



Annual Report

2022

Sociedade Interbancária e Sistemas de Pagamentos, SA

Table of Contents

Table of Contents.....	2
1. KEY REFERENCES.....	8
Shareholder Structure.....	8
2. EXECUTIVE SUMMARY.....	10
3. NATIONAL AND INTERNATIONAL ENVIRONMENT.....	14
4. BUSINESS HIGHLIGHTS.....	16
4.1 Transaction processing and network management.....	16
4.2 Profile of the vinti4 network.....	16
4.3 Geographical Coverage.....	19
4.4 Automated Teller Machines.....	20
4.5 Automatic Payment.....	21
4.6 International Acquiring.....	22
4.7 Service Payment.....	23
4.8 Sale of Mobile Recharges.....	24
4.9 Web Payment.....	24
4.10 Electronic Fund Transfer (TEF).....	24
4.11 Check Clearing.....	25
4.12 SWIFT Service.....	25
4.13 Digital Certificate Service.....	25
4.14 Infrastructure and Technology.....	26
4.15 Human Capital.....	27
4.16 Risk Management and Internal Control.....	29
4.17 Investment.....	30
5. ECONOMIC AND FINANCIAL REVIEW.....	31
5.1 Gross Value Added.....	32
5.2 Income.....	32
5.3 Other income and gains.....	33
5.4 Expenditures.....	33

5.5 Net Income for the Year	35
6. FINANCIAL SITUATION	36
6.1 Balance Sheet Position	36
6.2 Ratio Assessment	37
6.3 Management Indicators	37
6.4 Proposal for the Appropriation of Net Income	38
6.5 Financial Statements	39
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER, 2022	43
Notes to the financial statements as at 31 December, 2022	44
Report and Opinion of the Supervisory Board	77
Independent Auditor’s Report and Opinion	82

Chart Index

Chart 1: Ownership Structure	8
Chart 2: Transactions processed by SISP.....	16
Chart 3: Transactions processed in the Vinti4 Network	17
Chart 4: Number of transactions performed in December 2022	18
Chart 5: Terminals and Cards	19
Chart 6: Geographical Coverage of Terminals	20
Chart 7: Purchases by Branch of Activity	21
Chart 8: Transactions with not-on-us cards in 2022	23
Chart 9: Age Range and Gender Distribution	27
Chart 10: Distribution per seniority level.....	28
Chart 11: Provision of Services in millions of CVE.....	32

Table Index

Table 1: Amount of transactions processed in the vinti4 Network 2022	17
Table 2: Transactions at Automated Teller Machines.....	20
Table 3: Transactions at Automatic Payment Terminals.....	21
Table 4: Service Payment Transactions.....	23
Table 5: Mobile Phone Recharges.....	24
Table 6: Web Payment Transactions.....	24
Table 7: Electronic Fund Transfer Transactions	24
Table 8: Check Clearing Transactions.....	25
Table 9: SWIFT Transactions	25
Table 10: Digital Certificate Service	25
Table 11: Investment.....	30
Table 12: Income Statement	31
Table 13: Expenditures.....	33
Table 14: Balance Sheet Position	36
Table 15: Management Indicators	37
Table 16: Proposal for the appropriation of net income	38

List of Acronyms

AMEX – American Express

ATM - Automated Teller Machine

DSS - Data Security Standard

EMV - Europay, MasterCard and Visa

FRS – Financial Reporting Standards

FSE – Third-Party Supplies and Services

H2H - Host to Host

IASB – International Accounting Standard Board

IFRS - International Financial Reporting Standards

INE - National Institute of Statistics

IRPC – Corporate Income Tax

ISO - International Standards Organization

IUR – Single Income Tax

mPOS - mobile POS

PC – Personal Computer

PCI - Payment Card Industry

PIN – Personal Identification Number

PKI – Public Key Infrastructure

POS - Point of Sales

SGGS – SISP Comprehensive Management System

SWIFT - Society for Worldwide Interbank Financial Telecommunication

TEF – Electronic Fund Transfer

Message from the Board of Directors

Dear Shareholders,

The results achieved by SISP were quite positive, demonstrating strong financial and operational performance despite the challenges imposed by the international context of the COVID-19 pandemic and the war in Ukraine. In 2022, SISP experienced a remarkable upturn, surpassing 2019's pre-pandemic results at all levels, with service revenues exceeding CVE (Cabo Verdean Escudos) 1 billion for the first time, culminating in a historic net income of over CVE 292 million.

The achievement of all critical certifications proves SISP's commitment to security, excellence, and quality in all operational aspects. A key aspect was the degree of high availability of the central system that stood at 99.99%, through a new active-active architecture, which represents a very important achievement in an environment of constant technological evolution, ensuring central stability and paving the way for the next challenges regarding the availability of the individual services in the portfolio.

The investment plan was also achieved in 95%, with emphasis on the areas of security, infrastructure, human capital, and the development of new services. This has allowed SISP to continue to grow, innovate, and stay at the forefront of payment and identification solutions for the national market.

The overall customer satisfaction index was 92%, demonstrating that efforts are generating value for customers, with on-time service delivery being the golden rule, high availability of service and teams across the various centers, and a 24/7 help desk service internationally certified by the Help Desk Institute.

At last, it is important to highlight that the overall plan of activities was 92% fulfilled, which is a remarkable outcome considering the complex environment in which the critical services operate, *id est*, integrated in the main international systems and of cross penetration by the Cabo Verdean society. This achievement was only possible thanks to the commitment and dedication of the entire SISP team.

On behalf of the SISP team and the Board of Directors, we would like to express our gratitude to our shareholders for their continued support. We are firmly committed to continue creating value for our customers, employees, partners and shareholders.

The Board of Directors,

António Carlos Semedo

Hernâni Trigueiros

João Domingos Correia

Manuel Fernando Monteiro Pinto

Paulo Jorge Lima

Soeli Santos

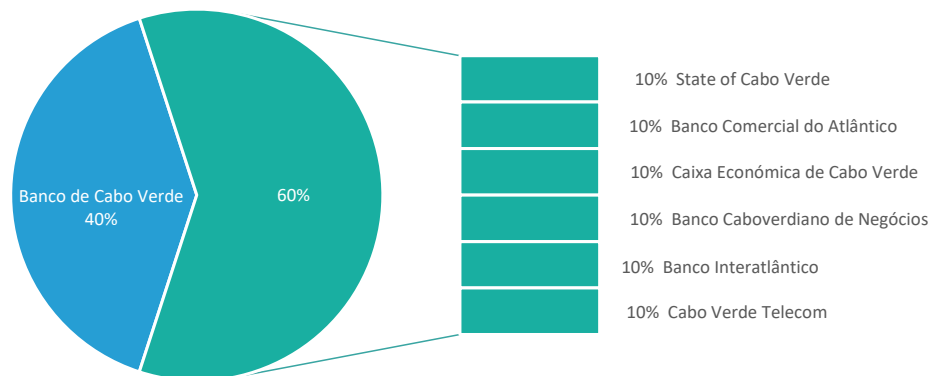
Teresa Barbosa Vicente (Chairman)

1. KEY REFERENCES

Shareholder Structure

The Sociedade Interbancária e Sistema de Pagamentos, hereinafter abbreviated as SISP, is a public limited company headquartered in the city of Praia, Island of Santiago, with a fully subscribed and paid-up capital of CVE 100,000,000 (one-hundred million Escudos) represented by 100,000 shares with a nominal value of one thousand Escudos each, held and distributed as per the following chart:

Chart 1: Ownership Structure



Corporate Bodies

General Meeting of Shareholders

Chairman

José Henrique Alves Freire De Andrade on behalf of the State of Cabo Verde

Secretaries

Gilda Maria Medina Gomes, on behalf of the Banco de Cabo Verde

Américo Miranda Andrade, on behalf of the Banco Comercial do Atlântico

Board of Directors

Chairman

Teresa Cristina Brito Lima Barbosa Vicente, on behalf of the Banco de Cabo Verde

Executive Directors

António Carlos Moreira Semedo, on behalf of the Caixa Económica de Cabo Verde

Soeli Cristina Dias Santos, on behalf of the State of Cabo Verde

João de Deus Pires Asseiro (until March 31, 2022) and *Hernâni Trigueiros* (starting March 31, 2022), on behalf of the Banco Comercial do Atlântico

João Domingos de Barros Correia, on behalf of the Cabo Verde Telecom

Paulo Jorge Ferro R. de Oliveira Lima, on behalf of the Banco Caboverdiano de Negócios

Manuel Fernando Monteiro Pinto, on behalf of the Banco Interatlântico

Supervisory Board

Chairman

Manuel Sanches Tavares Junior, on behalf of the Caixa Económica de Cabo Verde

Members

Mónica Vitoria do Espírito Santo Correia Garcia, on behalf of the Banco Interatlântico

Ana Elisabeth Pires Carvalho Vicente, on behalf of the Banco Caboverdiano de Negócios

2. EXECUTIVE SUMMARY

SISP's vision is to be a company of reference in the payment systems' domain, providing a service of excellence recognized by clients and society, through a policy based on the following principles:

- Promote modern, innovative, secure, and relevant payment and identification systems for the society as a whole;
- Ensure high availability, accessibility, security, effectiveness, and compliance of the services;
- Ensure the organization, efficiency, and continuous improvement of services and processes;
- Ensure strategic partnerships with suppliers, entities and critical partners;
- Always serve the customer with professionalism and courtesy, focusing on a solution-based course of action and delivering the services within the timeframe and with the quality agreed upon;
- Ensure continuous staff training, appreciation and satisfaction.

The company's activity encompasses the fulfillment of objectives aimed at operational efficiency, reference services and the qualification of human capital.

The company continued a set of projects initiated in previous years, namely in the areas of technology, organization and training of resources, which allowed to achieve greater efficiency in internal processes, improve business support and reach a service more appropriate to the market and customer expectations.

