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Network International Holdings Plc, 18th August 2020
Interim Results for the six months ending 30 June 2020

Group financial summary

Select Financials (USD '000)	H1 2020	H1 2019	Change
Revenue	134,157	152,345	(11.9)%
Underlying EBITDA[1]	52,696	76,392	(31.0)%
Underlying EBITDA margin[1] (excl. share of associate)	36.2%	47.2%	(11) pp
Underlying earnings per share[1] (USD cents)	4.3	8.8	(51.1)%
(Loss) / profit from continuing operations	(150)	15,764	(101.0)%
Reported (losses) / earnings per share (USD cents)	(0.1)	2.9	(104.2)%
Leverage (net debt: underlying EBITDA) [1]	2.0	1.6 (FY 2019)	(0.4)x
Key Performance Indicators (KPIs) [2]			
Total processed volume (TPV) (USD m)	15,999	21,543	(25.7)%
Total number of cards hosted (m)	13.8	13.5	2.2%
Total number of transactions (m)	355.6	367.4	(3.2)%

Financial and operating highlights

- **Total revenue** was (11.9)% y/y, as expected and previously announced. Performance through the period was significantly impacted by Covid-19 related lockdowns, and the associated reductions in domestic and tourism related consumer spending throughout our regions
  - **Middle East** revenue was (15.3)% y/y, reflective of lockdowns and reduced consumer spending through most of the period
  - **Africa** revenue was (10.5)% y/y, demonstrating more resilience due to the higher proportion of Issuer Solutions business, although also impacted by Covid-19 and the associated reduction in card cancellations and transactions
- **Underlying EBITDA**[1] was (31.0)% y/y and underlying EBITDA margin[1] (excl. share of an associate) was 36.2%, reflecting the revenue reduction and largely fixed cost base, with some benefit from our cost mitigation programme which started partway through the period
- **Loss from continuing operations** was USD(150,000) reflecting lower underlying EBITDA and write-off of USD 6.7 million of capitalised debt issuance fees associated with the prior lending facility
- **Strong balance sheet and liquidity position;** bolstered by our refinancing during the period. Leverage ratio 2.0x net debt: underlying EBITDA[1] , well below the covenant of 3.5x, and USD 295 million in total available liquidity
- **Trends in merchant signups are encouraging**: the pace of POS merchant signings has returned to pre-Covid levels; and online gateway signings continue at an accelerated pace, with c950 new merchants onboarded during 2020
- **Significant growth in online payments.** E-commerce volumes (excl. Government and airlines) up 45% y/y in Q2, with growth rates continuing to remain high through July, at 61% y/y

1. This is an Alternative Performance Measure (APM). See note 3 of the condensed consolidated interim financial statements for APMs definition and the reconciliations of reported figures to APMs.
2. For KPIs and constant currency definition, please refer to page 22.

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- **Proposed acquisition of DPO remains on track** with expected completion at the end of 2020
- **Recent trading improvement, outlook for 2020 is unchanged**. Directly acquired Merchant Solutions TPV was down (25)% y/y in July, compared with (60)% y/y at the height of lockdowns. Issuer Solutions revenue in July was (5)% y/y, compared with just over (10)% y/y in Q2

Simon Haslam, Chief Executive Officer, commented:

"There has been much for the business to focus on through this period and we have continued to prioritise supporting our customers and colleagues in navigating through the challenges presented by Covid-19. Though this has, and will, impact financial performance in the short term; we have a strong balance sheet with significant liquidity. We are very pleased with the recent improvement in trading momentum during July, although it is still early in the second half and seasonally this always a lower revenue month, so our overall outlook for 2020 remains unchanged.

At the same time, our strategic approach remains consistent and we have ensured we remain focused on pursuing the numerous opportunities presented by our markets. We are very excited by the proposed acquisition of DPO, the leading high-growth online commerce platform in Africa; which will widen our capabilities across online and mobile money payments, bring an extensive range of direct merchant relationships to our business, and accelerate our growth. We also have numerous opportunities remaining to pursue, whether that be our market entry to Saudi Arabia, our strategic partnership with Mastercard or discussions with banks around substantial outsourcing contracts. We are making excellent progress and remain confident in the industry fundamentals."

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Conference call

A conference call and short presentation for analysts and investors will be held today, Tuesday 18th August, at 9am UK / 12pm GST with a conference call dial-in facility including live Q&A, as well as a listen only webcast option:

Conference call dial-ins: UK: +44 (0)20 8089 2860 / UAE: 8000 181 148 using the confirmation code: 7783368

Webcast link: https://webcasts.eqs.com/networkint20200818

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

Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, results or operation and businesses of Network International Holdings Plc. Such statements and forecasts by their nature involve risks and uncertainty because they relate to future events and circumstances. There are a number of other factors that may cause actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances.

Strategic Review

Business operations and response to Covid-19

Customers and payments processing activities: Our payments and processing activities remain uninterrupted and have not been affected by the pandemic, enabled by the dedication of our teams and the investments we have made in our technology platforms. Supporting customers through this period remains a business priority. In Merchant Solutions, we provided fee reductions for a number of SME merchants, assistance in transitioning their businesses online, and some cash support to very small merchants who have been particularly impacted. In Issuer Solutions, we have assisted a number of bank customers and their cardholders by enabling payment holidays, or extending expiry periods on cards where suppliers could not guarantee a replacement in time.

Colleagues and community: We made an early and phased implementation of working from home across all of our office locations, starting in early March, with a seamless transition in working practices. We ensured our employees were provided with virtual medical services where available. We also engaged the services of a leading well-being consultancy to provide emotional and mental health support. Our leadership team have stayed in touch with colleagues: through our 'Ask Simon' sessions where our CEO spoke virtually to groups of employees in all regions; the Network Leadership Team has given virtual monthly updates on our business and response to the crisis; and our Chairman sent a video message to address employees' concerns over the global developments surrounding the pandemic. We also helped our colleagues stay connected through our ‘Talk-to-HR’ virtual forum and ‘NetworkFlix’, a social platform for our managers and employees to share their experiences and achievements through home videos. Currently, whilst the majority of our colleagues continue to work from home, we are implementing a phased return to our offices as lockdown measures begin to ease across a number of our regions.

We have also continued our community engagement through this period; making donations to the Rashid Center in Dubai, which focuses on support for those with disabilities or additional needs; and the Beit Al Khair Society, which provides financial and practical humanitarian support across the UAE.

Business line performance: At the start of the financial year and prior to the Covid-19 pandemic, the business continued its positive momentum from the prior year. Covid-19 and the related lockdowns started to impact consumer spending and tourism across our regions from the middle of February, through to the end of the period. As a result, our Merchant Solutions business saw a significant reduction in TPV. Our Issuer Solutions business has been more resilient, albeit still impacted, with a proportion of fixed revenues or minimums in a number of contracts that cushion the lower transaction volumes. (Business line and revenue performance is described in more detail in the Financial Review.)

Cashflows and management actions: We took a number of actions to reduce operational expenses and capital spending across the business, of which the benefits will continue into the second half of the year. Our operational cost base is largely fixed (approx. two thirds of total expenses), but we have taken actions to reduce the variable element, including: a hiring freeze; strict controls on discretionary spend including marketing and advertising; a natural reduction in travel expenditure; and a reduction in costs linked to TPV or transaction growth. The Executive management team have also forgone elements of their compensation: our CEO has foregone the annual pay increase on his base salary, LTIP award, and annual cash bonus (that would be payable in 2021); and our CFO has foregone his annual cash bonus (which would also be payable in 2021). In regard to capital expenditure; we have paused

the project to separate shared services with Emirates NBD, which was anticipated to cost USD 20 million during 2020. We have also decided to cancel the payment of an ordinary dividend in respect of the 2019 financial year, which was anticipated to be cUSD 15 million.

Outlook and balance sheet strength: Our outlook for 2020 remains the same as previously announced.

In Merchant Solutions; we have seen a further recovery in TPV trends as we have entered the Q3, where in July directly acquired TPV was down (25)% year-on-year, a significant improvement from April, where TPV was down (60)% year-on-year at the height of lockdowns. Within this, in July, domestic consumer spending was down only (10)% year-on-year. We are assuming a continued recovery of domestic spend in our major direct acquiring markets of the UAE and Jordan through the second half, getting closer or equal to prior year levels by the end of 2020. We do not expect tourism spend to begin returning until Q4, and initially at a level significantly below the prior year.

In Issuer Solutions, revenue in July was down (5)% year-on-year, compared with performance in Q2, where we saw Issuer Solutions revenue down just over (10)% year-on-year. This improvement is promising, although is partly a feature of seasonality and our expectations for the remainder of the year remain unchanged and reflect three main factors: i) whilst underlying transaction volumes in the Middle East have begun to improve during July, this has not yet translated into revenue. A number of Issuer Solutions contracts with customers in the Middle East have fixed revenue or contractual minimums in place. During the height of Covid-19 lockdowns, transaction volumes fell below those minimum levels, and whilst transactions have now improved, they have yet to move above those thresholds. ii) The lack of new card issuance and card cancellations we experienced during the Q2, which are impacting revenue streams into the Q3. iii) In Africa, the status of Covid-19 has lagged other geographies and cases are still growing, as reported by the World Health Organisation. Accordingly, this will also impact card issuance and transaction volumes in the second half of the year.

Overall, we continue to expect total revenue for FY20 to decline between (17)-(20)% year-on-year. We do not expect the acquisition of DPO to have any material impact on 2020 financial performance. We also detail below, the main scenarios related to Covid-19, which could provide up or downside potential to our expectations.

Upside scenarios	Downside scenarios
• Tourism returning to the UAE more swiftly than anticipated • Faster improvement and return of non-essential spending in the UAE (e.g. hotel staycations, high end/luxury purchases)	• Second waves of Covid-19 that impact consumer confidence across our markets • Re-implementation of lockdown measures across our markets

Our balance sheet is strong and we ended the period with a leverage position of 2.0x net debt : underlying EBITDA[1]. We currently have a total liquidity position of USD 295 million, comprised of cUSD 150 million in undrawn and committed headroom on our syndicated term loan facility and a cash balance of USD 145 million (which reflects some drawdown from the syndicated loan facility). At the period end, the cash balance reflected in the consolidated balance sheet, of USD 169 million, included

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cUSD 24 million of temporary drawdown from the settlement related working capital facility, which has now been paid to merchants as part of the normal settlement related working capital cycle.

Under our current outlook, we expect operational cash inflows to be broadly equal to outflows for the full year 2020. Bringing this together, we expect to finish FY20 comfortably below the financial covenant threshold on our financing facility, which is 3.5x net debt: underlying EBITDA.

Our acquisition of DPO is expected to complete towards the end of the year; and will be financed through: the funds from our equity placing (on 31 July) which raised GBP 205 million; and the rollover of USD 63 million in consideration from DPO's co-founders and the vendor Apis Partners, into Network International shares. The funds raised from the equity placing will be held until completion of the acquisition, expected at the end of 2020. After conversion of those funds to USD, payment of the DPO acquisition consideration, a small adjustment to the consideration as a result of cash (or cash like) items on the DPO balance sheet, and fees; there will be a small remaining balance of cUSD 10 million.

Technical guidance elements:

- Underlying operating costs flat y/y, reflecting our cost mitigation programme
- Underlying depreciation and amortisation of USD 35-38m
- Underlying interest cost of USD 22-24m
- Specially Disclosed Items i) impacting underlying EBITDA of cUSD 24-25m, which includes USD 11-12m related to DPO diligence and advisory fees ii) impacting net income to be a further USD18m
- Underlying tax rate c7-8%: linked to the geographical profit mix as a result of Covid-19
- Capital expenditure of cUSD 40-45m

Delivery of strategic and business initiatives

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

Pursuing opportunities for acceleration: Our proposed acquisition of DPO, as announced on 28 July 2020, will provide a significant growth opportunity for our business. DPO is the largest online commerce platform operating at scale across Africa, which offers online and mobile money payments services to over 47,000 merchants. DPO will further consolidate our presence in Africa, strengthen our position across the entire payments value chain and accelerate our growth. This acquisition will widen our capabilities across online, mobile and alternative payments; bring an extensive and diverse range of direct merchant relationships to our business; and provide a wider range of solutions for our existing customers. We continue to expect the transaction to close at the end of 2020.

