Direct Pay Online Senegal	Regus Almadies First Floor SIA Building, Route Ngor Village, Dakar, Senegal	100%
34	Direct Pay Online Limited	39 Hamasger Street, Nitsba Tower, 9th Floor, Tel-Aviv Jaffo, 6721409, Office number 912, Israel	100%
35	Direct Pay Online Burkina Faso SARL	Ouaga 2000, Section 481, Lot 19, 01 BP3585, Ouagadougou, Burkina Faso	100%
36	Direct Pay Online Limited	27 Rue Khra, Lomé, Togo	100%
37	One Payment Tanzania Limited ³	7th Floor, Amani Place, Ohio Street, Ilala District, Dar es Salaam, Tanzania	98%
38	One Payment Tanzania Limited ⁴	Kiembe Samaki, Airport Road, Unguja, West B ward, Zanzibar, Tanzania	99%
39	Direct Pay (U) Limited	5th Floor Rwenzori Towers, P.O. Box 37468, Kampala, Uganda	100%
40	Pay Now Zambia Ltd	11th Floor, Zimco house, Cairo road, Lusaka, Zambia	100%
41	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 The above entities are proposed to be liquidated.

3 1% shares held in the Company by each Eran Feinstein and Offer Gat (which are being transferred to Network International Holding 2 Ltd.

4 1% shares held in the Company by Jaishree Razzaq as a nominee.

30. Contingencies and commitments

	2023 USD'000	2022 USD'000
Performance and other guarantees	24,428	20,609
Commitments	10,082	6,439
	34,510	27,048

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.

Network International Holdings Plc

Statement of Financial Position

As at 31 December

	Notes	2023 USD'000	2022 USD'000
Assets			
Non-current assets			
Investment in subsidiaries	7	1,870,022	1,848,492
Total non-current assets		1,870,022	1,848,492
Current assets			
Due from related parties	8	1,711	1,618
Other receivables		423	372
Cash and cash equivalents		807	8,014
Total current assets		2,941	10,004
Total assets		1,872,963	1,858,496
Liabilities and shareholders' equity			
Liabilities			
Current liabilities			
Due to a related party	9	883	94,728
Other payables		1,857	2,516
Total current liabilities		2,740	97,244
Total liabilities		2,740	97,244
Shareholders' equity			
Share capital	10	70,036	73,077
Share premium		252,279	252,279
Treasury shares		(16,148)	(40,631)
Share merger reserve		52,971	52,971
Foreign exchange reserve		(1,232)	-
Capital redemption reserve		3,041	-
Retained earnings		1,509,276	1,423,556
Total shareholders' equity		1,870,223	1,761,252
Total liabilities and shareholders' equity		1,872,963	1,858,496

The net profit after tax for the Company was USD 156.3 million for the year ended 31 December 2023 (2022: net loss of USD 7.5 million).

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 27 March 2024 and signed on its behalf by:

Nandan Mer

Director and Chief Executive Officer

Network International Holdings Plc

Statement of Changes in Equity

For the year ended 31 December

	Share capital USD'000	Share premium USD'000	Treasury shares USD'000	Share merger reserve USD'000	Foreign exchange reserved USD'000	Capital redemption reserve USD'000	Retained earnings USD'000	Total shareholders' equity USD'000
As at 1 January 2023	73,077	252,279	(40,631)	52,971	-	-	1,423,556	1,761,252
Total comprehensive income for the year	-	-	-	-	-	-	156,269	156,269
Foreign currency translation differences	-	-	-	-	(1,232)	-	-	(1,232)
Purchase of treasury shares	-	-	(54,239)	-	-	-	-	(54,239)
Related transaction cost	-	-	(1,550)	-	-	-	-	(1,550)
Creation of capital redemption reserve	-	-	-	-	-	3,041	(3,041)	-
Cancellation of treasury shares	(3,041)	-	80,272	-	-	-	(77,231)	-
Share based payment	-	-	-	-	-	-	9,723	9,723
As at 31 December 2023	70,036	252,279	(16,148)	52,971	(1,232)	3,041	1,509,276	1,870,223
	Share capital USD'000	Share premium USD'000	Treasury shares USD'000	Share merger reserve USD'000	Foreign exchange reserved USD'000	Capital redemption 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