The year 2022 continued the resumption started in 2021, following a 2020 of lockdown and closure of activities. The company's activities registered a noticeable growth in all services with a predominance of the international acquiring service, marked by the recovery of tourism and the normalization of Travel & Entertainment activities, namely in the airport and hotel sectors.

The new headquarters' project made progress in the preparation and readjustment activities, namely with the conclusion of the renegotiation and formalization of a new lot with the City Council, which consumed the entire first semester, the submission of the second stage of specialty project documents to the Uptime Institute for the certification of its Data Center in the Tier IV category, the approval of the architectural project also with the CMP, and the reframing of the project for the environmental impact study.

At the level of the vinti4 network, several key projects for the modernization of the national payment services were completed, such as:

- ✓ 3DS Server 2 certification for Acquiring Visa and MasterCard, and start-up of the process for AMEX's SafeKey, so closing the package of international card acceptance by domestic web merchants, in alignment with the latest security releases;
- ✓ 3DS ACS 2.2 certification for MasterCard Issuing, ensuring MasterCard card issuers the highest level of security protection for Web transactions;
- ✓ Continuation of the updating process of the equipment for the mass acceptance of contactless cards at the POS level;
- ✓ Improvements in the issuance of EMV vinti4 card, with all banks now issuing vinti4 EMV cards;
- ✓ Reinforcement of high availability with Active-Active architecture, with business continuity plans reviewed and simulated;
- ✓ Reinforcement of physical and logical security with procedure review, awareness actions, team training, and incident simulations;
- ✓ SSL certification with ICP-CV and integration of SISP's PKI in Adobe's international chain of trust, allowing documents signed with digital certificates issued by SISP to be recognized in Adobe Reader;
- ✓ Improvements in the Televinti4 service (QR Code in Service Payments, Biometrics for authentication, One Time Only Virtual Card, Real Time NIB Transfer, specification and procurement of a wallet version for bank customers and *cardless* withdrawal codes, awareness and dissemination campaigns of the service);
- ✓ Approval of the new by-laws at the General Assembly and delivery of the full dossier to Banco de Cabo Verde;
- ✓ Renewal of PCI-CP, PCI-DSS, PCI-3DS, ISO 9001, ISO 27001, ISO 22301, PKI, SWIFT Certifications;
- ✓ Dynamic Currency Conversion – start-up of the pilot phase at the POS;
- ✓ Launch of the presence in social networks and continuous campaigns on security and fraud prevention and use of services.

Card personalization services have maintained the high levels of rigor and security demanded by the renewed annual certifications required by Visa and MasterCard, with more than 98% of cards produced within 24 hours.

The terminal maintenance and management services provided by technicians from the Praia, São Vicente, Boa Vista, Fogo, Sal and Santiago Norte centers maintained high levels of availability of vinti4 equipment, with about 96% of the approximately 1,594 ATM intervention requests answered within the agreed 24h deadline. At the POS level, of the more than 2,961 new POS installed in 2022 and of the almost 1,645 uninstalled, about 92% were served within the deadline, while of the more than 8,800 intervention requests made by merchants, 97% were served on time, thus confirming the importance of the strategy adopted for the expansion of the presence of technical teams throughout the national territory.

In what concerns the 24h Support center, it has maintained the HDI-Support Center Certification of the Help Desk Institute, continuing to be the only African center to ever achieve such feat. The front-office team, serving more than 10,500 POS, 212 ATM and 296,000 cards, received more than 43,000 phone calls, 15,000 more than in the previous year, with an average waiting time of 12 seconds and average service time of about 2 minutes and 53 seconds, which reveals the focus on first-call resolution. The same team made about 21.8 thousand contacts for service restoration. In terms of complaints and chargebacks, the back office team analyzed more than 10,900 cases in their various aspects (ATM and POS closures, payments and recharges of service entities, national cards of the vinti4, Visa, and MasterCard brands, international cards used in the vinti4 network, clearing).

SISP's new Public Key Infrastructure (PKI) service has undergone major developments with the electronic invoicing program launched by the National Directorate of State Revenue (DNRE), having processed and issued, in 2022, about 20,4 million time stamps and certificates.

SWIFT services kept up their development pace with several process improvements, including compliance with the security update schedule and the gradual transfer of top-level tasks to banks in order to provide them with greater autonomy in user management.

The activities of the internal control team formed by the areas of Internal Audit, Quality & Risk and Legal & Compliance maintained the path of continuous improvement and gradual reinforcement of processes transversal to the whole company, despite the greater focus on the most critical elements, having in essence been guaranteed:

- Completion of the annual audit plan (internal and external);
- Monitoring of the Integrated Management System (SIG);
- Renewal of critical international and national certifications;
- Follow-up of business continuity tests;
- Updating of regulatory and legal compliance requirements;
- Legal support.

As regards the modernization of the management infrastructure, several internal developments were made to ensure significant improvements in the automation of business processes. The internal process workflow system has been improved to allow greater autonomy of teams in the creation of self-documented automatic processes, including the creation of critical resources per activity and automatic indicators for performance monitoring and real-time integration with the risk management system.

Customers were heard, both through meetings and direct contacts and through satisfaction surveys. Customer evaluations were positive and favored the identification of a number of suggestions for improvements that were readily absorbed for the necessary implementations.

In terms of disclosure of new services to customers in 2022, reinforcements were made especially with the launch of the presence of SISP on the Facebook, Instagram and LinkedIn social networks, as well as through spots on radio, TV and SISP portals.

Employees were trained, with particular focus on intensive internal training campaigns to improve the responsiveness of the customer support center team, evaluated, progressed and awarded in accordance with the existing policies of strategic management of human capital, and have also been commonly heard through labor environment surveys. The results have been very satisfactory and reveal the commitment of the SISP team to face the challenges of modernization and transformation of the national payment system. In addition, it made it possible to collect the main concerns and suggestions for the continuous improvement of the working and productive conditions.

As has been the case in the past years, SISP, aware of its social responsibility, supported several projects throughout the year with the aim of promoting activities that bring well-being and socio-cultural development.

In short, the fiscal year was positive, with the main performance indicators reflected below:

Axis	Achievement
• Critical Certifications	100.00%
• Central System Availability	99.99%
• Overall Customer Satisfaction Index	92.00%
• Percentage of achievement of the activity plan	99.24%
○ Human Resources	87.67%
○ Projects	86.31%
○ Investments	95.00%
○ Results	128.00%

3. NATIONAL AND INTERNATIONAL ENVIRONMENT

According to the World Bank, global growth in 2022 is expected to be much lower than last year, i.e. 2.9 percent, with a slowdown expected next year, partly justified by the macroeconomic context and countercyclical measures to contain inflation and by the consequences of the war in Ukraine, including the resulting uncertainties. Growth in 2021 was 5.94 percent, up from a 2020 year of historic low results at the peak of the pandemic.

The same source warns policy makers to ensure that any support is focused on vulnerable groups, that inflation expectations remain well anchored, and that financial systems stay resilient.

The COVID-19 pandemic is heading towards controlled endemics, but considering the shock caused in the world economy and the increasing inequality between countries, it is predicted that the post-crisis recovery will be as uneven as its initial economic impacts. Emerging economies and economically disadvantaged groups will need much more time to recover from the losses of income and means of subsistence induced by the pandemic. After two years of pandemic, recovery is hampered by another crisis, the war in Ukraine and the polarization of the political-economic ecosystem.

As claimed by the IMF, in 2022 geopolitical and social tensions rose as poverty and inequality grew. Inflation in many countries has risen sharply, fueled by a combination of rising energy, food and commodity prices, labor shortages and disruptions in supply chains. Public and private debt has risen to new heights. Emerging and developing market economies with high foreign currency loans and large external financing needs will also need to prepare for possible turbulence in financial markets as the monetary policy stance in advanced economies becomes more restrictive.

At the national level, the available indicators and statistic data suggest moderate economic growth for 2022.

Cabo Verde's general over-indebtedness risk remains high while the risk of external over-indebtedness is assessed as moderate. The liquidity indicators (debt service ratios in relation to revenues and exports) remain below the thresholds, reflecting the high concessional nature of Cabo Verde's external debt.

According to data provided by the Banco de Cabo Verde (Central Bank), forecasts point to a growth in the range of 3.5 to 4.5 percent in 2022 and an average inflation rate of around 7.3 percent, reflecting the high prices of energy and non-energy raw materials and their transmission to domestic prices.

As reported by the same source, due to the war in Ukraine, the economic outlook for 2022 is "heavily influenced" by high levels of uncertainty and increased geopolitical and financial risks and tensions. The first signs of inflation emerged with the gradual reopening of economies, in a context of increased demand that was not accompanied by increased supply, causing disruptions in global supply chains.

According to the National Institute of Statistics (INE), the annual inflation rate in Cabo Verde in the year 2022 should stand at 7.9 percent, higher than that recorded in the same period of the previous year, which was 1.9 percentage points.

The cumulative variation rate of the CPI (Consumer Price Index) was 7.6%, which was higher in 2.2 p.p. than in the same month of the previous year, with the average variation of the last twelve months equal to 7.9%.