We intend to progress with our market entry to the Kingdom of Saudi Arabia (KSA) as soon as is practicably possible, once border restrictions ease. KSA is one of the largest payments markets in the MEA; where digital payments represent around 9% of transactions and the Government 2030 vision seeks to increase this to 70%. The majority of payments processing activities are managed in-house by local banking institutions, presenting a large outsourcing opportunity, where we are the natural partner due to our strong track record in the neighbouring UAE and our presence across the entire payments value chain. We have already set up a legal entity in KSA, opened an office, been included in

the SAMA (Saudi Arabian Monetary Authority) sandbox regulatory scheme, and are providing processing services for a small number of customers from Dubai. In order for us to process a wider range of payments types, at scale, we must have in-country data processing and technology capabilities, as required by SAMA. Our confidence in the market opportunity supports our decision to deploy investment and widen our service offering in a phased manner, with an initial focus on prepaid card processing, which will be followed by debit and credit card processing and acquiring services. Our entry to this market will require a total capital investment of USD 25m, over an 18-24 month period (as previously guided).

Capitalising on digital payments adoption: The transition from cash to digital payments continues at pace across our markets and we have recently seen some indicators that point to an acceleration in this trend, although it is early days and consumer behaviour is likely to be changeable as the pandemic continues to evolve. In the UAE, we are beginning to see quantitative evidence of a shift away from cash usage and towards card payments. Looking at the usage of cards in the UAE hosted by Network International in the Issuer Solutions business: domestic card usage at ATMs has declined by almost a third between January and June, whereas card usage at POS is down by only 16% over the same period. We have also seen a meaningful increase in the use of cards to pay for small value transactions, in merchants that would have typically seen high cash usage for these types of transaction; gas stations, cafes and restaurants.

Expanding our customer base, product range and market penetration: In the Middle East, we have delivered on a number of initiatives through the first half. In Merchant Solutions, this includes new direct acquiring merchant customers, including: Alexander McQueen, Bvlgari, Adidas, Luxury Fashion Gulf, Western Union and the e-commerce business for major supermarket Spinneys. We also signed a partnership agreement with online payments services provider, HyperPay, which provides access to Shopify merchants. Refunds and chargebacks remain within expected levels, with no significant increases. This is representative of our diverse merchant sector base and the ongoing steps we have taken to manage our risks, including holding cash reserves where appropriate. In Issuer Solutions, we won a competitive tender to provide exclusive services across five countries for CareemPAY, and a mandate to support the issuance of the first Islamic credit card for a bank customer in Jordan. Despite the challenges of merchant closures through the period, the rollout of POS devices on our proprietary N-Genius™ platform has continued at pace with c4,500 devices distributed during the first half period. A major bank customer, Commercial Bank of Dubai, is also enrolling its merchants onto our N-Genius™ POS devices. Our proprietary N-Genius™ online payment acceptance gateway has seen increased demand and we delivered this capability to nearly 700 customers during the first half. When combined with our existing merchant base and further signups during July, the total number of merchants using our gateway is c1250. This is reflected in our TPV growth from e-commerce merchants (excluding Government and airline online TPV), which accelerated through the period at an average growth rate of 45% year-on-year during Q2, and in July at 61% year-on-year.

In Africa, we have expanded our card processing activities with Fidelity Bank Ghana and completed card migrations during the lockdown period, and we will add a further two million accounts hosted on our platform for RCS Bank in South Africa, later in the year. This is supported by the signing of new Issuer Solutions customers, including Globus Bank in Nigeria, and Republic Bank in Ghana. The rollout of our N-Genius™ POS devices continues with Standard Bank and Orabank across eight countries, and

with Arab African International Bank in Egypt. We are also working towards N-Genius™ gateway implementation with customers after certification in three countries.

Developing commercial arrangements with strategic partners: Our commercial agreement with Mastercard provides for a USD 35 million cash investment spread over a five-year period; which will contribute to either operating costs or capital investment. This investment does not include any incremental revenues we may generate from customers as a result of our joint initiatives. Our strategic partnership with Mastercard is focused on developing a digital payments platform that will have the capability to link multiple stakeholders; including banks, mobile network operators, payment service providers, merchants and consumers. The strategic purpose of the platform is to overcome the typical interoperability challenges faced by participants in the payments ecosystem, and improve digital and mobile payments capabilities across our regions. We remain on track to launch two specific payments solutions, developed with support from Mastercard, during the second half of the year: a corporate card solution for bank customers; and a smartphone App with QR code payment acceptance for merchants.

Regulation: In Jordan, the Central Bank has now finalised their proposal to reduce the costs incurred by merchants when consumers use debit or credit cards. This will lead to some fee reductions across the value chain, including interchange, as well as those charged by Network International to merchants. At the same time, the Government intends to begin a programme to actively move merchants to digital payment acceptance, including the recommendation of payment processing partners to provide these services. The fee changes have been introduced during August and will have a minor impact on our Merchant Solutions revenue from Jordan in 2020, which will annualise in 2021. Looking forward, whilst we expect to see an impact to Merchant Solutions revenues and profitability, over the long term this will be more than offset by increased volumes from greater adoption of digital payments.

In the UAE, there has been no formal update on the prior announcement from the Central Bank. As we have stated previously, we expect interchange fees to be regulated, which represents the largest cost for the merchant. This would have very little impact on our business, as it is typically a pass through cost.

In summary; whilst Covid-19 has impacted transaction volumes, our relationships with existing customers remain strong, although the pace of new customer wins, including cross-sell opportunities and outsourcing has slowed in the current environment, as banks focus on the more immediate operational challenges created by the pandemic. We are confident this is a temporary factor, with no underlying change in the appetite to outsource payments processing activities. We are confident that the underlying drivers of our business remain strong, with indications that the transition from cash to cards in our regions is likely to accelerate, driving strong revenue growth over the long term. At the same time, our strategic approach remains unchanged and we have ensured we remain focused on pursuing the numerous opportunities presented by our markets, including the proposed acquisition of DPO, which will bring growth acceleration and exciting new capabilities to our business.

Simon Haslam
Chief Executive Officer
17 August 2020

Financial Review

Financial summary

	H1 2020 USD'000	H1 2019 USD'000	Change
Select Financials			
Revenue	134,157	152,345	(11.9)%
Underlying EBITDA[1]	52,696	76,392	(31.0)%
Underlying EBITDA margin (excl. share of associate) [1]	36.2%	47.2%	(11)pp
(Loss) / profit from continuing operations	(150)	15,764	(101.0)%
Underlying net income[1]	21,436	43,847	(51.1)%
Underlying earnings per share (USD cents)[1]	4.3	8.8	(51.1)%
Reported (losses) / earnings per share (USD cents)	(0.1)	2.9	(104.2)%
Underlying free cash flow (underlying FCF) [1,4]	28,971	59,810[4]	(51.6)%
Cash flow from operating activities	59,721	45,109	32.4%
Leverage ratio[3]	2.0	1.6 (FY 2019)	(0.4)x
Segmental Results			
Middle East revenue	94,487	111,511	(15.3)%
Africa revenue	36,566	40,834	(10.5)%
Other revenue[5]	3,104	-	100%
Middle East contribution margin[1]	65.6%	73.0%	(737) bps
Africa contribution margin[1]	67.1%	69.4%	(229) bps
Business lines			
Merchant solutions revenue	51,060	69,115	(26.1)%
Issuer solutions revenue	78,832	81,675	(3.5)%
Other revenue[5]	4,265	1,555	174%
Key Performance Indicators[2]			
Total Processed Volume (TPV) (USD m)	15,999	21,543	(25.7)%
Total number of cards hosted (m)	13.8	13.5	2.2%
Total number of transactions (m)	355.6	367.4	(3.2)%

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2. For KPIs and constant currency definition, please refer to page 22.
3. Please refer to page 21 for the leverage ratio computation and reconciliation of net debt figures used in the computation and the condensed consolidated interim financial statements.
4. Historically, the Group did not include growth related capital expenditure as a deduction within the definition of underlying FCF. In our efforts to provide best practice representation of underlying FCF generation and in line with the Group 2019 Annual Report, growth-related capital expenditure is included as a deduction while computing underlying FCF and this has been reflected in the prior year to enable like for like comparison.
5. Other revenue primarily includes revenues recognised relating to Mastercard strategic partnership. See details on pages 10 & 11.

Total revenue

Total revenue declined by 11.9% (similar on a constant currency basis[2]) to USD 134.2 million (H1 2019: USD 152.3 million). Performance through the period was significantly impacted by Covid-19 related lockdowns, and the resultant reductions in domestic and tourism related consumer spending throughout our regions.

Revenue results by Operating Segment

Middle East

The Group's largest segment is the Middle East, which has a balanced business across both Merchant and Issuer Solutions, and represents 70% of total revenue (H1 2019: 73%). During the period, the Group's revenue in the Middle East declined by (15.3)% to USD 94.5 million (H1 2019: USD 111.5 million). This represents a broadly flat performance through the first quarter, comprised of: normal volumes and transaction growth until mid-February, following which there was a gradual slowing as a result of reduced inbound tourism to the region in March. This was followed by a more significant Covid-19 related impact in the second quarter, as a result of the stringent lockdown measures implemented across the region. As we exited the period, lockdown measures had started to ease and we began to see a gradually improving trend in both TPV[2] and transactions, as described in the strategic review.

Contribution[1] for the Middle East segment declined by (23.9)%, to USD 62.0 million (H1 2019: USD 81.5 million), with contribution margin[1] reducing by (737)bps to 65.6% (H1 2019: 73.0%).

Africa

The Group's Africa segment operates in over 40 countries and contributed 27% of the Group's total revenue in the period (H1 2019: 27%). During the period, Africa revenue declined by (10.5)% to USD 36.6 million (H1 2019: USD 40.8 million), which is also largely attributed to Covid-19 related lockdown measures. Performance in Africa was less impacted than the Middle East, linked to the weighting of the business towards Issuer Solutions, which demonstrates greater resilience due to the nature of the revenue streams and contractual minimums or fixed revenues. Our major markets in Africa are Egypt, South Africa and Nigeria, all of which experienced particularly stringent lockdown measures. As we exited the first half, whilst lockdowns had begun to improve across a number of countries, the situation remains fluid and in some instances Governments had reinstated or are considering reinstating lockdown measures.

Contribution[1] for the Africa segment declined by 13.4%, to USD 24.5 million (H1 2019: USD 28.3 million), with contribution margin[1] reducing by 229 bps to 67.1%.

Other revenue, not allocated to an Operating Segment

The Group's other revenue, which contributes 2% of total revenue, is derived from solutions developed as part of the Mastercard strategic partnership during the period (H1 2019: Nil). These solutions will be developed for use with customers across both the Middle East and Africa, and therefore are not allocated to either of the two operating segments. Please refer to the business line revenue breakdown below for more detail.

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2. For KPIs and constant currency definition, please refer to page 22.

Revenue results by business line

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

Merchant Solutions revenue

Revenue for the Merchant Solutions business, which comprises 38% of total revenue, decreased by (26.1)% to USD 51.1 million (H1 2019: USD 69.1 million) and TPV[1] declined by (25.7)% to USD 16.0 billion (H1 2019: USD 21.5 billion). In Merchant Solutions, our revenues are generated through fees dependent upon the value of transactions (TPV), as well as through value added services, and overall are very closely correlated to the underlying value of transactions taking place. Our Merchant Solutions services are largely focused on our direct acquiring markets in the UAE and Jordan, with performance over the period therefore closely linked to the lockdown measures in place, and the related reduction in consumer spending. Refunds and chargebacks remain within expected levels, with no significant increases. This is representative of our diverse merchant sector base and the ongoing steps we have taken to manage our risks, including holding cash reserves where appropriate.