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 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

Functional and presentation currency

The Company's functional currency is British Pound ('GBP'). The Company's financial statements have been presented in United States Dollar ('USD') to align with the Group presentation currency. All financial information presented in USD has been rounded to the nearest thousands, except when otherwise indicated.

3. Going concern

Notwithstanding net current assets of USD 0.2 million (2022: net current liabilities of USD (87.2) million) and a profit for the year of USD 156.3 million (2022: loss of USD (7.5) 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 66.5 million (2022: USD 79.2 million) with cash inflow from operating activities of USD 181.3 million (2022: USD 119.2 million) for the year and has a net asset position of USD 629.4 million as at 31 December 2023 (2022: USD 623.5 million). Furthermore, the Group meets its day-to-day working capital and financing requirements through its cash generated from operations and its banking facilities.

On 9 June 2023, the Board announced that it had reached agreement on the terms of an offer by Brookfield and its affiliates to acquire the Group. The Board unanimously recommended the terms of Brookfield's cash offer on the basis of the value and certainty that it provides to Network shareholders. The scheme of arrangement to implement the acquisition was approved by Network shareholders on 4 August 2023.

As we announced on 30 November 2023 and 15 March 2024, Network and Brookfield have made significant progress in obtaining the relevant merger control and regulatory approvals required in a number of jurisdictions before the acquisition can close. We continue to engage positively with the relevant authorities in the jurisdictions where approvals remain outstanding, with a view to completing the acquisition as soon as possible. As we announced on 15 March 2024, the long stop date for the acquisition has been extended to 9 October 2024.

The Directors have considered the impact of the potential acquisition on financing arrangements, liquidity position and operations of the business, including change of control clauses where relevant, and do not consider this to impact the going concern assessment described above. The Directors also examined intention statements outlined in the Scheme Document, including commitments by and intention of Brookfield and its affiliates around the operation of the Group.

However, the potential acquisition by Brookfield may result in the restructuring of the Group's legal entities including restructuring of Network International Holdings Plc, which is the holding company of the Group's subsidiaries ('Holding company'). The current Board is not expected to continue in position post completion of the acquisition and hence, the Directors have concluded that it is beyond their control to confirm whether the prospective acquirer would undertake any restructuring of the Group's legal entities. Therefore, the Directors consider that this constitutes a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and hence consequently Group's ability to continue as a going concern on a consolidated basis. The Group and the Company may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Going concern (continued)

Notwithstanding this material uncertainty with respect to the legal structure of the group, the Directors have concluded that the business is growing and profitable with positive cashflow generation and sufficient liquidity headroom to meet financial obligations as they arise. They have a reasonable expectation that the Group and the Company will have adequate resources to remain in operation for at least 12 months from the approval of these consolidated financial statements (the going concern assessment period) and therefore continue to adopt the going concern basis in preparing these consolidated financial statements. The financial statements do not include any adjustments that would be required if the Going concern basis of preparation is not adopted.

4. Significant accounting policies

a. Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment. The management has considered whether there are any impairment indicators. Based on the management assessment including, sufficient liquidity and positive net current assets position of the Group, the 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 or paid prior to the year end.

c. Financial instruments

Non-derivative financial instruments comprise, other receivables and other payables, due to a related party.

i. Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit & loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through OCI (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- › it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- › its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As of 31 December 2023, 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 2023, 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. De-recognition of financial instruments

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In case where the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

d. Share based compensation

The Company currently operates the following share-based compensation plans for its Group entity employees.