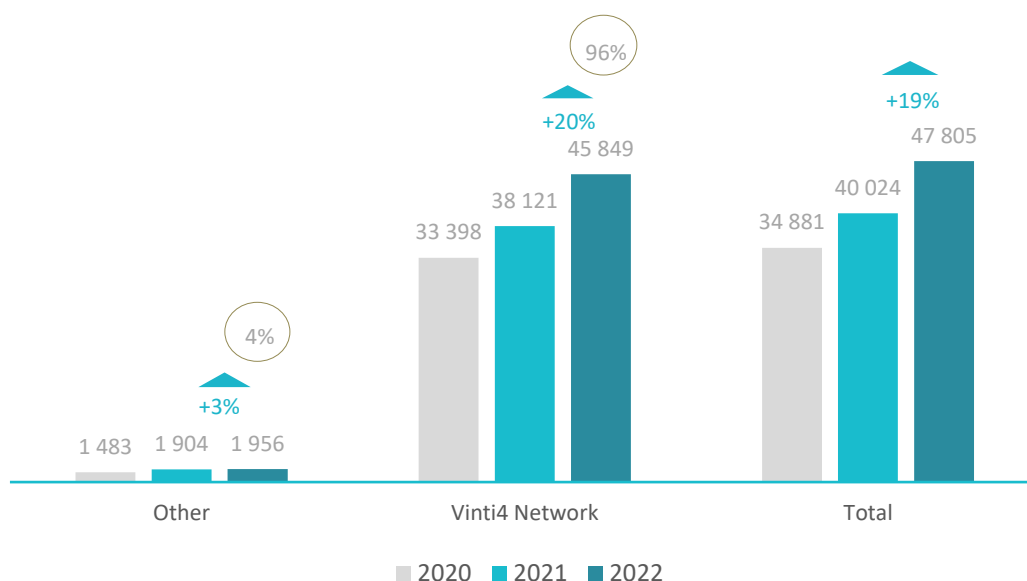
4. BUSINESS HIGHLIGHTS

4.1 Transaction processing and network management

In 2022, with the resumption of a new normality after the pandemic, SISP registered a marked growth in transactions in general, as is reflected in the various tables and charts that follow.

In 2022, about 47.8 million operations were processed, an increase of 19 percent compared to 2021, with 20 percent growth in the vinti4 network and 4 percent in other systems, namely TEF, the Check Clearing system and "Not On Us" operations (carried out on foreign networks). The total value of the transactions exceeded the total recorded in 2019, the period before the pandemic.

Chart 2: Transactions processed by SISP



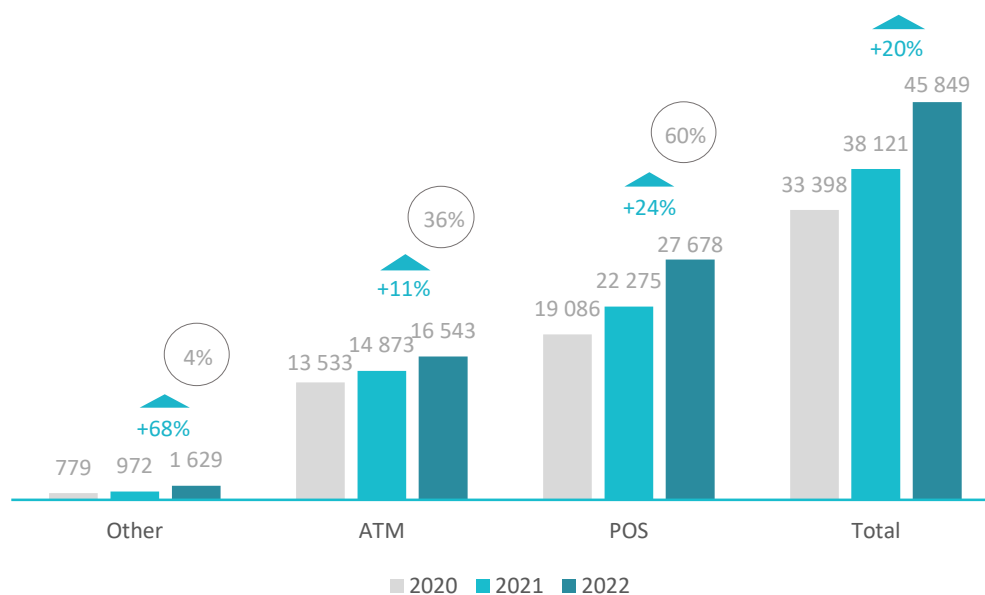
4.2 Profile of the vinti4 network

Transactions in the vinti4 network registered an increase of 20 percent, settling at 45.8 million operations against 38.1 million in 2021.

The POS channel continues to be the most used in the vinti4 network, with a weight of 60 percent and a remarkable growth of 24 percent, followed by the ATM channel with a weight of 36 percent and growth of 11 percent when compared to the same period last year.

Transactions in “other channels”, namely PC, Host to Host (Internet Banking) and Mobile Phone registered a considerable increase of 68 percent, now representing 4 percent of all transactions in the network. These channels display a stronger upward trend after the pandemic.

Chart 3: Transactions processed in the Vinti4 Network



As for the value transacted, in 2022 the POS volume continues to be higher than that of the ATM, reaching CVE 80,737 million, with a positive variation of 38.8 percent compared to the same period last year, followed by ATM with 61,512 million escudos, and lastly the PC, Mobile Phone and H2H service with 5,646 million escudos, to which mainly contribute the operations of payments to the State and payment of services.

The volume transacted at the ATMs registered an increase of 24.7 percent and, in turn, transactions in other channels had a very positive increase of 112 percent.

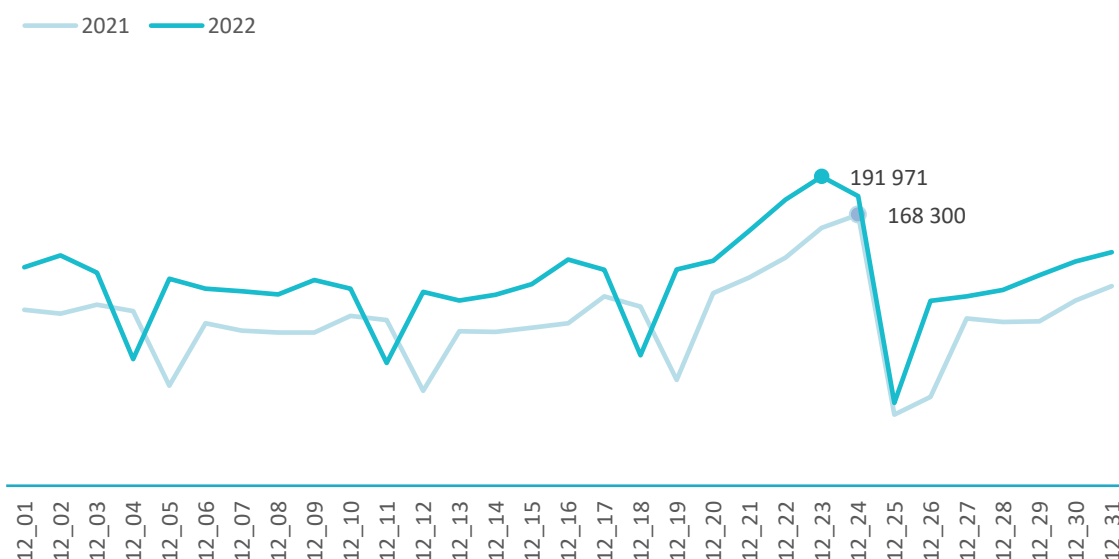
Table 1: Amount of transactions processed in the vinti4 Network 2022

	(in millions CVE)					
	2020	2021	2022	Change		Weight 2022
				2020/21	2021/22	
POS	47 874	58 155	80 737	21,5%	38,8%	54,6%
ATM	43 092	49 311	61 512	14,4%	24,7%	41,6%
Other	1 602	2 663	5 646	66,3%	112,0%	3,8%
Vinti4 Network	92 568	110 129	147 895	19,0%	34,3%	100,0%

Data for the month of December reinforce the picture of the positive evolution that the use of payment instruments has achieved over the period. That month, 3,942.2 thousand transactions were processed on the vinti4 network, related with Withdrawals, Purchases, Payment of Services, Web Payments, Recharges, Transfers and Deposits, a 23 percent increase over the previous year.

The peak occurred on December 23 where a total of 191.9 thousand transactions were processed, while in 2021 the peak was on December 24 with a total of 168.3 thousand transactions. The POS and ATM channels processed more transactions in December than in 2021, about 24 percent and 11 percent, respectively.

Chart 4: Number of transactions performed in December 2022

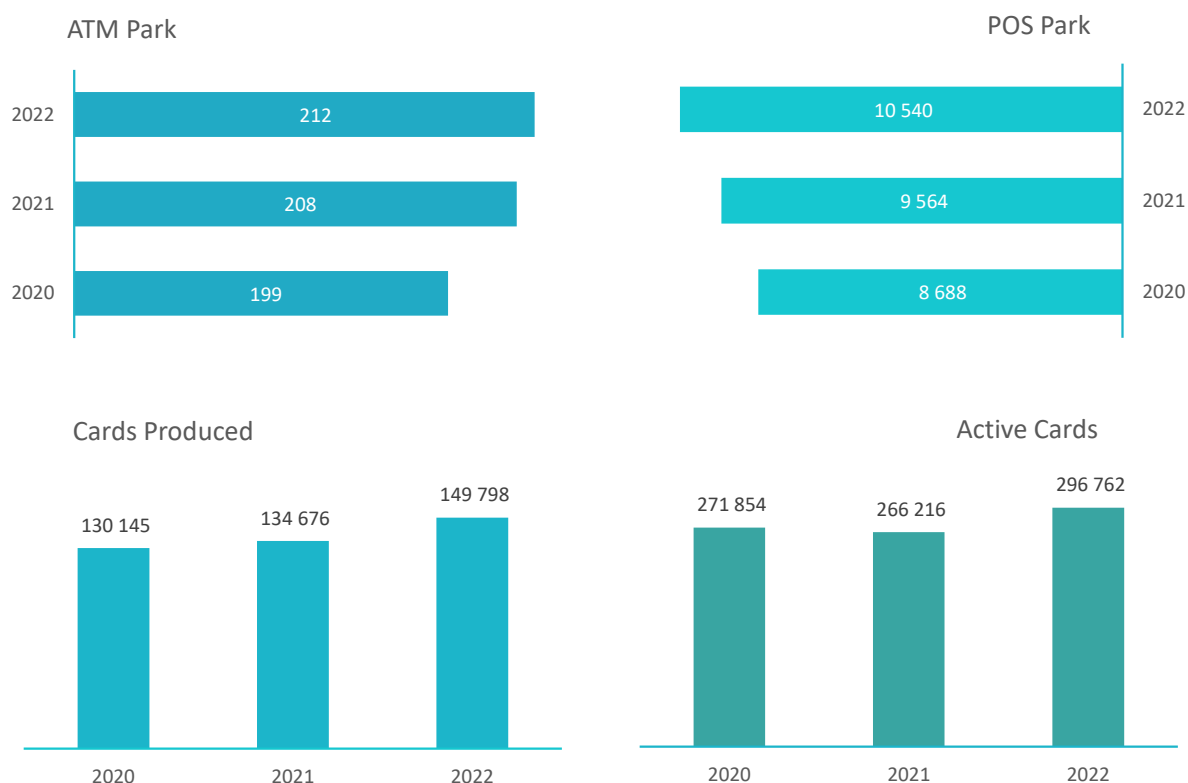


With respect to the number of terminals connected to the network, there has been a moderate evolution in the number of active POS over the last 3 years, reaching 10,540 POS by the end of 2022, with a growth of 10% (976 more terminals) when compared to the same period of the previous year. In turn, the number of ATMs experienced a positive evolution of 1.9 percent, with 4 more terminals than in the previous year.