H1 trends in directly acquired Total Processed Volume (TPV) [1]

Directly acquired TPV, y/y	Jan	Feb	Mar	Apr	May	Jun
Total	5%	3%	-28%	-59%	-46%	-34%
of which Retail	12%	2%	-39%	-75%	-43%	-30%
of which Supermarkets	5%	17%	40%	24%	6%	11%
of which Travel & Entertainment	0%	-11%	-62%	-93%	-85%	-78%
of which Other (Government, Healthcare & Education, Other)	5%	10%	-16%	-51%	-40%	-20%

Issuer Solutions revenue

Revenue for Issuer Solutions, which comprises 59% of total revenue, decreased by (3.5)% to USD 78.8 million (H1 2019: USD 81.7 million). In Issuer Solutions, we generate revenue from three broadly proportional streams: fees linked with the number of cards hosted on our platform; fees linked to transaction volumes; and fees from value added services. Our customers are typically financial institutions, where we have multi-year contracts in place and a number have contractual minimums. Therefore our revenues for this business line are somewhat correlated to underlying transaction volumes, but have a greater resilience due to the card hosting and contractually fixed elements. Issuer Solutions experienced fairly normal trading through January and February, but following the implementation of lockdown measures across nearly all of our markets towards the end of March, we saw a reduction of just over (10)% year-on-year in revenue through Q2. These lockdowns have significantly limited new card issuance due to the closure of bank branches, and we are also seeing a greater number of banks reviewing and cancelling inactive cards than would otherwise occur in a normal year.

Other revenue not allocated to a business line

The Group's other revenue, which contributes 3% of total revenue, is mainly derived from the Mastercard strategic partnership, cash advance fees on withdrawals from ATMs, and foreign exchange gains / (losses) from our core operations. Revenue from Mastercard initiatives is linked to the achievement of development milestones, related to two specific initiatives in 2020: a corporate card solution for bank customers; and a smartphone App with QR code payment acceptance for merchants.

1. For KPIs and constant currency definition, please refer to page 22.

A reminder of the accounting treatment for recognition of the Mastercard commercial partnership is detailed at the end of the financial review.

Expenses

Operating expenses (excluding depreciation and amortisation and net interest cost), decreased by 10.7% to USD 91.3 million (H1 2019: USD 102.3 million).

Excluding SDIs, these costs grew by 6.4% to USD 85.6 million (H1 2019: USD 80.5 million), which reflects our largely fixed cost base (approx. two thirds of total costs), alongside the full weighting of expenses associated with being a publicly listed business, that were only partially reflected in the H1 2019 comparative period.

We also enacted a comprehensive operating cost savings programme in response to the Covid-19 pandemic. These measures began to be implemented partway through the first half period, with more significant savings expected in the second half, which will see the full benefit of the programme.

	H1 2020 USD'000			H1 2019 USD'000			
	Reported	**Specially disclosed items**	**Underlying results[1] (A)**	**Reported**	**Specially disclosed items**	**Underlying results[1] (B)**	**Change (A & B)**
Salaries and allowances	**34,306**	**-**	**34,306**	32,034	(3,171)	28,863	(18.9)%
Bonus and sales incentives	**846**	**-**	**846**	4,399	-	4,399	80.8%
Share based compensation	**4,796**	**(5,145)**	**(349)**	5,378	(5,244)	134	360.4%
Terminal and other benefits	**3,167**	**-**	**3,167**	3,794	-	3,794	16.5%
Total personnel expenses	**43,115**	**(5,145)**	**37,970**	**45,605**	**(8,415)**	**37,190**	**(2.1)%**
Technology and communication costs	**22,564**	**-**	**22,564**	20,982	-	20,982	(7.5)%
Third-party processing services costs *	**10,773**	**-**	**10,773**	11,746	-	11,746	8.3%
Legal and professional fees *	**6,774**	**(714)**	**6,060**	17,491	(13,553)	3,938	(53.9)%
Provision for expected credit loss	**1,196**	**-**	**1,196**	363	-	363	(229.5)%
Other general and administrative expenses *	**6,895**	**144**	**7,039**	6,064	197	6,261	(12.4)%
Selling, operating and other expenses	**48,202**	**(570)**	**47,632**	**56,646**	**(13,356)**	**43,290**	**(10.0)%**
Depreciation and amortisation	**24,907**	**(9,150)**	**15,757**	21,456	(6,312)	15,144	**(4.0)%**
Share of depreciation from an associate	**1,689**	**-**	**1,689**	1,866	-	1,866	**9.5%**
Total depreciation and amortisation	**26,596**	**(9,150)**	**17,446**	**23,322**	**(6,312)**	**17,010**	**(2.6)%**
Net Interest expense	**11,716**	**-**	**11,716**	**12,405**	**-**	**12,405**	**5.6%**
Taxes	**2,097**	**-**	**2,097**	**3,130**	**-**	**3,130**	**33.0%**

1. This is an Alternative Performance Measure (APM). See note 3 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.
* Certain cost line items have been reclassified in 2019, from other general and administrative expenses to third-party processing services costs and legal and professional fees to enable like-for-like comparison.

The above table does not include the write-off of USD 6.7 million of capitalised debt issuance fees associated with the previous term loan facility, which is shown separately in the Group consolidated income statement.

Personnel expenses

Total personnel expenses were USD 43.1 million (H1 2019: USD 45.6 million). This includes Specially Disclosed Items (SDIs) of USD 5.1 million (H1 2019: USD 8.4 million). See page 16 for further detail on SDIs.

Adjusting for SDIs, underlying personnel expenses were USD 38.0 million (H1 2019: USD 37.2 million), broadly flat when compared with the prior year, reflecting our growth in employees and headcount added in the second half of 2019, offset by Covid-19 related cost saving measures such as a hiring freeze and significantly reduced accruals for employee bonuses and sales incentives.

Selling, operating and other expenses

Total selling, operating and other expenses were USD 48.2 million (H1 2019: USD 56.6 million). This includes Specially Disclosed Items (SDIs) of USD 0.6 million (H1 2019: USD 13.4 million). See page 16 for further detail on SDIs.

Adjusted for SDIs, underlying selling, operating and other expenses grew by 10.0% to USD 47.6 million (H1 2019: USD 43.3 million). The growth reflects our ongoing investments in cyber security, IT systems and compliance, as well as costs associated with the development of our product range, including the N-Genius™ product suite and fraud solutions. This increase was partially offset by Covid-19 related cost savings resulting from a reduction in discretionary spends, across travel and entertainment, advertising and marketing. We also saw a reduction in third party processing costs, reflecting the reduction in volumes and transactions processed through the period. (Whilst we conduct all payments processing activities in-house, we utilise third party vendors to provide certain components of our value added services, such as card procurement and personalisation, Point-Of-Sale procurement, 3d secure services and some project related executions).

Underlying EBITDA[1]

Underlying EBITDA[1] decreased by (31.0)% to USD 52.7 million (H1 2019: USD 76.4 million). Underlying EBITDA margin[1] (which excludes the Group's share of its associate, TG Cash) was 36.2% (H1 2019: 47.2%), where the margin decline is reflective of the reduction in revenues for the period, and our largely fixed cost base, although the potential further decline in margin was partially offset by the cost savings programme.

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

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

	H1 2020 USD'000	H1 2019 USD'000
(Loss) / profit from continuing operations	**(150)**	**15,764**
Depreciation and amortisation	**24,907**	21,436
Write-off of unamortised debt issuance cost	**6,721**	-
Net interest expense	**11,716**	12,405
Taxes	**2,097**	3,130
Share of depreciation from an associate	**1,690**	1,886
Specially disclosed items affecting EBITDA	**5,715**	21,771
Underlying EBITDA[1]	**52,696**	**76,392**

Share of EBITDA of an associate

The Group's share of EBITDA of its Associate, Transguard Cash LLC (TG Cash), was USD 4.1 million (H1 2019: USD 4.5 million). TG Cash provides end to end ATM management services in the UAE, and performance was somewhat impacted by the lockdown measures in place, resulting in reduced volumes of ATM replenishments and cash collections from merchant outlets.

Depreciation and amortisation

The Group's reported depreciation and amortisation (D&A) charge, including share of depreciation from an associate, increased by USD 3.3 million to USD 26.6 million (H1 2019: USD 23.3 million), of which USD 9.2 million is associated with SDIs related to the Group's completed investment in technology transformation, and associated amortisation of acquired intangibles. See page 16 for further detail on SDIs.

Excluding D&A related to SDIs, the Group's underlying D&A[1] charge grew by 2.6% to USD 17.4 million (H1 2019: USD 17.0 million) reflecting an increase in amortisation associated with computer software, partially offset by lower depreciation on computer hardware and POS machines.

Net interest expense

The Group's reported net interest expense decreased by USD 0.7 million to USD 11.8 million (H1 2019: USD 12.4 million). The net interest cost is composed of; i) interest charged on drawdown or utilisation of our syndicated term loan facility and revolver facility ii) interest charged on utilisation of the working capital overdraft facility iii) amortisation of the costs associated with issuance of the syndicated term loan facility; and iv) IFRS16 lease financing charges. The overall decline in the net interest charge, year-on-year predominantly reflects the lower underlying interest rates when compared with the prior year. In addition, USD 6.7 million of costs have been recorded in the period (H1 2019: nil), being the write-off of capitalised debt issuance fees associated with the previous syndicated debt facility, following the re-financing of the facility, as previously announced.

Taxes

The Group's total tax charge during the period was USD 2.1 million (H1 2019: USD 3.1 million), with an underlying tax rate of 8.7%. The tax rate is slightly higher than we would normally experience, linked to the Covid-19 lockdown measures and associated lower proportion of profits from the UAE, where corporation tax is not payable.

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

(Loss) / profit from continuing operations, underlying net income and underlying earnings per share[1]

(Loss) / profit from continuing operations was USD (0.2) million (H1 2019: USD 15.8 million). This includes the write off of USD 6.7 million of capitalised debt issuance fees associated with the previous term loan facility, as previously described.

Underlying net income[1] in 2020 declined by (51.1)% to USD 21.4 million (H1 2019: USD 43.8 million) and underlying Earnings Per Share (EPS)[1] were down by (51.1)% to 4.3 USD cents.

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

	H1 2020 USD'000	H1 2019 USD'000
(Loss) / profit from continuing operations	**(150)**	**15,764**
Write-off of unamortised debt issuance cost	**6,721**	-
Specially Disclosed Items affecting EBITDA	**5,715**	21,771
Specially Disclosed Items affecting net income	**9,150**	6,312
Underlying net income[1]	**21,436**	**43,847**

Underlying earnings per share[1]

	H1 2020	H1 2019
Underlying net income[1] (USD'000)	**21,436**	**43,847**
No. of shares ('000)	500,000	500,000
Underlying earnings per share[1] (USD cents)	**4.29**	**8.77**

Loss from discontinued operations

The Group's loss from discontinued operations was USD 0.8 million (H1 2019: USD 1.4 million), representing operating losses during the period for its non-core asset, namely Mercury (the domestic payment scheme in the UAE). Prior year losses also incorporated those from the acquiring business in Bahrain. The process to dispose of Mercury was initiated during 2019 and has been delayed due to the recent Covid-19 pandemic, but is expected to be completed during 2020. The Group exited its acquiring business in Bahrain during second half of 2019.

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

Specially disclosed items (SDIs) [1]

SDIs are items of income or expenses that have been recognised in a given period, which management believes, due to their materiality and being one-off/exceptional in nature, should be disclosed separately, to give a more comparable view of the period-to-period underlying financial performance. SDIs affecting EBITDA during the period were USD 5.7 million (H1 2019: USD 21.8 million) and SDIs affecting net income were USD 9.2 million (H1 2019: USD 6.3 million), in line with our expectations.