› Long Term Incentive Plan (LTIP)

LTIP is an equity-settled share-based payment. 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 to take into account the terms and conditions upon which those equity instruments were granted. In the absence of market prices, fair value is estimated, using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

The Company has calculated the fair value of the equity instruments granted by applying well-established principles of financial analysis, adapted as appropriate to meet the requirements of valuing individual incentive plans. For the valuation of the plan with only non-market conditions, the Black-Scholes model has been used whereas, for the valuation of the incentive plan with market condition, the Monte-Carlo model has been used to compute the fair value of the equity instruments.

After vesting date and a corresponding increase in equity, no subsequent adjustment to total equity shall be made. The Company will not subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised. However, a transfer within equity is allowed, i.e., a transfer from one component of equity to another.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Critical accounting estimates and judgements

The preparation of financial statements requires Directors to make judgements and estimates that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. During the year, other than the estimates used in performing the impairment testing of the investment in 3G Direct Pay Holdings Limited (DPO), as detailed below, the management has not applied any accounting estimates 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 25.1 million as compared to the carrying value of the investment.

Following are the key assumptions used by the Company in carrying out the impairment testing, that have the most significant effect on the fair value of the CGU. The recoverable amount of the CGU is based on fair value less costs of disposal, estimated using discounted cashflows. The fair value measurement was categorised as level 3 fair value based on the inputs in the valuation technique used.

The value assigned to the key assumptions represents management's assessment if the future trends in the relevant industries and have been based on historical data from both external and internal sources.

- a) Revenue and EBITDA growth
- b) Post-tax discount rate of 15.7%
- c) Terminal growth rate of 4.5%

The management have also considered an estimated cost of disposing the CGU which reflects directly associated cost of disposing an asset and includes the estimated fee be paid to various advisors to assist in executing a disposal transaction.

Using the above assumptions, the recoverable amount is higher by USD 25.1 million as compared to the carrying value of the CGU including goodwill.

- a) Management has estimated the revenue CAGR of 33.2% and underlying EBITDA CAGR of 62.0% for a 5-year period ending 31 December 2028. The underlying EBITDA margin in 2028 is 58.6%. This is reflective of supportive underlying market trends for the payment industry across the region and the Group's 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 and market risk premium.

The Group has used the terminal growth rate of 4.5% which is reflective of the continuing growth trend of the payment industry.

Sensitivity analysis

The Directors have performed the sensitivity analysis by changing the underlying assumptions used in the impairment assessment to determine the impact of changes on the recoverable amount of the CGU.

Sensitivity 1:

The Directors noted that by making the following changes to the assumptions individually would make the available headroom of USD 25.1 million to NIL.

- a) Increasing the post-tax discount rate to 16.5%
- b) Reducing the terminal growth rate to 3.3%
- c) Reducing the revenue CAGR of 33.2% to 32.3%, which will consequently reduce EBITDA CAGR of 62.0% to 60.1% and EBITDA margin of 58.6% to 57.1% in 2028. The sensitivity analysis is performed assuming similar costs as in the base case business plans in all years, and therefore, does not include any cost savings initiatives that a market participant would take to mitigate the lower growth in revenues.

Sensitivity 2:

The Directors further performed a sensitivity analysis by making reasonable possible changes in all the assumptions and noted the following:

- c) The directors have assessed that reasonable possible change in the post-tax discount rate is a change of 1.0%. Accordingly, an increase in the post-tax discount rate of 1.0% will reduce the headroom of USD 25.1 million resulting in an impairment of USD 7.2 million.
- d) The directors have assessed that reasonable possible change in the terminal growth rate is a change of 1.0%. Accordingly, a decrease in the terminal growth rate of 1.0% will reduce the headroom of USD 25.1 million to USD 3.2 million.