The number of cards produced was 149,748, with a positive variation of 11 percent (15,122 more cards), similar to the percentage change registered in active cards, 30,546 more cards when compared to the same period last year.

This growth can be explained by the resumption of "normal" production after a period of extension of card expiration dates applied by banks from the second quarter of 2020 due to the pandemic and restrictions to accessing bank branches.

Chart 5: Terminals and Cards



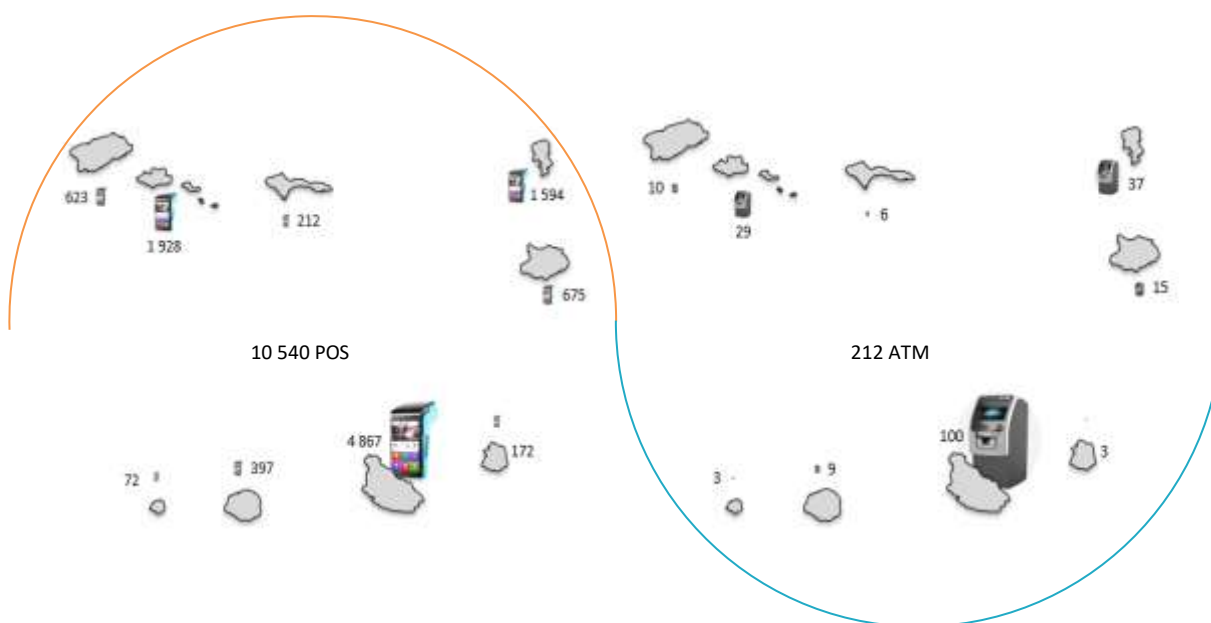
4.3 Geographical Coverage

The penetration of ATMs in various locations across the country continues to be positive, with 4 more active terminals in relation to the previous year as a result of the resumption of activities in hotel establishments. The island of Santiago represents 47 percent of the total number of ATMs nationwide.

The POSs are mostly installed on the Island of Santiago, with 46 percent of the total terminals installed, followed by the islands of São Vicente and Sal, with 18 percent and 15 percent, respectively.

The total number of POS terminals installed by the end of 2022 was 10,540.

Chart 6: Geographical Coverage of Terminals



4.4 Automated Teller Machines

The ATMs recorded 16.5 million transactions, with 36 percent of network transactions, an increase of 11 percent as compared to the previous year.

The withdrawal transactions continue to be the most performed in this channel, with 51.6 percent of its weight, followed by account balance enquiries and transaction viewing, which account for 33.4 and 9.7 percent, respectively.

Table 2: Transactions at Automated Teller Machines

	2020	2021	2022	Change		Weight 2022
				2020/21	2021/22	
Withdrawals	6 795 409	7 520 880	8 538 237	10,7%	13,5%	51,6%
Account Balance Enquiry	4 675 826	5 137 056	5 521 048	9,9%	7,5%	33,4%
Transaction Viewing	1 373 988	1 471 022	1 596 425	7,1%	8,5%	9,7%
Mobile Phone Recharges	338 305	318 300	332 593	-5,9%	4,5%	2,0%
Deposits	425	3 392	4 710	698,1%	38,9%	0,0%
Other	348 968	422 791	549 766	21,2%	30,0%	3,3%
Total	13 532 921	14 873 441	16 542 779	9,9%	11,2%	100,0%

In December 2022, the average amount of each ATM withdrawal was 6,077 escudos, against 6,125 escudos in same period of 2021.

4.5 Automatic Payment

The POS network sustained the growth trend shown in recent years, with an increase of 976 terminals compared to 2021, ending the year with 10,540 terminals installed nationwide, covering the most diverse areas of business.

The total number of POS operations reached 27.6 million, 24.3 percent higher than in 2021, totaling 22.2 million.

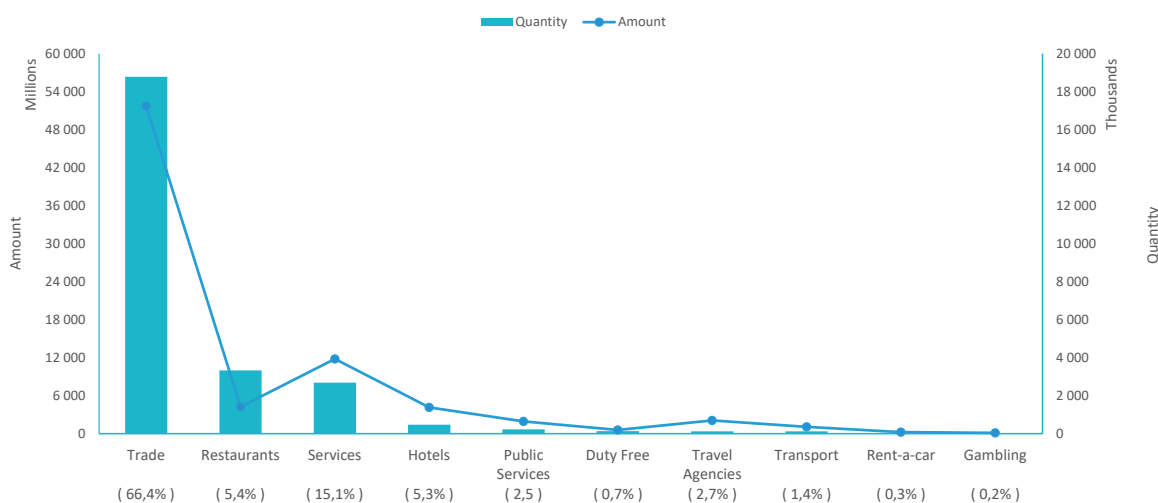
Purchase transactions are the most frequent in this channel, representing 93.7 percent of POS transactions in 2022, with a growth of 24.4% year-on-year.

Table 3: Transactions at Automatic Payment Terminals

	2020	2021	2022	Change		Weight 2022
				2020/21	2021/22	
Purchases	17 783 335	20 833 712	25 920 205	17,2%	24,4%	93,7%
Balance Viewing	997 532	1 087 412	1 196 463	9,0%	10,0%	4,3%
Mobile Phone Recharges	211 365	153 077	142 070	-27,6%	-7,2%	0,5%
Other Transactions	93 765	201 056	418 837	114,4%	108,3%	1,5%
Total	19 085 997	22 275 257	27 677 575	16,7%	24,3%	100,0%

Trade continued to be the dominant sector in 2022 in terms of payments made, with 66.4 percent, followed by Services with 15 percent.

Chart 7: Purchases by Branch of Activity



Card payment continues to be preferred by network customers, with the Purchase/Withdrawal ratio standing at 322 percent in December, compared to 277 percent in the same period in 2021.

In December 2022, the average purchase on the POS amounted to 3,098 escudos, higher than the previous year's figure of 2,932 escudos, which suggests that Cabo Verdeans are increasingly using the card for low-value purchases instead of cash.