	H1 2020 USD'000	H1 2019 USD'000	Change
Items affecting EBITDA			
Reorganisation, restructuring and settlements	**-**	1,087	100%
Share-based compensation	**5,145**	5,244	1.9%
M&A and IPO related costs	**789**	15,677	95.0%
Other one-off items	**(219)**	(237)	(7.6)%
Total SDIs affecting EBITDA	**5,715**	**21,771**	73.7%
Items affecting net income			
Amortisation related to IT transformation	**7,048**	4,210	(67.4)%
Amortisation of acquired intangibles	**2,102**	2,102	-
Total SDIs affecting net income	**9,150**	**6,312**	(45.0)%
Total specially disclosed items	**14,865**	**28,083**	47.1%

The key SDIs affecting EBITDA in the period were:

1. **Reorganisation, restructuring and settlements:** Includes non-recurring costs that arise from one-off initiatives to reduce the ongoing cost base and improve the efficiency of the business. There were no expenses of this nature during the period, and are only reflective of the prior year H1 2019.
2. **Share-based compensation:** Includes the charge related to the Management Incentive Award Plan, IPO Cash Bonus, and certain Long-Term Incentive Plan awarded to Group wide eligible employees, all of which are specific payments relating to the Group's Initial Public Offering (IPO).
3. **M&A and IPO related costs:** This includes costs incurred during the period, including those paid for diligence, advisory, and execution, in relation to the acquisition of DPO. The prior year period includes one-off expenses related to the IPO.
4. **Other one-off items:** Includes items that do not fit into any other categories above and primarily relates to one off cash support of USD 0.4 M paid to SME merchants during the Covid-19 pandemic and unrealised losses/(gains) from the re-measurement of foreign currency denominated assets or liabilities of USD (0.6) million (H1 2019: USD 1.4 million). The prior period also included netting of certain one-off recoveries and dividend from visa shares (USD 1.6 million).

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

The key SDIs affecting net income in the period were:

1. **Amortisation related to IT transformation:** Includes amortisation of capitalised costs associated with the IT Transformation Programme that the Group completed in 2019. This includes development of a new card management platform (including costs related to migration from legacy platforms), the Group's own proprietary payment gateway, and a significant one-off upgrade to the switching system. The spend on the IT transformation programme is truly one-off in nature and is not expected to be incurred again for a considerable period of time. The total capex incurred on this programme is significantly higher than spends on any other programmes undertaken in the past, or in the foreseeable future. The amortisation of incremental capital expenditure that is incurred on the ongoing maintenance of the platform including hardware upgrades and enhancement of functional capabilities, is treated as part of the core operations of the business and not included within SDIs.

2. **Amortisation of acquired intangibles:** Amortisation charge on the intangible assets recognised in the Group's condensed consolidated interim statement of financial position as part of the Group's acquisition of Emerging Market Payments Services ('EMP') in 2016.

Cash flow

	H1 2020 USD'000	H1 2019 USD'000	Change
Net cash flows from operating activities before settlement related balances	**28,836**	**44,560**	(35.3)%
Changes in settlement related balances	**30,885**	549	NM*
Net cash movement from operating activities	**59,721**	45,109	32.4%
Net cash movement from investing activities	**(28,420)**	**(42,530)**	(33.2)%
Net cash movement from financing activities	**106,253**	**(14,158)**	(850.5)%

The Group's net cash flow from operating activities, before settlement related balances was USD 28.8 million. Settlement related balances are discussed below in the working capital section. The Group's net cash flow from operating activities was USD 59.7 million (H1 2019: USD 45.1 million), an increase of USD 14.6 million; primarily reflective of the movement in our settlement related balances which was USD 30.9 million, offset by the decrease in our profit from operations which was USD (15.3) million. The Group's net cash outflows from investing activities was USD (28.4) million (H1 2019: USD (42.5) million), reflecting the lower capex spend mainly on account of completion of the IT Transformation Programme. The Group's net cash movement from financing activities was USD 106.2 million (H1 2019: (14.2) million), which primarily reflects the proceeds of the refinanced syndicated term facility (USD 79.0 million, net of repayment of old facility and debt issuance fees) and additional draw down of the revolver credit facility (USD 40.0 million), partially offset by the purchase of the shares under the Long Term Incentive Plan (LTIP) for the eligible Group employees (USD 10.4 million).

* NM stands for not meaningful

Working capital

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

1. **Settlement related balances**: This portion of working capital is related to the funds required to settle merchant balances in the direct acquiring business in UAE and Jordan and represents capital used to fund payment scheme debtors, offset by merchant payables. These balance arise, mainly due to the time lag between the settlement made to merchants (usually the day following a transaction), and the recoveries from the issuing banks and payment schemes (usually two or three days after a transaction). Therefore, new settlement related working capital cycles are created daily, and usually completed within three days. The timing of the cycle and snapshot of the balances at a period end, can also be impacted by weekends or public holidays in the United States (the region from where majority of the card scheme debtors are settled), which can delay settlement with the schemes by a day or two. During the period, the overall cash movement in settlement related balances was USD 30.9 million, mainly reflective of the lower direct acquiring TPV processed due to Covid-19 pandemic.
2. **Working capital before settlement related balances**: This represents the amount of capital used by the Group to fund its day-to-day trading operations, outside of the direct acquiring business. During the period, the overall cash movement in working capital before settlement related balances was USD 1.5 million, with a lower working capital position when compared with 2019 year end. This movement is comprised of lower trade receivables (cash movement USD 14.6 million year-on-year), higher prepayments and other advances (cash movement USD (2.5) million year-on-year), offset by lower trade and other payables (cash movement USD (10.6) million year-on-year).

   Our trade receivables balance on the consolidated balance sheet was USD 65.3 million at the end of the H1 period, compared with USD 80.8 million at 2019 year end. This reflects both our timely collection of trade receivables during the period, despite some of the challenges presented by Covid-19, as well as lower revenues during the H1 period and associated receivables from bank customers.

Capital expenditure[1]

The business has taken a prudent approach to manage capital spending during the period, as a result of the Covid-19 pandemic and associated reduction in revenue. This includes a pause on the programme to separate shared services from Emirates NBD (previously expected to be cUSD 20 million in 2020). We remain comfortable with deploying capital expenditure to support our entry to Saudi Arabia, but this has not been possible during the year to date, with the logistical challenges presented by border closures.

	H1 2020 USD'000	H1 2019 USD'000	Change
Total capital expenditure	**21,829**	**36,765**	**40.6%**
Core capital expenditure:	**21,829**	**18,463**	(18.2)%
of which is growth capital expenditure	13,854	6,072	(128.2)%
of which is maintenance capital expenditure	7,975	12,391	35.6%
IT transformation capital expenditure	**-**	**18,302**	**100.0%**

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

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

Growth capital expenditure of USD 13.8 million (2019: USD 6.1 million) related to the procurement of Point of Sales terminals for new direct acquiring merchants; spends related to on-boarding of new Merchant and Issuer Solutions customers; building new product capabilities and spends for Mastercard funded initiatives. Maintenance capital expenditure of USD 8 million (H1 2019: USD 12.4 million) related to spend on maintaining and enhancing technology infrastructure; procurement of POS terminals for existing relationships, capex incurred for the separation from Emirates NBD before the project was put on hold; as well as expenditure incurred in response to the Covid-19 pandemic.

Underlying free cash flow[1]

	H1 2020 USD'000	H1 2019 USD'000	Change
(Loss) / profit from continuing operations	**(150)**	15,764	(101.0)%
Depreciation and amortisation	**24,907**	21,436	(16.2)%
Write-off of unamortised debt issuance cost	**6,721**	-	-
Net interest expense	**11,716**	12,405	5.6%
Taxes	**2,097**	3,130	33.0%
Share of depreciation of an associate	**1,690**	1,886	10.4%
Specially disclosed Items affecting EBITDA	**5,715**	21,771	73.7%
Underlying EBITDA[1]	**52,696**	**76,392**	**(31.0)%**
Changes in working capital before settlement related balances	**1,545**	8,176	81.1%
Taxes paid	**(3,441)**	(6,295)	45.3%
Maintenance capital expenditure	**(7,975)**	(12,391)	35.6%
Growth capital expenditure	**(13,854)**	(6,072)	(128.2)%
Underlying free cash flow[1]	**28,971**	**59,810**	**(51.6)%**

Underlying Free Cash Flow[1] (underlying FCF) was USD 29.0 million (2019: USD 59.8 million), reflective of the reduction in revenue and operating profit associated with the Covid-19 pandemic.

Historically, the Group did not include growth related capital expenditure as a deduction within the definition of underlying FCF. In our efforts to provide best practice representation of underlying FCF generation and in line with the Group 2019 Annual Report, growth-related capital expenditure is included as a deduction while computing underlying FCF and this has been reflected in the prior year to enable like for like comparison. The table below shows the reconciliation.

	H1 2020 USD'000	H1 2019 USD'000
Underlying free cash flow[1] – as presented earlier	**42,825**	**65,882**
Less: Growth capital expenditure	**(13,854)**	(6,072)
Underlying free cash flow[1]	**28,971**	**59,810**

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

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

	H1 2020 USD'000	H1 2019 USD'000	Change
Net cash inflows from operating activities	**59,721**	**45,109**	**32.4%**
Less: Cash inflows included in the statutory cash flow but not in the Underlying free cash flow			
Changes in settlement related balances, long term receivables and other liabilities	(28,862)	(651)	NM*
Charge for share based payment	(1,472)	(134)	NM*
Add: Cash outflows included in the statutory cash flow but not in the Underlying free cash flow			
Interest paid	11,277	10,577	(6.6)%
Specially disclosed items affecting EBITDA	5,715	21,771	73.7%
Share of EBITDA of an associate	4,141	4,527	(8.5)%
Others [2]	280	(2,926)	109.6%
Underlying free cash flow before capital expenditure	**50,800**	**78,273**	**(35.1)%**
Core capital expenditure	(21,829)	(18,463)	(18.2)%
Underlying free cash flow[1]	**28,971**	**59,810**	**(51.6)%**

Debt

The Group's total debt, including Current borrowings, amounted to USD 492.7 million (2019: USD 377.4 million). Debt includes the amount outstanding under the syndicated financing facility of USD 368.3 million (2019: USD 280.9 million), revolving credit facility of USD 75.0 million (2019: USD 35.0 million), settlement related working capital overdraft facility of USD 48.1 million (2019: USD 59.9 million) and lease obligations (excluding lease obligation for right of use assets) of USD 1.3 million (2019: USD 1.6 million).

During the period, we successfully refinanced our syndicated term lending facility. The syndicate, which consists of 16 banks with both global and regional presence, was considerably over subscribed, with around half of the facility funded by banks who are new to the syndicate. The purpose of the facility is for general corporate use, and to fund growth accelerator projects. The facility is for USD 525 million and replaced the Group's USD 350 million term financing facility, which had a drawn down balance of USD 289 million on 31 December 2019.

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

1. This is an Alternative Performance Measure (APM). See note 3 of the consolidated financial information for APMs definition and the reconciliations of reported figures to APMs.
2. Others consists of certain non-cash adjustments including impairment losses, FX, loss from discontinued operations

* NM stands for not meaningful

Our leverage ratio, which represents net debt to underlying EBITDA[1] and is computed as per the methodology provided in the financing facility agreement with the lending banks, was 2.0x at the end of the period (FY 2019: 1.6x). Underlying EBITDA[1] is taken for rolling 12 months, i.e. from 1 July 2019 – 30 June 2020 (for comparatives: FY 2019).