Sensitivity 3:

The directors have assessed that reasonable possible change in the revenue CAGR is a reduction of 5.0%. While performing this sensitivity, the Directors have also considered the impact of mitigating actions, that a market participant would take, to reduce cost which will partially offset the impact of lower revenue growth. Accordingly, revenue CAGR is reduced from 33.2% to 28.2%, with a reduction in EBITDA CAGR from 62.0% to 56.5% resulting in an impairment loss of USD 56.1 million.

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	2023 USD'000	2022 USD'000
Investment in Network International Holding 1 Limited	7.1	1,565,979	1,553,158
Investment in Network International Holding 2 Limited	7.1	-	-
Investment in 3G Direct Pay Holdings Limited		283,201	283,201
Other investments	7.2	20,842	12,133
		1,870,022	1,848,492

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 noted that the market capitalisation as at 31 December 2023, was higher than Company's investment in subsidiaries.

The Directors have also performed an impairment assessment exercise which resulted in Nil impairment in 2023 (2022: 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 2023, 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

Other investment represents services provided by the employees of the subsidiaries and who are granted shares of the Company under LTIP scheme.

8. Due from related parties

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.

	2023 USD'000	2022 USD'000
3G Direct Pay Holdings Limited	1,711	1,618

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Outstanding balance with the related party is unsecured and repayable on demand.

	2023 USD'000	2022 USD'000
Network International LLC	883	94,728

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.

	2023 USD'000	2022 USD'000
Issued and fully paid up		
537,748,593 shares of GBP 0.10 each (2022: 561,101,690 shares of GBP 0.10 each)	70,036	73,077

Share buyback programme

On 11 August 2022, the Group announced a share buyback program (the "Initial Program"). The decision to undertake the share buy-back program is in-line with Group's capital allocation strategy.

The program was completed during the year which resulted in the buy-back of 28,353,097 shares, out of which 23,353,097 has been cancelled and adjusted against share capital and retained earnings.

11. Share based compensation

The Company currently operates the following share-based compensation plans:

- ▶ Long Term Incentive Plan (LTIP)

LTIP is an equity-settled share-based payment.

For the key features and accounting policy with respect to Company Incentive Plans, please refer to the Group Consolidated Financial Statements.

Various grants were given to the executive directors and employees of the Company and its subsidiaries. The terms and conditions of these grants are as follows.

Grants with performance conditions:

Grant year	Number of grants	Vesting condition	Tenure
2020	2		3 years
2021	1	Adjusted EPS	3 years
2022	1	Revenue	3 years
2023	1	Relative TSR	2.75 years

Grants with service condition only:

Grant year	Number of grants	Tenure
2021	2	12 months to 36 months
2022	9	3 months to 36 months
2023	3	6 months to 36 months

The share-based compensation expense is recognised on the basis of a reasonable allocation based on the number of shares granted to the employees of each entity.

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of these grants is similar to grant date share price.

Contact Information

Registered Office

Suite 1,
7th Floor,
50 Broadway,
London SW1H 0BL
United Kingdom

Head Office

Network International
Level 1, Network Building,
Al Barsha 2, Dubai,
United Arab Emirates.
Tel: +971 4 3032431
Fax: +971 4 3495377

Registered number

11849292

Investor Relations

investorrelations@network.global

Company Secretary

secretariat@network.global

Corporate brokers

Citigroup Global Markets Limited
Citigroup Centre,
33 Canada Square,
Canary Wharf,
London E14 5LB
United Kingdom

J.P. Morgan Securities plc
25 Bank St,
London E14 5JP
United Kingdom

Auditors

KPMG LLP
15 Canada Square,
London E14 5GL
United Kingdom

Registrars

Link Group
10th Floor,
Central Square,
29 Wellington Street,
Leeds LS1 4DL
United Kingdom



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Suite 1,
7th Floor,
50 Broadway,
London SW1H 0BL
United Kingdom

Head Office

Level 1,
Network Building,
Al Barsha 2, Dubai,
United Arab Emirates

investors.networkinternational.ae