4.6 International Acquiring

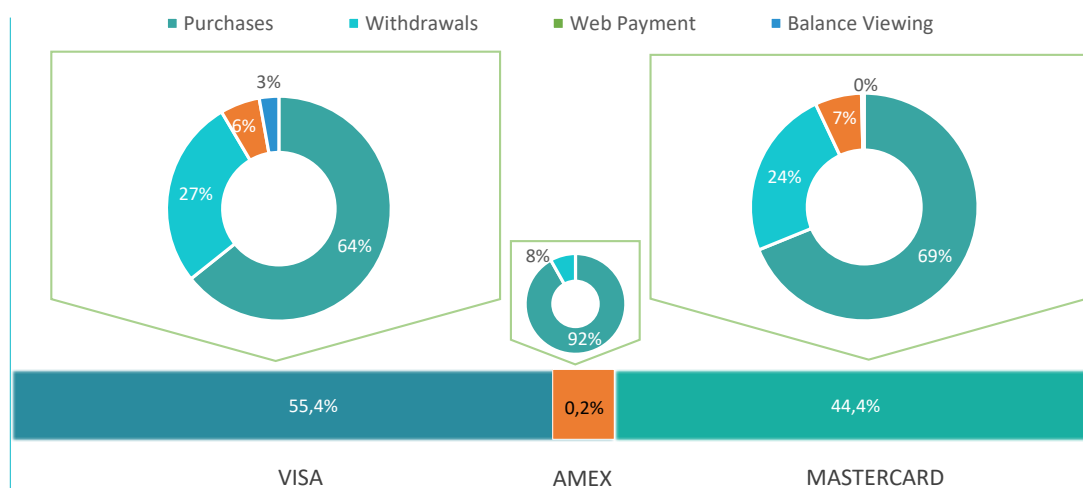
The growth trend recorded in 2021 persisted in 2022 for the International Acquiring service with the resumption of tourism and hotel operations in the country, resulting in an increase in the number of transactions of 176 percent when compared to the same period last year, surpassing 2019 by 60 percent.

The number of international card transactions recorded in 2022 exceeded 2 million, compared to 728 thousand in 2021. The total number of operations in 2019 was 1.2 million (the period before the Covid-19 pandemic). With respect to the transacted volume, there was an increase of 134 percent in relation to 2021 and 20% when compared to 2019.

Visa card transactions represented 55 percent of international card transactions, against 44 percent of those recorded with MasterCard. In 2022, 4,730 AMEX card transactions were recorded, compared to 1,337 transactions in 2021. AMEX transactions represent 0.2 percent of total international card transactions, reflecting the start of the brand's penetration into the national market and its impact during the pandemic period.

Similar to what has happened with the Vinti4 service, purchases with international cards are gradually gaining weight when compared to withdrawals with the same cards at ATMs, as a result of the strategy to expand this service in the last few years with a view to provide the country, increasingly touristic, with a network of acceptance of international cards in all sectors of activity. In addition to accepting Visa and MasterCard, SISP recently invested on the acceptance of American Express cards in order to bring in a niche of loyal tourists of this brand, associated with high value-added profiles, and has been taking the first steps in this direction.

Chart 8: Transactions with not-on-us cards in 2022



4.7 Service Payment

The Service Payment functionality continues with a very sharp growth in terms of transactions, 77 percent in volume and 68 percent in the number of operations, when compared to the same period of the preceding year. The growth trend that occurred during the pandemic still persists.

The average per payment was CVE 8,814 in 2022 and CVE 8,342 in 2021.

Table 4: Service Payment Transactions

	2020	2021	2022	Change	
				2020/21	2021/22
Quantity	266 490	452 374	760 199	69,8%	68,0%
Amount (millions of CVE)	2 406	3 774	6 701	56,9%	77,6%

4.8 Sale of Mobile Recharges

After a very significant growth during the pandemic in 2020, the sale of recharges stabilized in 2021 but rose again in 2022 by 22 percent in the number of transactions and 23 percent in volume.

Table 5: Mobile Phone Recharges

	2020	2021	2022	Change	
				2020/21	2021/22
Quantity	1 095 038	1 080 820	1 320 744	-1,3%	22,2%
Amount	587 356 061	580 113 581	713 346 676	-1,2%	23,0%

4.9 Web Payment

Web payment was the service that grew the most in 2022, that is, 249 percent in the number of operations and 370 percent in value, when compared to the same period last year. The increase is mainly due to the recovery of international card transactions, with the upturn in tourism and airport activity.

Table 6: Web Payment Transactions

	2020	2021	2022	Change	
				2020/21	2021/22
Quantity	69 407	82 273	287 097	18,5%	249,0%
Amount	217 553 281	416 658 735	1 956 828 578	91,5%	369,6%

4.10 Electronic Fund Transfer (TEF)

The TEF Service dropped in the number of operations by 7 percent, while increasing by 21.6 percent in volume.

Table 7: Electronic Fund Transfer Transactions

	2020	2021	2022	Change	
				2020/21	2021/22
Quantity	891 997	1 248 060	1 159 511	39,9%	-7,1%
Amount (millions of CVE)	129 511	146 723	178 471	13,3%	21,6%

4.11 Check Clearing

The number of operations of the check clearing service remained stable in 2022 and showed a growth in traded volume of 9.4 percent when compared to 2021.

Table 8: Check Clearing Transactions

	2020	2021	2022	Change	
				2020/21	2021/22
Quantity	254 959	264 679	264 879	3,8%	0,1%
Amount (millions of CVE)	64 330	63 500	69 492	-1,3%	9,4%

4.12 SWIFT Service

In 2022, this service increased both in the number of messages sent and messages received, by 6 percent and 9 percent respectively, when compared to the previous year.

Table 9: SWIFT Transactions

	2020	2021	2022	Change	
				2020/2021	2021/2022
Messages Sent	86 668	279 046	296 150	222,0%	6,1%
Messages Received	247 982	269 185	294 087	8,6%	9,3%
	334 650	548 231	590 237	63,8%	7,7%

4.13 Digital Certificate Service

The PKI (Public Key Infrastructure) service, with the issuing of digital certificates, had a very positive growth in the number of issuances and time stamp operations, as evidenced below:

Table 10: Digital Certificate Service

	2020	2021	2022
Web Authentication	3	31	50
Individual Qualified Signature	0	11	501
Qualified Signature Representing Legal Entity	4	1	80
Electronic Stamp	1	713	3 614
Individual Authentication	4	1	0
Time Stamp	0	1 299 836	20 451 813
Total	12	1 300 593	20 456 058

4.14 Infrastructure and Technology

When it comes to infrastructure and technology, SISP continued to invest significant efforts in the relentless pursuit of alignment with the international best practices in the areas of security, business continuity and quality of service.

Several improvements were implemented in the field of information systems and security:

- Reinforcement of high availability with Active-Active architecture, with simulation review of business continuity plans;
- Extending the server virtualization approach;
- Reinforcement of monitoring processes and automated detection of incidents in the technological infrastructure;
- Continuous improvement of backup processes;
- Enhancing physical and logical security with procedure review, awareness-raising activities, team training and incident simulations;
- Continuous security and fraud prevention campaigns, including team awareness actions and social media campaigns for customers;
- Follow-up on business continuity plans, renewal of critical security certifications, namely PCI-CP, PCI-DSS, PCI-3DS, ISO 9001, ISO 27001, ISO 22301, PKI, and SWIFT.

The new headquarter building project made important advances in relation to the situation of the conduits and pipelines that crossed the initial lot, requiring a series of negotiations with the entities involved and the CMP (City Council), which resulted in the allocation of a new lot at the end of the first semester. Following change of the building lot, the technical teams were able to work on the completion of the specialty projects that were first delivered to the Uptime Institute in late September. The feedback report required some adjustments to the project, of very high complexity due to the Tier IV certification, which are in progress to enable completion of the specialty projects required to be once again forwarded to the Uptime Institute for approval and certification. In parallel, the architectural project was approved by the CMP, the framework of the project was redefined for the preparation of the Environmental Impact Study, negotiations with Electra (Electricity Utility) and the CMP were resumed to determine the location of the switching/transformer station, and the structures' project was submitted to the CMP for authorization.

The new SISP Public Key Infrastructure (PKI) service underwent important developments with the electronic invoicing program launched by the National Directorate of State Revenue (DNRE), together with newly acquired customers, and about 20.4 million different certificates and time stamps were issued and processed in 2022.

The SWIFT service have continued to develop, benefitting from several improvements in terms of processes, including compliance with the schedule for security updates and the gradual transfer of user management to banks for greater autonomy.

4.15 Human Capital

On December 31, 2022, the total number of employees was 55, of whom 34 were permanent staff and 21 fixed-term contract employees, one less than in 2021. The Accounting Unit also included an intern. On the other hand, two more people were hired and three contract termination requests were accepted.

The staff structure is still distributed throughout most of the country, more precisely in Praia and the delegations of São Vicente/Santo Antão, Sal, Boa Vista, Fogo/Brava and Santiago Norte. The headquarter facilities in Praia shelter 88 percent of the employees.

The predominance of male technicians in the company remains at about 64 percent.

As for age range and gender, the employees are distributed as follows:

Chart 9: Age Range and Gender Distribution

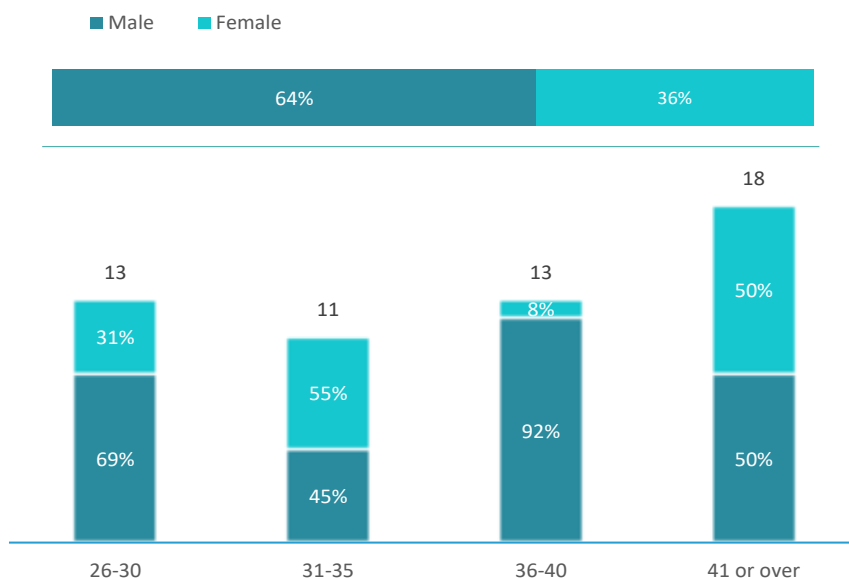
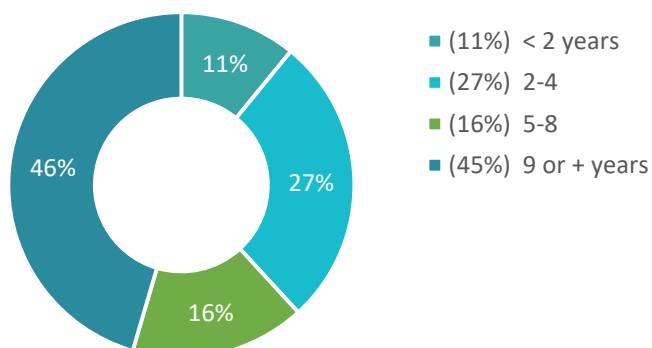