	June 2020 **USD'000**	December 2019 USD'000
Net debt	**299,729**	273,754
Underlying EBITDA[1]	**148,618**	172,314
Leverage ratio	**2.0**	**1.6**

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

Particulars	**H1 2020** **USD'000**	FY 2019 USD'000
Non-current borrowings	**368,794**	211,783
Current borrowings	**123,892**	165,661
Cash balance	**(168,980)**	(43,754)
Net debt as per condensed consolidated interim financial statements	**323,706**	**333,690**
Less: Working capital facility overdraft *	**(22,628)**	(61,540)
Less :Restricted Cash	**(937)**	(893)
Less: Cash Balance [Share of held for sales assets and associate]	**(7,129)**	(5,317)
Add: Unamortised debt issuance cost	**6,717**	7,814
Net debt	**299,729**	**273,754**

**As per the definition of Net debt provided under the syndicated term loan agreement; to exclude the bank overdrafts utilised to fund working capital requirements, adjusted for any temporary end of day excess / short drawdown position.*

Partnership with Mastercard

Our commercial agreement with Mastercard was signed earlier in the year and provides for a USD 35 million cash investment spread over a five-year period, which will contribute to either operating costs or capital investment. The cash investment may vary each year, dependent upon the initiatives we agree to develop together. The accounting treatment for recognition of the investment will be as follows:

- Operating cost cash contributions will initially be recognised in the statement of financial position as deferred revenue. Upon satisfying the criteria specified in the agreement with Mastercard, revenue will be recognised under the 'Other Revenue' line in the income statement, and an expense will be recognised as and when the cost is incurred against this revenue item.
- Capital investment cash contributions will initially be recognised in the statement of financial position as deferred revenue. Upon satisfying the criteria specified in the agreement with Mastercard, revenue will be recognised under the 'Other Revenue' line in the income statement. As and when asset development reaches the appropriate phase, it will begin to be recognised on the statement of financial position as capital work in progress, and when the asset is fully complete and available for use, depreciation or amortisation charge (as the case maybe) will begin to be recognised through the income statement.

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

Definitions

Constant Currency Revenue

Constant Currency Revenue is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP). The other non-US backed currencies that have a significant impact on the Group as a result of foreign operations in Nigeria and South Africa are the Nigerian Naira (NGN) and the South African Rand (ZAR) respectively. The table shows the average rate of these currencies per USD for 2020 and 2019.

Currency rate vs USD	H1 2020 Average rate	H1 2019 Average rate
Egyptian Pound (EGP)	**15.9**	17.3
Nigerian Naira (NGN)	**342.5**	306.3
South African Rand (ZAR)	**16.6**	14.2

Key Performance Indicators

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

Total Processed Volume (TPV) (USD million)

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

Number of cards hosted (million)

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

Number of transactions (million)

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

Principal Risks and Uncertainties

The following section contains information about the Group's principal risks, and mitigation strategies, which remain consistent with the disclosure in the 2019 Annual Report. The defining event of the first half of the financial year has been the impact of the Covid-19 pandemic. We therefore include an update on our risk management processes related to Covid-19.

COVID-19

- In light of the continued Covid-19 pandemic, our focus remains on colleague and customer wellbeing, and business continuity. Our colleagues are working from home, and payments and processing activities remain unaffected, enabled by the investments we have made in our technology platforms.
- We have implemented a number of practical support measures for customers across the business and our programme of cash support to micro-SMEs has been very well received.
- We have created a new Principal Risk in response to the Covid-19 pandemic understanding the impact of Covid-19 on our existing principal and emerging risks.
- Established Covid-19 Committee to monitor and actively respond to the Covid-19 situation.
- 'Work from Home' (WFH) model implemented with 100% staff successfully working from home without major disruptions to business operations.
- Performed an assessment of our pre-Covid-19 control environment and introduced enhanced controls in a number of areas in response to Covid-19 to ensure that the control environment remains effective and supports the remote working model.
- Return to office plans with detailed safety controls in line with local guidelines have been prepared across all of the Group's offices in readiness for a return to office.
- Confirmed Covid-19 cases among the workforce are very low relative to the overall workforce when compared to majority of our markets.
- Review of liquidity position, and financial covenants under a number of scenarios, as described in the financial statements section of this announcement.
- Implementation of a cost mitigation programme and measures taken to reduce capital spending, as described in the strategic and financial review sections of this announcement.

We are aware of the potential for a second wave, or further rapid localised spreading where the Group operates, we continue to assess the impacts of the pandemic and are well placed to respond rapidly to support our customers and staff.

Principal risk and description	Update on Mitigating Actions
Covid-19 (Coronavirus) Risk of inability of the Group to effectively respond to a pandemic situation adversely impacting the Group's overall risk appetite and which increases the risk levels of existing principal risks resulting in material adverse impact to its people, business operations, access to supply chain, physical and cyber security infrastructure and financial stability.	• Identification and monitoring of Early Warning Indictors through established principal risks. • Covid-19 Assessment Team (Task Force) established comprising members of the Exec Team. • 100% Work from Home (WFH) model implemented at all Group locations. • Risk assessed key vendors in the supply chain to ensure continuity of service.
Cyber Security A breach of the Group's infrastructure resulting in the compromise of data or service disruption through cyber security breaches.	• Implemented relevant actions from multiple security advisories on current cyber threats and emerging trends in light of Covid-19 pandemic. • Completed additional security reviews on all remote access solutions. • Completed the revalidation of the Cyber Security Maturity Assessment (CSMA) report gaps across all Group locations. • Continued investment and implementation of new age security solutions to safeguard the Group from emerging risks. • Continued education and cyber security awareness programs for the workforce.
Technology resilience Risk of interruption to critical production services and delays to projects caused by limited availability of technical skills, poor delivery by vendors, software defects introduced to production which could expose the Group to financial losses (e.g. client claims and loss of business) and reputational impact.	• Further investment into our technology and security infrastructure, including opening of a new datacentre in Dubai by Q1-2021 and further expansion of the existing facility in Abu Dhabi including targeted completion of ENBD datacentre segregation by Q2-2021. • Group-wide IT disaster recovery and business continuity testing to be completed by Q1-2021.
Operational resilience Risk of inability to execute operational processes and deliver on contractual obligations due to operational inefficiencies and discontinuity, defects, errors and delays, which could damage customer relations, decrease potential profitability and expose the Group to liability.	• The Group has completed automation of majority of its manual repetitive processes through Robotic Process Automation (RPA) and further continues to automate its remaining processes through RPA. • Completed Risk Assessments (RAs) and implemented Risk and Control Self-Assessments (RCSAs) program as part of ERMF for all first line operational functions at Group level.

Principal risk and description	Update on Mitigating Actions
Strategy and business Risk of the Group's inability to achieve growth, failure to enter into new markets and maintain its 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.	• Recent announcement of DPO acquisition enables the Group to access faster e-Commerce revenue pools and further differentiate itself against global and regional peers. This acquisition and our plans for KSA market entry are strategic accelerators to enhance our position and will lead to diversification of our portfolio. • The Group continues to bring new products to market by launching N-Genius™ in Egypt. • Development of Digital Proposition with Mastercard to increase attractiveness of the 4-party model by reducing the fixed costs associated with POS and physical cards.
People Inability to attract, develop & retain a skilled workforce and inconsistent organisational culture across the Group.	• Introduced a wide range of initiatives to promote staff well-being, health and morale in light of Covid-19 pandemic. Including virtual medical services and mental health consultancy services • Increased communications and contact points with employees through virtual forums, video messaging and social media platforms • Sanitising and deep cleaning of Group offices and implementation of precautionary measures. Group’s office spaces have been rearranged to ensure social distancing in readiness for a return to office locations.
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.	• Although growth has been impacted, the business is expected to continue to generate strong underlying free cash flows • Continued management focus on executing acceleration opportunities to further diversify business mix.
Financial Financial risks for the Group arise mainly from the following three elements: (1) Not having sufficient liquidity to meets its obligations as they fall due; (2) Exposure to adverse movements in foreign exchange rates arising from Group's foreign operations and transactions in currencies other than AED and pegged currencies; and (3) Exposure to adverse Interest rate risk primarily on its variable rate long-term borrowing/revolving line of credit, which it uses to manage its working capital needs.	• The Group completed the review of liquidity position, and financial covenants under a number of scenarios in light of Covid-19 pandemic. • Implemented financial risk management policies related to Liquidity, FX, Interest Rate and Cash Management. • Completed automation of manual processes for consolidating financial statements and statutory reporting.

Principal risk and description	Update on Mitigating Actions
Fraud 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 its clients.	• Fraud monitoring processes are being conducted with enhanced due diligence in light of the current environment. We have not experienced any unusual trends in fraudulent transactions and fraud loss rates remained well within accepted risk appetite KRIs.
Credit Risk of merchants' inability to satisfy obligations resulting in chargebacks or scheme fines. Risk that the Group will be liable for meeting the settlement obligations of sponsored issuing clients where such clients are unable to do so or comply with scheme rules.	• Acquiring portfolios of UAE and Jordan were subjected to a stress testing exercise focusing on travel and subscription merchants. Unrecovered chargebacks and refunds of these merchants were well below the stress scenarios forecasted and also well within accepted risk appetite KRIs. • Chargebacks and refunds of airline merchants were paid from withheld reserves or through pre-funding arrangements in place with merchants. • Unrecovered chargebacks and refunds of the Group Acquiring portfolio as at end of Q2 '20 reduced by 85% when compared with end Q1 '20 and were well within accepted risk appetite KRIs. • Enhanced risk profiling and early risk warning monitoring of SME merchant portfolio was implemented in response to Covid-19.

Network›

Directors' Responsibility statement

We confirm that to the best of our knowledge:

The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'.

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

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

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

By Order of the Board

Simon Haslam,
Chief Executive Officer

Rohit Malhotra,
Chief Financial Officer

Network

INDEPENDENT REVIEW REPORT TO NETWORK INTERNATIONAL HOLDINGS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

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

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

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

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

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

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

Michael Harper
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
17 August 2020

Network

Condensed Consolidated Interim Financial Statements

Condensed consolidated statement of profit or loss

Continuing operations	*Note*	Six months ended 30 June (Unaudited) 2020 USD'000	2019 USD'000
Revenues	***5***	**134,157**	**152,345**
Personnel expenses	*6*	(43,115)	(45,605)
Selling, operating & other expenses	*7*	(48,202)	(56,646)
Depreciation and amortisation		(24,907)	(21,436)
Share of profit of an associate		2,451	2,641
Profit before interest and tax		**20,384**	**31,299**
Write-off of unamortised debt issuance cost		(6,721)	-
Net interest expense	*8*	(11,716)	(12,405)
Profit before tax		**1,947**	**18,894**
Taxes	*9*	(2,097)	(3,130)
(Loss) / profit from continuing operations		**(150)**	**15,764**
Discontinued operations:			
Loss from discontinued operations, net of taxes	*16*	(786)	(1,380)
(Loss) / profit for the period		**(936)**	**14,384**
Attributable to:			
Equity holders of the Group		(622)	14,711
Non-controlling interest		(314)	(327)
(Loss) / profit for the period		**(936)**	**14,384**
(Losses) / earnings per share (Basic and diluted) – in USD / cents	*19*	(0.124)	2.942
(Losses) / earnings per share – Continuing operations – in USD / cents	*19*	(0.026)	3.152

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements.

Network

Condensed consolidated statement of comprehensive income

	Six months ended 30 June (Unaudited)	
	2020	**2019**
	USD'000	**USD'000**
(Loss) / profit for the period	**(936)**	**14,384**
Other comprehensive (loss) / income		
Items that may subsequently be reclassified to profit or loss:		
Foreign currency translation difference on foreign operations	(301)	2,705
Items that will never be reclassified to profit or loss		
Re-measurement of terminal benefits	(444)	-
Net change in other comprehensive (loss) / income	**(745)**	**2,705**
Total comprehensive (loss) / income for the period	**(1,681)**	**17,089**
Attributable to:		
Equity holders of the Group	(1,367)	17,416
Non-controlling interest	(314)	(327)
Total comprehensive (loss) / income	**(1,681)**	**17,089**

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements.