Chart 10: Distribution per seniority level



4.15.1 Development and Training

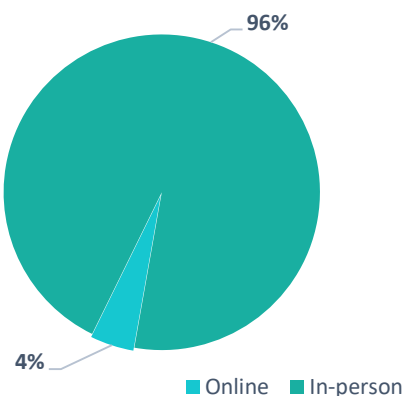
Training is one of the pillars of the strategy to value the human capital of SISP, both individually and collectively. In 2022, the employees participated in 67 training sessions in different knowledge areas, giving preference to online training when external, and face-to-face for internal training, covering a total of 136 participants and an overall workload of 424 hours.

The training initiatives covered different topics, among which the following are highlighted:

- Public Key Infrastructure (PKI);
- Oracle Database 19c: RAC Administration Workshop;
- MasterCard Web Academy (AOW);
- Dispute Resolution - Introductory;
- Dispute Resolution - Intermediate;
- Artificial Intelligence in Finance (HoT_ATTf);
- Digital Transformation and Fintech (HoT ATTf);
- International Compliance Foundation Level (HoT ATTf);
- SCM – Support Center Manager;
- SCA – Support Center Analyst;
- Digital Marketing and Sales;
- Internal Control and Internal Audit;
- CAS – Support Services Catalogue;
- Introduction to Operations – VISA;
- Fire Prevention and Fighting and Basic Life Support/First Aid;
- English Language;
- Several trainings about SISP services and tools.

With regard to the company's contribution to the academic training of employees throughout the year, 3 employees benefited from scholarships to enroll in Master degree courses.

Chart 11: Training Method in 2022



4.16 Risk Management and Internal Control

The activities of the Internal Control team, which entails the Internal Audit, Quality & Risk and Legal & Compliance areas, maintained the path of continuous improvement and gradual strengthening of processes across the entire company, despite a greater focus on the most critical elements. In light of this, the following was ensured:

- Implementation of the annual audit plan (internal and external);
- Monitoring of the Integrated Management System (SIG);
- Renewal of critical international and national certifications;
- Follow-up of business continuity tests;
- Updating of regulatory and legal compliance requirements;
- Legal support.

In addition, internal control deficiencies were managed with the aim of reducing or eliminating them wherever possible, which came about with the commitment and dedication of all those involved in the process. Important efforts have been made towards simplifying and automating processes and reports, improving the sharing of information and data, and facilitating the entire Integrated Management System (SIG).

4.17 Investment

In 2022, a total of CVE 116 million was allocated to investments, representing 8.6 percent of the operating revenues, less than the weight registered in 2021, which was 12 percent, amounting to CVE 115.9 million.

Investments include, essentially, the acquisition of payment terminals, equipment and software for the reinforcement of high availability, and service improvements, hardware (servers, processors), and, additionally, an amount of CVE 4,9 million for the new headquarter building project.

Table 11: Investment

Description	Planned	Executed	Achievement Rate
Software	53 960 941	46 822 988	87%
Equipment	63 612 340	64 458 827	101%
Sub-Total	117 573 281	111 281 815	95%
Head Office Construction Project (70%)	279 560 189	4 914 836	
Total	397 133 470	116 196 651	

Financing was entirely ensured with SISP's own resources and funds.

5. ECONOMIC AND FINANCIAL REVIEW

The year 2022 persevered with the resumption activities initiated in 2021, a period after the COVID-19 pandemic. Similarly to what was recorded in transactions, there was a considerable increase in income that translated into better results for the year, thus exceeding those recorded in 2019 right before the pandemic.

The economic and financial analysis of the company, based on its financial statements, summarizes the results achieved by SISP, as well as its equity and financial situation as at December 31, 2022.

Table 12: Income Statement

STATEMENT OF COMPREHENSIVE INCOME					
Description	Notes	12/31/2022	12/31/2021	Change	% of Change
Provision of services and sales	14	1 349 447 055	937 781 894	411 665 161	43,90%
Cost of goods sold and materials consumed	7	-15 729 950	-24 010 730	8 280 780	-34,49%
Gross Operating Income		1 333 717 105	913 771 164	419 945 941	45,96%
External supplies and services	15	675 642 323	411 383 059	264 259 264	64,24%
Gross Value Added		658 074 782	502 388 105	155 686 677	30,99%
Staff costs	16	131 040 725	121 591 847	9 448 878	7,77%
Fair value increases / reductions	6	7 489 829	28 923 354	-21 433 525	-74,10%
Impairment of assets	10	-8 242 572	-7 448 880	-793 692	10,66%
Other costs	17	26 175 532	10 149 141	16 026 391	157,91%
Other income and gains	17	813 087	1 742 853	-929 766	-53,35%
Income before amortization, financing losses and gains, and tax - EBITDA		500 918 869	393 864 444	107 054 425	27,18%
Depreciation and amortization costs	5	116 765 443	129 941 042	-13 175 599	-10,14%
Operating income (before financing gains/losses and tax) - EBIT		384 153 426	263 923 402	120 230 024	45,55%
Interest and gains received	18	3 222 356	2 862 702	359 654	12,56%
Interest and loss paid	18	-10 090 242	-9 758 451	-331 791	3,40%
Income Before Tax		377 285 540	257 027 653	120 257 887	46,79%
Income Tax for the Year	19	-85 077 527	-57 419 576	-27 657 951	48,17%
Net Earnings for the Year		292 208 013	199 608 077	92 599 936	46,39%

5.1 Gross Value Added

Gross value added in 2022 rose by 30.99 percent, standing at CVE 658 million, which represents an increase of CVE 155,7 million when compared with CVE 502,3 million recorded in 2021. This positive evolution in relation to the previous year is justified by the growth of the network in all aspects, with predominance in services with international cards and the vinti4 card, given that the effect of the increase in revenues is greater than the increase in expenses for the year.

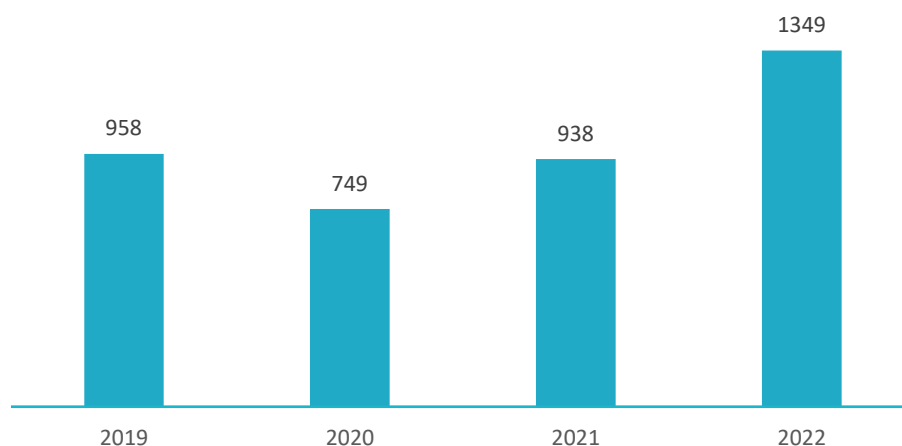
5.2 Income

For the first time in the history of SISP, Total Income surpassed one billion escudos, amounting to 1,361 million escudos, 40.2 percent more, which represents, in terms of absolute values, an increase of 390.6 million escudos in relation to the previous year. The increase in the main revenues from SISP services contributed to this upturn, namely in the Automatic Payment services and the new DCC - Dynamic Currency Conversion service, associated to the Visa and MasterCard international cards.

Income from services reached CVE 1,349.4 million, up CVE 411.6 million compared to 2021, with Automatic Payment and DCC accounting for about 74.7 percent of that increase.

The value of the service provision in 2022 exceeded that recorded in 2019, a period prior to COVID-19, that is, by approximately 40.9 percent, which represents, in terms of absolute value, an increase of CVE 391.8 million.

Chart 11: Provision of Services in millions of CVE



5.3 Other income and gains

The gain by increase in fair value of SISP's participation in Visa's share capital was CVE 7.4 million (market value update as of December 31, 2022), which is lower than the CVE 28,9 million recorded in 2021.

In 2022 and 2021, other income stood at CVE 0.8 million and 1.7 million, respectively, derived mainly from the sale of tangible fixed assets.

The financing gains earned resulted from time deposits and equivalents, and totaled CVE 3.2 million, a positive variation of 12.5 percent in relation to the previous year.

5.4 Expenditures

Total expenses, including the main items of costs, namely Third-Party Supplies and Services, Staff Costs and Amortization, showed an increase of 37.72 percent (+CVE 269,4 million) as compared to the previous year, reaching CVE 983,6 million.

This increase is mainly justified by the increase in spending on external services, namely direct expenditures of services (commissions for acquiring services), associated with increased revenues.

The following table shows the composition of Costs, as well as their respective evolution in both years:

Table 13: Expenditures

	2 022	2021	Absolute Change	% of Change
Total	983 686 787	714 283 150	269 403 637	37,72%
Cost of goods sold and materials consumed	15 729 950	24 010 730	-8 280 780	-34,49%
External supplies and services	675 642 323	411 383 059	264 259 264	64,24%
Staff costs	131 040 725	121 591 847	9 448 878	7,77%
Impairment of assets	8 242 572	7 448 880	793 692	10,66%
Other costs	26 175 532	10 149 141	16 026 391	157,91%
Depreciation and amortization costs	116 765 443	129 941 042	-13 175 599	-10,14%
Interest and loss paid	10 090 242	9 758 451	331 791	3,40%

Staff costs totaled CVE 131 million, an increase of CVE 9.4 million compared to 2021. This variation is related to salary update, career progress and personnel reclassification approved in the year under review.

The ratio of Personnel or Staff Costs to Service Provision was set at 9.7 percent and 13 percent in 2022 and 2021 (a decrease of 3.3 p.p.), respectively, with personnel expenses representing about 13 percent of the company's total costs in 2022, against 17% recorded in 2020.

The maturities of some investments contributed to the decrease of the expenses with Depreciation in 10 percent, settling at CVE 116.7 million, in line with the decrease in non-current fixed assets.

The CAPEX to operating income ratio stood at 8.6 percent (12.3 percent in 2021), while depreciation and amortization expenses represented 9.1 percent and 13.3 percent of total income in 2022 and 2021, respectively.

The heading "Impairment", in the amount of CVE 8.2 million, includes doubtful debt provisions for clients, with a growth of CVE 1.7 million justified by the increase in the Company's turnover in 2022.

By comparing costs with goods sold and materials consumed with that recorded in 2021, a reduction of 34.4 percent becomes noticeable, explained by the decrease in the cost of ATM interventions. In fact, a completed sale of ATM machinery was recorded in 2021 with a cost of CVE 3.8 million.

Other Costs and Losses

The item "Other Costs" in the amount of CVE 26.1 million (CVE 16 million in 2021) includes, essentially, stamp duty, contributions, and donations. The increase is associated with the increase in revenues from international acquiring services where stamp duty is levied.

Interest and Losses Paid include interest on a bank guarantee obtained by SISP at the commercial banks and exchange differences in the international settlement service adding up to a total of CVE 10 million in 2022.

5.5 Net Income for the Year

Net Income in 2022 amounted to CVE 292 million, the highest in SISP's history, representing an increase of 92.5 million when compared to the same period last year. This result was mainly caused by the increase in income from services of CVE 411.6 million year-on-year.

Following the increase in operating income, higher than the increase in costs, EBITDA rose by 27 percent between 2022 and 2021, standing at CVE 500.9 million (CVE 393.8 million in the previous year).

6. FINANCIAL SITUATION

6.1 Balance Sheet Position

In 2022, Net Assets reached CVE 1,943 million, which corresponds to a growth of 16.1 percent and CVE 269,5 million in relation to the absolute value achieved in 2021. To this increase primarily contributed the positive variation of CVE 262 million recorded in current assets (customer debt, available cash and inventories). Total net assets in 2021 was CVE 1,673 million.

Table 14: Balance Sheet Position

Assets	12/31/2022	12/31/2021	Absolute Variation	% of Change
Non-Current Assets	656 264 550	649 235 091	7 029 459	1,08%
Tangible Fixed Assets	178 357 223	180 179 107	-1 821 884	-1,01%
Intangible Assets	62 906 331	61 544 817	1 361 514	2,21%
Financial Investment	415 000 996	407 511 167	7 489 829	1,84%
Current Assets	1 287 050 545	1 024 572 217	262 478 328	25,62%
Inventories	87 661 575	48 254 556	39 407 019	81,66%
Short-term Debts	449 692 782	294 188 123	155 504 659	52,86%
Bank Deposits	749 696 189	682 129 539	67 566 650	9,91%
Total Assets	1 943 315 096	1 673 807 309	269 507 787	16,10%
Owner Equity	1 376 370 701	1 183 966 726	192 403 975	16,25%
Share Capital and Reserves	1 084 162 688	984 358 649	99 804 039	10,14%
Net Earnings for the Year	292 208 013	199 608 077	92 599 936	46,39%
Liabilities	566 944 395	489 840 583	77 103 812	15,74%
Current Liabilities	566 944 395	489 840 583	77 103 812	15,74%
Owner Equity + liabilities	1 943 315 096	1 673 807 309	269 507 787	16,10%

Equity increased by CVE 192.4 million in 2022, an increase of 16.2 percent. This variation is a result of the incorporation of 50 percent of the net profits achieved in 2021 (40 percent in other reserves and 10 percent in legal reserves) and the impact of the 2022 net result increase in CVE 92.5 million.

Total liabilities, fully current, including the temporary clearing debt associated with the acquiring business, indicated an increase in the same period of 15.7 percent and CVE 77 million, reaching an accumulated balance of CVE 566.9 Million. This variation results essentially from the increase in tax payable linked to the result of the period and deferred revenues related to the purchase of ATM.

6.2 Ratio Assessment

The year 2022 confirms the improvement in SISP's profitability indicators, with Return on Assets (ROA) and Return on Equity (ROE) reaching 15 percent and 21.2 percent, respectively, compared to 12 percent and 16.8 percent in 2021, a direct consequence of the increase in Net Income for the Year.

The efficiency ratio Cost-to-Income, which relates Operating Costs to Income, continued to decline and reached 72.3 percent in 2022, representing an improvement as compared to 2021 (74 percent), reflecting the increase in income in greater proportion than costs.

The Staff Costs to Income ratio also improved, jumping from 13 percent in 2021 to 9.7 percent in 2022.

6.3 Management Indicators

The EBITDA Profitability Indicator (excluding the impact of fair value, impairments and provisions) increased by more than 34.7 percent.

In prudential terms, SISP continues to evidence good performance and soundness. In 2022, equity reached CVE 1,327 million, the Fixed Assets Coverage Ratio 834.8 percent, and the Solvency ratio 70.9 percent, remaining well above the minimum required by the Banco de Cabo Verde.

Table 15: Management Indicators

Ratios	2022	2021	2020	Change
Profitability (in millions of CVE)				
EBITDA	501,6 mCVE	372 mCVE	257 mCVE	34,72%
Return on Equity	21,23%	16,86%	8,10%	25,92%
Return on Assets (ROA)	15,04%	11,93%	9,73%	26,04%
Net Return on Sales	21,65%	21,29%	10,64%	1,71%
Operational Efficiency				
Average Period of Receivables	59	61	62	-2,81%
Overall Liquidity	2,27	2,09	3,25	8,62%
Reduced Liquidity	2,12	1,99	2,86	6,31%
Immediate Cash Flow	1,32	1,39	1,6	-4,87%
Prudential Indicators				
Equity	1.327,5 mCVE	1111,9 mCVE	871,6 mCVE	19,39%
Solvency	70,9%	66,2%	55,5%	7,2%
Coverage of Fixed Assets	834,8%	815,3%	818,8%	2,4%

6.4 Proposal for the Appropriation of Net Income

Taking into consideration the dividend distribution policy and using the prerogative granted by Law and by the Company's Bylaws, the Board of Directors proposes to the General Meeting of Shareholders that, under the terms set forth in the applicable legal and statutory provisions:

The Net Earnings in the amount of CVE 292,208,013, in respect of the financial year 2022, be distributed as follows:

Table 16: Proposal for the appropriation of net income

	%	Amount
Dividends	50%	CVE 146 104 006
Legal Reserve	10%	CVE 29 220 801
Other Reserves	40%	CVE 116 883 205
Total		CVE 292 208 013

In view of compliance with the legal and prudential reserves, as well as the satisfactory degree of capitalization of the company, the Board of Directors decided to propose a distribution of dividends equivalent to 50%.

The General Meeting of Shareholders, in its session held on April 25th 2023, deliberated to approve the distribution of results in the following terms, without regard to the legal reserves, taking into account the accumulated values *versus* the ones anticipated by law.

	%	Amount
Dividends	70%	CVE 204 545 609
Free Reserves	30%	CVE 87 662 404
Total		CVE 292 208 013

6.5 Financial Statements

Statement of Comprehensive Income as at December 31, 2022 and 2021

(Amounts expressed in Cabo Verdean Escudos)

Items	Notes	12/31/2022	12/31/2021	Change 22/21	% of Change 22/21
Provision of services and sales	14	1 349 447 055	937 781 894	411 665 161	43,90%
Cost with goods sold and materials consumed	7	(15 729 950)	(24 010 730)	8 280 780	-34,49%
Gross Operating Income		1 333 717 105	913 771 164	419 945 941	45,96%
External supplies and services	15	675 642 323	411 383 059	264 259 264	64,24%
Gross Value Added		658 074 782	502 388 105	155 686 677	30,99%
Staff costs	16	131 040 725	121 591 847	9 448 878	7,77%
Fair value increases / decreases	6	7 489 829	28 923 354	-21 433 525	-74,10%
Adjustments customer impairment/Other debtors	10	(8 242 572)	(7 448 880)	-793 692	10,66%
Other Costs	17	26 175 532	10 149 141	16 026 391	157,91%
Tax	17	18 497 550	9 027 529	9 470 021	104,90%
Contributions	17	44 240	78 651	-34 411	-43,75%
Other costs and losses	17	7 633 742	1 042 961	6 590 781	631,93%
Other income and gains	17	813 087	1 742 853	-929 766	-53,35%
Income before amortization, financing losses/gains and tax		500 918 869	393 864 444	107 054 425	27,18%
Depreciation and amortization costs	5	116 765 443	129 941 042	-13 175 599	-10,14%
Operating income (before financing losses/gains and tax)		384 153 426	263 923 402	120 230 024	45,55%
Interest and gains received	18	3 222 356	2 862 702	359 654	12,56%
Interest and losses paid	18	(10 090 242)	(9 758 451)	-331 791	3,40%
Income Before Tax		377 285 540	257 027 653	120 257 887	46,79%
Income Tax for the Year	19	(85 077 527)	(57 419 576)	-27 657 951	48,17%
Net Earnings for the Year		292 208 013	199 608 077	92 599 936	46,39%