Network

Condensed consolidated statement of financial position

	Note	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000
Assets			
Non-current assets			
Property and equipment		55,894	57,397
Intangible assets and goodwill	*10*	449,774	448,797
Investment in joint venture and associate		56,439	54,432
Investment securities		246	246
Long term receivables		2,362	2,533
Total non-current assets		**564,715**	**563,405**
Current assets			
Scheme debtors	*11*	119,618	182,831
Receivables and prepayments	*12*	76,941	89,254
Restricted cash	*11*	86,402	54,029
Cash and cash equivalents		168,980	43,754
Assets held for sale		5,582	3,664
Total current assets		**457,523**	**373,532**
Total assets		**1,022,238**	**936,937**
Liabilities			
Non-current liabilities			
Borrowings	*15*	368,793	211,783
Other long-term liabilities		20,953	24,379
Deferred tax liabilities		2,219	1,788
Total non-current liabilities		**391,965**	**237,950**
Current liabilities			
Merchant creditors	*11*	167,215	167,167
Trade and other payables	*14*	109,130	127,284
Borrowings	*15*	123,892	165,661
Liabilities held for sale		-	169
Total current liabilities		**400,237**	**460,281**
Shareholders' equity			
Share capital	*17*	65,100	65,100
Foreign exchange reserve	*17*	(20,416)	(20,115)
Reorganisation reserve	*17*	(1,552,365)	(1,552,365)
Other reserves	*17*	5,694	5,851
Retained earnings		1,732,234	1,742,096
Equity attributable to equity holders		**230,247**	**240,567**
Non-controlling interest		(211)	**(1,861)**
Total shareholders' equity		**230,036**	**238,706**
Total liabilities and shareholders' equity		**1,022,238**	**936,937**

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements.

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Simon Haslam

Chief Executive Officer

Rohit Malhotra

Chief Financial Officer

Network

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2020
(Unaudited)

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

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements.

Network

Condensed consolidated statement of changes in equity

For the six months ended 30 June 2019
(Unaudited)

	Share capital	Share premium	Foreign exchange reserve	Reorganisation reserve	Other reserves	Retained earnings	Equity attributable to equity holders	Non-controlling interest	Total equity
					USD'000				
As at 1 January 2019	1,559,796	6,184	(23,275)	(1,552,365)	7,543	195,028	**192,911**	(1,215)	**191,696**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	14,711	**14,711**	(327)	**14,384**
Other comprehensive income for the period:									
Foreign currency translation differences in foreign operation	-	-	2,705	-	-	-	**2,705**	-	**2,705**
Total other comprehensive income for the period	-	-	2,705	-	-	-	**2,705**	-	**2,705**
Total comprehensive income for the period	-	-	2,705	-	-	14,711	**17,416**	(327)	**17,089**
Capital reduction (Note 1)	(1,494,696)	(6,184)	-	-	-	1,500,880	**-**	-	**-**
Share based payments (LTIP)	-	-	-	-	-	134	**134**	-	**134**
As at 30 June 2019	65,100	-	(20,570)	(1,552,365)	7,543	1,710,753	**210,461**	(1,542)	**208,919**

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements

Network

Condensed consolidated statement of cash flows

	Six months ended 30 June (Unaudited)	
	2020	**2019**
	USD'000	**USD'000**
Operating activities		
(Loss) / profit for the period from operations	(936)	14,384
Adjustments for:		
Depreciation, amortisation and write-offs	32,830	21,799
Net Interest expense	11,716	12,405
Taxes	2,097	3,130
Foreign exchange losses and others	(696)	3,943
Share of profit from an associate	(2,451)	(2,641)
Charge for share based payment	1,472	134
Changes in long term receivables and other liabilities	(2,023)	102
Interest paid	(11,277)	(10,577)
Taxes paid	(3,441)	(6,295)
Changes in working capital before settlement related balances *(1)*	1,545	8,176
Net cash inflows before settlement related balances	**28,836**	**44,560**
Changes in settlement related balances *(2)*	30,885	549
Net cash inflows from operating activities	**59,721**	**45,109**
Investing activities		
Purchase of intangible assets & property and equipment	(30,826)	(42,891)
Interest received	441	361
Proceeds from issuance of Subsidiaries capital for NCI	1,965	-
Net cash outflows from investing activities	**(28,420)**	**(42,530)**
Financing activities		
Proceeds from new borrowings	415,000	-
Repayment of borrowing	(288,751)	(9,915)
Payment of debt issuance cost	(7,165)	(2,112)
Purchase of treasury shares	(10,425)	-
Payment of lease liabilities	(2,406)	(2,131)
Net cash inflows / (outflows) from financing activity	**106,253**	**(14,158)**
Net increase / (decrease) in cash and cash equivalents	**137,554**	**(11,579)**
Cash as part of held for sale	(559)	(2,000)
Cash and cash equivalents at the beginning of the period (3)	**(16,141)**	**(42,466)**
Cash and cash equivalents at the end of the period (3)	**120,854**	**(56,045)**

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

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

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

The notes on pages 36 to 57 form part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated financial statements

1. Legal status and activities

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

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

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board as adopted by EU and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2019, prepared in accordance with IFRS as adopted by the EU, included in Annual reports and accounts 2019 and available at Company's website.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 and do not include all the information required for a complete set of IFRS consolidated financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since these last annual audited consolidated financial statements of the Company as at and for the year ended 31 December 2019.

The comparative figures for the financial year ended 31 December 2019 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006

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

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the audited consolidated financial statements of the Company (the policy for recognising and measuring income taxes in the interim period is described in Note 9).

Basis of measurement

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

Functional and presentation currency

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

Use of estimates and judgments

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimates uncertainty were the same as those which were applied to the last annual audited consolidated financial statements as at and for the year ended 31 December 2019. In the context of the Covid-19 pandemic and its impacts on the Group's business, additional focus has been applied to areas including going concern, impairment of non-current assets and expected credit losses on financial assets. This did not result in any significant changes to the carrying amounts of Group’s assets or liabilities.

Basis of consolidation

The condensed consolidated interim financial statements as at, and for the period ended 30 June 2020 comprises results of the Company and its subsidiaries. The condensed consolidated interim financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

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

Going Concern

The directors have adopted the going concern basis in preparing these condensed consolidated interim financial statements after assessing the principal risks and having considered the impact of Covid-19 on the Group financial performance including under a base case and two severe but plausible downside scenarios .The Covid-19 pandemic has significantly impacted the performance of the Group throughout the period, and is discussed in detail in the strategic and financial review.

In making this assessment, the Directors have considered a forecast period of at least 12 months (until December 2021), estimating key performance indicators including revenues, underlying EBITDA, underlying and reported net income, capital expenditure and liquidity position of the Group based upon the known and expected impacts of Covid-19 as of now. The forecast has been done based on assumptions related to key variables including but not limited to Transaction Processing Volumes (TPV), number of cards hosted and transactions processed, which are the key drivers of the Group revenues and cash flows. Both business lines of Merchant Solutions and Issuer Solutions have been impacted differently by the Covid-19 crisis. In Merchant Solutions, Group’s revenues are generated

through fees dependent upon the value of transactions processed (TPV), as well as through value added services, and overall are very closely correlated to the underlying value of transactions taking place, and hence, significantly impacted with Covid-19 pandemic. While in Issuer Solutions, Group's customers are typically financial institutions, where we have multi-year contracts in place and a number of them have contractual minimums. Therefore our revenues for this business line are somewhat correlated to underlying transaction volumes, but have a greater resilience due to the card hosting and contractually fixed elements.

During the period, the Group has also successfully refinanced the syndicated term lending facility. The loan placement was considerably over subscribed by banks with both global and regional presence. The group has additional committed lines in place over and above what it has drawn to repay the existing term loan. The Group, continues to have significant liquidity headroom to meet its financial obligations, as described in the 'outlook and balance sheet strength' section in the strategic review. The Group's leverage ratio covenant also remains significantly below the maximum threshold prescribed under the financing facility agreement in the base case scenario, but headroom is limited in the second severe but plausible downside scenario as described below.

The base forecast has been further stress tested by using two severe but plausible downside scenarios, to assess the Group's resilience against the possible adverse effect of the continued impact of Covid-19 pandemic on the economy. In the first scenario, the directors assumed slower economic recovery as compared to the base case forecast, whereas in the second scenario, another wave of Covid-19 virus is assumed that could result in a major lock down from September to November 2020.

Under both the downside scenarios, the Group forecasted revenues for 2020 and 2021 are significantly lower than pre Covid-19 levels (2019 revenues: USD 334.9 M) with the second down side scenario having more severe impact on the revenues.

The first downside scenario assumes a slower ramp up of domestic non-essential and international spends post easing of lockdowns in the second half of the year as compared to the base case and this trend is assumed to continue to 2021 as well.

The second downside scenario assumes a second wave of Covid-19 cases forcing a complete lockdown for three months in H2'2020 and as a result the ramp up in domestic non-essential and international spends only begin towards the end of the year and at a slower rate compared to base case and the first stress scenario. The revenue impact during this three month lockdown is consistent with that experienced during the lockdown period of March to May 2020, being a 46% decline in Merchant Solutions, which is the Business Line most impacted as described in the strategic review and financial review.

The costs do not go down in the same proportion as decrease in revenues as significant proportion of Group cost base is fixed in nature. This also impacts the headroom available in the Group's leverage ratio covenant especially under the second downside scenario. However, with forecast operating cash flow generation and available and committed financing facilities as explained above, leverage ratio covenant remains below the threshold in downside scenario 1, as well as under downside scenario 2 after taking into account possible mitigating actions including savings in controllable costs (including deferral / avoidance of capital expenditure such as investments for market entry into Kingdom of Saudi Arabia).

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

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

3. Alternative performance measures

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

3.1 Specially Disclosed Items

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

The table below presents a breakdown of the specially disclosed items for each of the periods ended 30 June 2020 and 2019.

	Six months ended 30 June (Unaudited)	
	2020 USD'000	2019 USD'000
Items affecting EBITDA:		
Reorganisation, restructuring and settlements(1)	-	1,087
Share-based compensation (2)	5,145	5,244
M&A and IPO related costs (3)	789	15,677
Other one-off items (4)	(219)	(237)
Total specially disclosed items affecting EBITDA	**5,715**	**21,771**
Items affecting net income:		
Amortisation related to IT transformation (5)	7,048	4,210
Amortisation of acquired intangibles (6)	2,102	2,102
Total specially disclosed items affecting net income	**9,150**	**6,312**
Total specially disclosed items	**14,865**	**28,083**

1) Includes non-recurring costs that arise from one-off initiatives to reduce the ongoing cost base and improve the efficiency of the business. There were no expenses of this nature during the period, and are only reflective of the prior year H1 2019.
2) Includes the charge related to the Management Incentive Award Plan, IPO Cash Bonus, and certain Long-Term Incentive Plan awarded to Group wide eligible employees, all of which are specific payments relating to the Group's Initial Public Offering (IPO).
3) This includes costs incurred during the period, including those paid to advisors, in relation to various M&A opportunities being explored by the Group. The 2020 year end results will include all cost related to acquisition of DPO here. The prior year period includes one-off expenses related to the IPO.

4) Includes items that do not fit into any other categories above and primarily relates to one off financial support provided to merchants in view of Covid-19 situation (USD 0.4 M during the period ended 30 June 2020 and Nil during the period ended 30 June 2019) and unrealised loss / (gain) from re-measurement of foreign currency denominated assets or liabilities (USD (0.6) million during the period ended 30 June 2020 and USD 1.4 million during the period ended 30 June 2019) The prior period also included netting of certain one-off recoveries and dividend from visa shares (USD (1.6) million).
5) Includes amortisation of capitalised costs associated with the IT Transformation Programme that the Group completed in 2019. This includes development of a new card management platform (including costs related to migration from legacy platforms), the Group's own proprietary payment gateway, and a significant one-off upgrade to the switching system. The spend on the IT transformation programme is truly one-off in nature and is not expected to be incurred again for a considerable period of time. The total capex incurred on this programme is significantly higher than spends on any other programmes undertaken in the past, or in the foreseeable future. The amortisation of incremental capital expenditure that is incurred on the ongoing maintenance of the platform including hardware upgrades and enhancement of functional capabilities, is treated as part of the core operations of the business and not included within SDIs.
6) Includes amortisation charge on the intangible assets recognised in the Group's condensed consolidated interim statement of financial position as part of the Group's acquisition of Emerging Market Payments Services ('EMP') in 2016.

3.2 Underlying EBITDA

Underlying EBITDA is defined as earnings from continuing operations before interest, taxes, depreciation and amortisation, write-off of unamortised debt issuance cost, share of depreciation of an associate and specially disclosed items affecting EBITDA. The table below presents a reconciliation of the Group's reported profit from continuing operations to underlying EBITDA for each of the periods ended 30 June 2020 and 2019.

	Six months ended 30 June (Unaudited)	
	2020 USD'000	**2019 USD'000**
(Loss) / profit from continuing operations	**(150)**	**15,764**
Depreciation and amortisation	24,907	21,436
Write-off of unamortised debt issuance cost	6,721	-
Net interest expense	11,716	12,405
Taxes	2,097	3,130
Share of depreciation from an associate	1,690	1,886
Specially disclosed items affecting EBITDA	5,715	21,771
Underlying EBITDA	**52,696**	**76,392**

3.3 Underlying EBITDA margin excluding share of an associate

Underlying EBITDA margin excluding share of an associate represents the Group's underlying EBITDA margin which is considered by the Group to give a more comparable view of period-to-period EBITDA margins.

The table below presents a computation of the Group's underlying EBITDA margin, which is defined as underlying EBITDA before share of an associate divided by the revenue.

	Six months ended 30 June (Unaudited)	
	2020	2019
	USD'000	USD'000
Revenue	**134,157**	**152,345**
Underlying EBITDA	**52,696**	**76,392**
Share of EBITDA of an associate	(4,141)	(4,527)
Underlying EBITDA before share of an associate	**48,555**	**71,865**
Underlying EBITDA margin excluding share of an associate	**36.2%**	**47.2%**

3.4 Underlying net income

Underlying net income represents the Group's profit from continuing operations adjusted for write-off of unamortised debt issuance costs and specially disclosed items. Underlying net income is considered by the Group to give a more comparable view of period-to-period profitability.

The table below presents a reconciliation of the Group's reported profit from continuing operations to underlying net income for each of the periods ended 30 June 2020 and 2019.

	Six months ended 30 June (Unaudited)	
	2020	2019
	USD'000	USD'000
(Loss) / profit from continuing operations	(150)	**15,764**
Write-off of unamortised debt issuance costs	6,721	-
Specially disclosed items affecting EBITDA	5,715	21,771
Specially disclosed items affecting net income	9,150	6,312
Underlying net income	**21,436**	**43,847**
Taxes	2,097	3,130
Underlying net income before tax	**23,533**	**46,977**

3.5 Underlying earnings per share (EPS)

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

	Six months ended 30 June (Unaudited)	
	2020	2019
Underlying net income (USD'000)	**21,436**	**43,847**
Number of shares ('000)	500,000	500,000
Underlying EPS (USD cents)	**4.3**	**8.8**

3.6 Capital expenditure

The table below provides the split of total capital expenditure into the IT transformation programme, growth and maintenance capital expenditure for the periods ended 30 June 2020 and 2019. Growth

and maintenance capital expenditure collectively are referred to as capital expenditure (ex. IT transformation).

	Six months ended 30 June (Unaudited)	
	2020 USD'000	2019 USD'000
Total capital expenditure	**21,829**	**36,765**
Capital expenditure (ex. IT transformation)	**21,829**	**18,463**
of which is growth capital expenditure	13,854	6,072
of which is maintenance capital expenditure	7,975	12,391
IT transformation capital expenditure	**-**	**18,302**

3.7 Underlying free cash flow

Underlying free cash flow is calculated as underlying EBITDA adjusted for changes in working capital before settlement related balances, taxes paid, maintenance capital expenditure and growth capital expenditure. Historically, the Group did not include growth related capital expenditure as a deduction within the definition of underlying FCF. In our efforts to provide best practice representation of underlying FCF generation and in line with the Group 2019 Annual Report, growth-related capital expenditure is included as a deduction while computing underlying FCF and this has been reflected in the prior year to enable like for like comparison.

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

	Six months ended 30 June (Unaudited)	
	2020 USD'000	2019 USD'000
Underlying EBITDA	**52,696**	**76,392**
Changes in working capital before settlement related balances	1,545	8,176
Taxes paid	(3,441)	(6,295)
Maintenance capital expenditure	(7,975)	(12,391)
Growth capital expenditure	(13,854)	(6,072)
Underlying free cash flow	**28,971**	**59,810**

3.8 Underlying effective tax rate

The Group's underlying effective tax rate is defined as the underlying / reported taxes as a percentage of the Group's underlying net income before tax. The underlying effective tax rate for the Group for the periods ended 30 June 2020 and 2019 was 8.9% and 6.7%, respectively.

	Six months ended 30 June (Unaudited)	
	2020 USD '000	2019 USD '000
Underlying net income before tax	**23,533**	**46,977**
Taxes	2,097	3,130
Underlying effective tax rate	**8.9%**	**6.7%**

4. Segment reporting

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

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

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

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

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

	Middle East	Africa	Corporate	Total
		USD'000		
Revenues	**94,487**	**36,566**	**3,104**	**134,157**
Contribution	62,011	24,540	-	86,551
Central functions costs	-	-	(37,996)	(37,996)
Specially disclosed items affecting EBITDA	--	-	-	(5,715)
Depreciation and amortisation	-	-	-	(24,907)
Share of profit of an associate	-	-	-	2,451
Write-off of unamortised debt issuance costs	-	-	-	(6,721)
Net interest expense	-	-	-	(11,716)
Taxes	-	-	-	(2,097)
Loss from continuing operations				**(150)**
Contribution margin (%)	65.6%	67.1%	-	64.5%

Network›

Statement of financial position as at 30 June 2020

	Middle East	Africa	Corporate	Total
		USD'000		
Current assets	146,110	28,417	282,996	457,523
Non-current assets	40,053	2,119	522,543	564,715
Total assets	**186,163**	**30,536**	**805,539**	**1,022,238**
Current liabilities	190,752	7,808	201,677	400,237
Non-current liabilities	11,669	-	380,296	391,965
Total liabilities	**202,421**	**7,808**	**581,973**	**792,202**

Statement of profit and loss for the six months ended 30 June 2019

	Middle East	Africa	Corporate	Total
		USD'000		
Revenues	**111,511**	**40,834**	-	**152,345**
Contribution	81,452	28,330	-	109,782
Central functions costs	-	-	(37,917)	(37,917)
Specially disclosed items affecting EBITDA	-	-	-	(21,771)
Depreciation and amortisation	-	-	-	(21,436)
Share of profit of an associate	-	-	-	2,641
Net interest expense	-	-	-	(12,405)
Taxes	-	-	-	(3,130)
Profit from continuing operations				**15,764**
Contribution margin (%)	73.0%	69.4%	-	72.1%

Statement of financial position as at 31 December 2019

	Middle East	Africa	Corporate	Total
		USD'000		
Current assets	226,585	29,103	117,844	373,532
Non-current assets	42,321	2,108	518,976	563,405
Total assets	**268,906**	**31,211**	**636,820**	**936,937**
Current liabilities	205,167	10,357	244,757	460,281
Non-current liabilities	11,722	-	226,228	237,950
Total liabilities	**216,889**	**10,357**	**470,985**	**698,231**

Revenues split by region

Middle East

The Group's primary Middle Eastern market is UAE, with Jordan considered the second most significant. The UAE contributed 83% of the total Middle East revenue during the period ended 30 June 2020 (period ended 30 June 2019: 81%) and Jordan contributed 13% during the same period (period ended 30 June 2019: 13%). In both markets, the Group provides merchant acquiring, acquirer processing and issuer solutions services to various financial and non-financial institutional clients.

Africa

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

- **North Africa:** Egypt is the leading market for the Group in North Africa, with Network International currently providing services to several of Egypt's leading financial institutions across both merchant and issuer solution requirements. North Africa contributed 47% of total African revenues during the period ended 30 June 2020 (period ended 30 June 2019: 46%).
- **Sub-Saharan Africa:** In sub-Saharan Africa, the Group is most established in Nigeria, serving several of Nigeria's leading financial institutions primarily with issuer processing solutions. Sub-Saharan Africa contributed 35% of total African revenues during the period ended 30 June 2020 (period ended 30 June 2019: 33%).
- **Southern Africa:** South Africa represents the largest market in southern Africa, specifically focused around retail processing services. South Africa contributed 18% of the total Africa revenues during the period ended 30 June 2020 (period ended 30 June 2019: 21%).

5. Revenues

Merchant Solutions

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

Issuer Solutions

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

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

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

schemes, respectively. The transactional based revenue are recognised at a point in time in line with the IFRS as adopted by EU.

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

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

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

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

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

The breakdown of revenues is as under:

	Six months ended 30 June (Unaudited)	
	2020 USD'000	**2019 USD'000**
Merchant Solutions	51,060	69,115
Issuer Solutions	78,832	81,675
Other revenue	4,265	1,555
Revenues	**134,157**	**152,345**

6. Personnel expenses

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

	Six months ended 30 June (Unaudited)	
	2020 USD'000	**2019 USD'000**
Salaries and allowances	34,306	32,034
Bonus and sales incentives	846	4,399
Share based compensation*	4,796	5,378
Terminal and other benefits	3,167	3,794
Personnel expenses	**43,115**	**45,605**

*Share based compensation includes a management incentive award plan and IPO cash bonus charge amounting to USD 3.3 million (2019: USD 5.2 million) and LTIP plan (reversal) / charge amounting to USD 1.5 million (2019: USD 0.1 million). Refer to note 18 for details.

7. Selling, operating and other expenses

Selling, operating and other expenses consist primarily of selling costs, technology and communication related expenses, processing service costs, legal & professional charges, provision for doubtful debts (i.e. expected credit losses on financial assets) and other general and administrative expenses. The details of selling, operating and other expenses are as follows:

	Six months ended 30 June (Unaudited)	
	2020	**2019**
	USD'000	**USD'000**
Technology and communication cost	22,564	20,982
Third party processing services cost	10,773	11,001
Legal and professional fees	6,774	16,432
Expected credit losses	1,196	363
Other general and administrative expenses	6,895	7,868
Selling, operating and other expenses	**48,202**	**56,646**

8. Net interest expense

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

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

	Six months ended 30 June (Unaudited)	
	2020	**2019**
	USD'000	**USD'000**
Interest cost	12,103	12,766
Interest income	(387)	(361)
Net interest expense	**11,716**	**12,405**

9. Taxes

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

The Group's reconciliation of effective tax in respect of continuing operations is as follows:

	Six months ended 30 June (Unaudited)	
	2020 USD'000	2019 USD'000
Profit before tax from operations	1,947	18,894
Tax using the tax rate applicable in UAE [(1)]	-	-
Effect of tax rates in foreign jurisdictions	3,347	4,115
Tax effect of:		
Non-deductible expenses	221	617
Tax-exempt income	(9)	19
Other allowable deduction	(257)	(285)
Tax incentives / rebates	(2,114)	(2,496)
Withholding tax	1,044	1,455
Deferred tax	(143)	(716)
Changes in estimates related to prior years	-	115
Other adjustments	8	306
Income tax expense	**2,097**	**3,130**

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

10. Impairment testing of goodwill

At the year ended 31 December 2019, impairment testing of goodwill was performed at the Cash Generating Unit ("CGU") level. For this purpose, management considered two CGUs, namely; Jordan and Africa Business.

At the year ended 31 December 2019, the impairment testing resulted in no impairment for Jordan and Africa CGUs. The Group carries out an annual assessment for the impairment of the Goodwill; no assessment was carried out at 30 June 2020 as no indicators of impairment were noted during the interim period.

11. Scheme debtors, merchant creditors and restricted cash

Scheme debtors and merchant creditors represent intermediary balances that arise as part of the daily acquiring settlement process.

Scheme debtors

Scheme debtors consist primarily of the Group's receivables from the card schemes or networks for transactions processed on behalf of merchants, where it is a member of that particular scheme or network.

Merchant creditors

Merchant creditors consist primarily of the Group's liability to merchants for transactions that have been processed but not yet settled.

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 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.

Restricted cash

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

12. Receivables and prepayments

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

	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000
Trade receivables	57,640	74,084
Chargeback receivables	2,573	2,191
Prepaid expenses	15,819	12,331
Security deposits	1,154	1,154
Other receivables	5,063	4,541
	82,249	94,301
Less: Provision for impairment	(5,308)	(5,047)
Receivables and prepayments	76,941	89,254

13. Related party balances and transactions

In the interim financial statements for the half year ended on 30 June 2020, there are no significant changes to the nature of related parties disclosed in the annual consolidated financial statements for the Group as at and for the year ended 31 December 2019 except as mentioned in the below:

Related party transactions during the period are set out in the table below:

	Six months ended (Unaudited)	
	30 June 2020 USD'000	30 June 2019 USD'000
Transguard Cash LLC (an associate of the Group)		
Transactions for the period		
Share of EBITDA	4,141	4,527
Share of Depreciation	(1,690)	(1,886)
Share of Net Profit	2,451	2,641
Key management personnel compensations		
Personnel expenses	6,130	5,484

In 2020, Emirates NBD PJSC is not a related party as its shareholding has been reduced to less than 10%. Details of the related party transactions for the six months ended 30 June 2019 and balances for the year ended 31 December 2019 are as follows:

Emirates NBD PJSC	Six months ended 30 June 2019 (Unaudited) USD'000
Transactions for the period	
Revenues	28,790
Expenses	3,705
Net Interest expense	688

	31 December 2019 (Audited) USD'000
Balances	
Receivable balances	18,603
Bank balance	72,154
Prepaid amounts included under:	
Long term receivables	2,326
Receivables and prepayments	1,078
Overdraft facility	(51,204)
Performance and other guarantees	7,506

14. Trade and other payables

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

	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000
Accrued expenses	36,241	33,548
Staff benefits	8,047	19,582
Unpaid capex	15,940	23,023
Merchant deposits	5,197	5,448
Unclaimed balances	5,874	5,946
Tax and other related liabilities	14,320	15,123
Interest payable	336	1,918
Deferred income	4,892	6,895
Other liabilities	18,283	15,801
Trade and other payables	109,130	127,284

15. Borrowings

The Group's total debt, including Current borrowings, amounted to USD 492.7 million (2019: USD 377.4 million). Debt includes the amount outstanding under the syndicated financing facility of USD 368.3 million (2019: USD 280.9 million), revolving credit facility of USD 75.0 million (2019: USD 35.0 million), settlement related working capital overdraft facility of USD 48.1 million (2019: USD 59.9 million) and lease obligations (excluding lease obligation for right of use assets) of USD 1.3 million (2019: USD 1.6 million).

During the period, we successfully refinanced our syndicated term lending facility. The syndicate, which consists of 16 banks with both global and regional presence, was considerably over subscribed, with around half of the facility funded by banks who are new to the syndicate. The purpose of the facility is for general corporate use, and to fund growth accelerator projects. The facility is for USD 525 million and replaced the Group's USD 350 million term financing facility, which had a drawn down balance of USD 289 million on 31 December 2019.

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

	(Unaudited) 30 June 2020 USD'000	**(Audited) 31 December 2019 USD'000**
Non-Current borrowings	368,793	211,783
Current borrowings	123,892	165,661
Total	**492,685**	**377,444**
Split into:		
a) Syndicated term loan		
- Non-Current portion	368,283	210,930
- Current portion	-	70,000
Sub Total	**368,283**	**280,930**
b) Revolving credit facility		
- Current portion	75,000	35,000
Sub Total	**75,000**	**35,000**
c) Lease liability		
- Non-Current portion	510	853
- Current portion	766	766
Sub Total	**1,276**	**1,619**
Bank overdraft (for working capital)	**48,126**	59,895
Total	**492,685**	**377,444**

16. Discontinued operations and assets held for sale

During the period, the management was not able to sell Mercury Payments Services LLC (Mercury) due to the circumstance beyond management's control i.e. current economic environment due to the spread of Covid-19 globally. However, the intention of the management remains the same to sell the asset at a reasonable price and the management is in advanced discussion with the potential buyers to dispose of its stake in Mercury. The management believes that all the relevant conditions required under IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' for the extension of the classification period as discontinued operation is met. Accordingly, the management has continued to classify Mercury as discontinued operations as at 30 June 2020.

Cash flows generated from discontinued operations

	Six months ended 30 June (Unaudited)	
	2020 USD'000	2019 USD'000
Net cash generated from operating activities	559	2,073
Net cash used in investing activities	-	(73)
Net cash (used in) / generated from financing activities	-	-
Net cash flows generated from discontinued operations	**559**	**2,000**

17. Share capital

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

	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000
Issued and fully paid up 500,000,000 shares of USD 0.1302 (2019: 500,000,000 shares of USD 0.1302)	65,100	65,100

The share capital of the Group represents the share capital of the parent company, Network International Holdings PLC. In April 2019, this Company became the Group's ultimate parent company after it was listed on the London Stock exchange. Prior to this, the share capital of the Group represented the share capital of the previous parent, Network International LLC. There has been no change to the Company's share capital post its listing until the reporting date.

Reserves comprise of the following:

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

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

Other reserves include statutory reserves and fair value reserves.

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

18. Share-based compensation

The Group has the following share based payment schemes for the employees as at 30 June 2020:

Pre IPO Schemes

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

The detailed accounting policy related to the above schemes are included in the consolidated financial statements for the year ended 31 December 2019 and are available at the Company's' website under Annual report and accounts 2019

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

			Liability USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2020 (Unaudited)**	**31 December 2019 (Audited)**	**30 June 2020 (Unaudited)**	**30 June 2019 (Unaudited)**
MIP Plan and IPO Cash Bonus	Cash Settled	Vesting Conditions as per the scheme	7,129	9,708	3,325	5,244

			Cumulative P&L charge USD'000		P&L charge USD'000	
Scheme	**Settlement**	**Conditions**	**30 June 2020 (Unaudited)**	**31 December 2019 (Audited)**	**30 June 2020 (Unaudited)**	**30 June 2019 (Unaudited)**
LTIP – Grant 1 and 2	Equity Settled	Service and / or performance conditions	2,876	1,404	1,472	134

19. (Losses) / earnings per share

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

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

The basic and diluted (losses) / earnings per share is based on losses of USD (0.6) million (30 June 2019 USD 14.7 million) and loss of USD (0.1) million for continuing operations (30 June 2019: USD 15.8 million) and net loss of USD (0.5) million for discontinued operations (30 June 2019: USD 1.1 million). The (loss) / profit attributable to the equity holders for the six months period ended 30 June 2020 is based on 500,000,000 shares (30 June 2019: 500,000,000 shares).

There is no change in the number of shares used in the calculation of weighted average number of shares in issue because the principles of reverse acquisition have been applied in accordance with IAS 33. As there were no changes to the number of shares in issue by Network International LLC during the comparative period and up to the date of the reverse acquisition, and no changes to the number of shares in issue by Network International Holdings Plc subsequent to the reverse acquisition and up to 30 June 2020, the same number is used in all periods presented.

	Six months ended 30 June (Unaudited)	
	2020 In USD / cents	**2019 In USD / cents**
(Losses) / earnings per share (Basic and diluted)	(0.124)	2.942
(Losses) / earnings per share – continuing operations (Basic and diluted)	(0.026)	3.152
(Losses) / earnings per share – discontinued operations (Basic and diluted)	(0.098)	(0.209)

20. Financial instruments

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.

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.

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Accounting classifications and fair values

	Carrying value			Fair value			
As at 30 June 2020 (Unaudited) (USD'000)	**Financial assets**	**Financial liabilities**	**Total carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value							
Investment securities	246	-	246	246	-	246	-
Financial assets not measured at fair value							
Scheme debtors	119,618	-	119,618	119,618	-	119,618	-
Trade and other receivables	76,941	-	76,941	76,941	-	76,941	-
Restricted cash	86,402	-	86,402	86,402	86,402	-	-
Cash and cash equivalents	168,980	-	168,980	168,980	168,980	-	-
Long term receivables	2,362	-	2,362	2,362	-	2,362	-
	454,303	-	454,303	454,303	255,382	198,921	-
Financial liabilities not measured at fair value							
Merchant creditors	-	167,215	167,215	167,215	-	167,215	-
Trade and other payables	-	109,130	109,130	109,130	-	109,130	-
Borrowings – current	-	123,892	123,892	123,892	-	123,892	-
Other long-term liabilities	-	20,953	20,953	20,953	-	20,953	-
Borrowings – non-current	-	368,793	368,793	368,793	-	368,793	-
	-	789,983	789,983	789,983	-	789,983	-

Accounting classifications and fair values

	Carrying value			Fair value			
As at 31 December 2019 (Audited) (USD'000)	**Financial assets**	**Financial liabilities**	**Total carrying value**	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value							
Investment securities	246	-	246	246	-	246	-
Financial assets not measured at fair value							
Scheme debtors	182,831	-	182,831	182,831	-	182,831	-
Receivables and prepayments	89,254	-	89,254	89,254	-	89,254	-
Restricted cash	54,029	-	54,029	54,029	54,029	-	-
Cash and cash equivalents	43,754	-	43,754	43,754	43,754	-	-
Long term receivables	2,533	-	2,533	2,533	-	2,533	-
	372,401	-	372,401	372,401	97,783	274,618	-
Financial liabilities not measured at fair value							
Merchant creditors	-	167,167	167,167	167,167	-	167,167	-
Trade and other payables	-	127,284	127,284	127,284	-	127,284	-
Borrowings – current	-	165,661	165,661	165,661	-	165,661	-
Other long-term liabilities	-	24,379	24,379	24,379	-	24,379	-
Borrowings – non-current	-	211,783	211,783	211,783	-	211,783	-
	-	696,274	696,274	696,274	-	696,274	-

21. Contingencies and commitments

	(Unaudited) 30 June 2020 USD'000	(Audited) 31 December 2019 USD'000
Performance and other guarantees	8,443	8,399
Commitments	8,999	3,155
	17,442	**11,554**

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

22. Subsequent events

The Group has made an announcement on 28 July 2020, that it has entered into an agreement to acquire DPO Group ("DPO"), the leading, high-growth online commerce platform in Africa, for a total consideration of approximately USD 288 million (the "Transaction"). The consideration is entirely funded through the proceeds from an equity placement equivalent to 10.0% of the Company's existing issued share capital, USD 50 million vendor consideration shares to be issued to Apis Growth Fund I, managed by Apis Partners ("Apis") and USD 13 million consideration shares to be issued to the DPO cofounders. On 31 July 2020, the Group has successfully completed equity placement equivalent to 10% of issued share capital as at reporting date, at a share price of GBP 410 pence per share.

The transaction is expected to be completed in the last quarter of this year, subject to customary closing conditions including regulatory and anti-trust approvals.