Balance Sheets as at December 31, 2022 and December 31, 2021

(Amounts expressed in Cabo Verdean Escudos)

Items	Notes	12/31/2022	12/31/2021	Previous Year	
				Change 22/21	%
ASSETS					
Non-current assets					
Tangible fixed assets	5	178 357 223	180 179 107	(1 821 884)	-1,01%
Land		10 324 248	10 324 248	-	0%
Buildings and other construction	5	5 137 135	7 360 870	(2 223 735)	-30%
Basic equipment	5	112 788 960	120 226 626	(7 437 666)	-6%
Transport equipment	5	2 356 605	5 529 985	(3 173 380)	-57%
Office equipment	5	2 186 945	2 551 287	(364 342)	-14%
Advances for tangible fixed assets	5	45 563 330	34 186 091	11 377 239	33%
Intangible assets	5	62 906 331	61 544 817	1 361 514	2,21%
Computer programs (Software)	5	34 427 677	57 598 523	(23 170 846)	-40%
Advances for intangible assets	5	28 478 654	3 946 294	24 532 360	622%
Financial investment - other methods	6	415 000 996	407 511 167	7 489 829	1,84%
Equity holdings	6	415 000 996	407 511 167	7 489 829	2%
Total non-current assets		656 264 550	649 235 091	7 029 459	1,08%
Current assets					
Inventories	7	87 661 575	48 254 556	39 407 019	81,66%
Goods	7	46 627 687	3 707 656	42 920 031	1157,61%
Raw materials, subsidiary and consumables	7	41 033 888	44 546 900	(3 513 012)	-7,89%
Customers	11	319 619 152	207 687 502	111 931 650	53,89%
Other accounts receivable	11	99 047 324	59 409 553	39 637 771	66,72%
Deferrals	8	31 026 306	27 091 068	3 935 238	14,53%
Bank deposits	4	749 696 189	682 129 539	67 566 650	9,91%
Total current assets		1 287 050 545	1 024 572 217	262 478 328	25,62%
Total assets		1 943 315 096	1 673 807 309	269 507 787	16,1%
NET POSITION AND LIABILITIES					
OWNER EQUITY					
Capital	9	100 000 000	100 000 000	-	0,00%
Legal reserves	9	125 688 661	105 727 853	19 960 808	18,88%
Free reserves	9	14 401 872	14 401 872	-	0,00%
Other reserves	9	789 305 831	709 462 600	79 843 231	11,25%
Retained earnings		54 766 324	54 766 324	-	0,00%
Net Profit for the Year		292 208 013	199 608 077	92 599 936	46,39%
Total owner equity		1 376 370 701	1 183 966 726	192 403 975	16,3%
LIABILITIES					
Non-current liabilities					
Total non-current liabilities		-	-	-	-
Current liabilities					
Suppliers - investments	11	910 550	2 497 281	(1 586 731)	-63,54%
Suppliers, current account	11	20 991 331	20 767 357	223 974	1,08%
Visa/MasterCard/Amex Clearing	12	220 783 473	284 038 015	(63 254 542)	-22,27%
State and other public bodies	13	77 268 557	27 729 193	49 539 364	178,65%
Other accounts payable	11	179 732 864	135 297 686	44 435 178	32,84%
Accrued costs	8	28 486 816	19 511 051	8 975 765	46,00%
Deferred income	8	38 770 804	-	38 770 804	
Total current liabilities		566 944 395	489 840 583	77 103 812	15,7%
Total Liabilities		566 944 395	489 840 583	77 103 812	15,74%
Total Owner Equity and Liabilities		1 943 315 096	1 673 807 309	269 507 787	16,1%

Statement of Cash Flows as at December 31, 2022 and December 31, 2021

(Amounts expressed in Cabo Verdean Escudos)

Indirect Method	12/31/2022		12/31/2021	
Cash flows of operating activities:				
Net earnings for the year	292 208 013		199 608 077	
Adjustments:				
Amortization and depreciation	(+) 116 765 443		129 941 042	
Interest and similar income received	(-) (3 222 356)		(2 862 702)	
Interest and similar cost paid	(+) 10 090 242		9 758 451	
Gains from the sale of tangible fixed assets	(-) (618 122)		(1 516 059)	
Gains from fair value increases - VISA	(-) (7 489 829)		(28 923 354)	
Decrease in inventories	(+) -		13 121 268	
Increase in inventories	(+) (39 407 019)		-	
Increase in accounts receivable	(151 569 421)		(120 026 597)	
Increases in deferred costs	(-) (3 935 238)		(2 124 299)	
Decrease in deferred costs	(+) -		26 221 415	
Increase in accounts payable	(+) 94 198 516		328 435 811	
Decrease in accounts payable	(-) (64 841 273)		(1 296 561)	
Increase in deferred income	(+) 38 770 804		-	
Increase in accrued costs	(+) 8 975 765		5 245 742	
<i>Cash flows of operating activities (1)</i>		289 925 525		555 582 234
Cash flows of investment activities:				
Payables from:				
Tangible Fixed Assets	(72 829 671)		(102 800 230)	
Intangible Assets	(43 475 402)		(17 432 403)	
		(116 305 073)		(120 232 633)
Receivables from:				
Financial investments	-		-	
Tangible fixed assets	618 122		1 516 059	
Interest and similar income	964 030		1 575 026	
Dividends	2 258 326		1 287 676	
....		3 840 478		4 378 761
<i>Cash flows of investment activities (2)</i>		(112 464 595)		(115 853 872)
Financing activities:				
Receivables from:				
Financing received	-		-	
Payables from:				
Interest and similar costs	(10 090 242)		(9 758 451)	
Dividends	(99 804 038)		-	
<i>Cash flows of financing activities (3)</i>		(109 894 280)		(9 758 451)
		12/31/2022	12/31/2021	
Changes in cash and cash equivalents (4) = (1) + (2) + (3)		67 566 650		429 969 911
Effects of exchange rate differences		-		-
Cash and cash equivalents in the beginning of the year		682 129 539		252 159 628
Cash and cash equivalents at the end of the year		749 696 189		682 129 539

Statement of Changes in Owner Equity as at December 31, 2022

(Amounts expressed in Cabo Verdean Escudos)

Description	Notes	Paid-in Capital	Legal Reserves	Free Reserves	Other Reserves	Retained Earnings	Net Profit for the Year	Total
POSITION IN THE BEGINNING OF THE YEAR 2021		100 000 000	97 758 762	14 401 872	637 740 785	54 766 324	79 690 907	984 358 649
CHANGES RELATED TO INCOME AND COSTS RECOGNIZED IN THE PERIOD								
Net Earnings for the Year		-	-	-	-	-	199 608 077	199 608 077
Appropriation of Net Income	9	-	7 969 091	-	71 721 815	-	(79 690 906)	-
	Extensive Result	100 000 000	105 727 853	14 401 872	709 462 600	54 766 324	199 608 078	1 183 966 726
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD								
Dividend distribution		-	-	-	-	-	-	-
POSITION IN THE BEGINNING OF THE YEAR 2022		100 000 000	105 727 853	14 401 872	709 462 600	54 766 324	199 608 078	1 183 966 727
CHANGES RELATED TO INCOME AND COSTS RECOGNIZED IN THE PERIOD								
Net Earnings for the Year		-	-	-	-	-	292 208 013	292 208 013
Appropriation of Net Income	9	-	19 960 808	-	79 843 231	-	(99 804 039)	-
		100 000 000	125 688 661	14 401 872	789 305 831	54 766 324	392 012 052	1 476 174 739
TRANSACTIONS WITH SHAREHOLDERS IN THE PERIOD								
Dividend distribution		-	-	-	-	-	(99 804 039)	(99 804 039)
POSITION AT YEAR-END		100 000 000	125 688 661	14 401 872	789 305 831	54 766 324	292 208 013	1 376 370 701

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER, 2022

Notes to the financial statements as at 31 December, 2022
(Amounts expressed in Cabo Verdean Escudos - CVE)

1. INTRODUCTORY NOTE

The SISP – Sociedade Interbancária e Sistemas de Pagamentos, S.A. (“SISP” or “Company”) is a joint-stock company whose shareholders are the State, as the country’s primary payer, the Banco de Cabo Verde, as the promoter of the smooth operation of the Clearing and Payment systems, the commercial banks legally authorized to operate in Cabo Verde, namely the Banco Comercial do Atlântico, S.A., the Banco Interatlântico, S.A.R.L., the Banco Caboverdiano de Negócios, S.A. and the Caixa Económica de Cabo Verde, S.A., and also the Cabo Verde Telecom, S.A. whose role as provider of telecommunication services is of particular interest for Payment Systems development. The Company was established in 1999 and has its head office at Achada Santo António – Praia, Cabo Verde.

The financial statements as at December 31, 2022 were approved by the Board of Directors at its meeting held on March 27, 2023.

The Board of Directors believes that these financial statements give a true and fair view of the Company’s operations, as well as its financial position and performance and cash flows.

2. ACCOUNTING STANDARDS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared under the provisions in force in Cabo Verde, namely the Ordinance no. 49/2008, of December 29, of the Ministry of Finance, which orders the adoption of the Accounting Standards and Financial Reporting System for Cabo Verde (“SNC”), replacing the National Chart of Accounts (POC) approved by the Decree no. 4/84, of January 30, which includes a set of Financial Reporting Standards (“FRS”). Even though, as provided for in Notice No. 2/2007 of the Banco de Cabo Verde, entities such as SISP should adopt the International Financial Reporting Standards, in August 2008, SISP was authorized by the Banco de Cabo Verde to use the POC and thus transitioned to the FRS at that time.

The FRSs have been adopted for the period starting on or after January 1, 2009. This Financial Reporting and Accounting System is intended to transpose, into the national law, the Financial

Reporting Standards, which are an adaptation of the International Accounting Standards and the International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”).

The International Financial Reporting Standards (IFRS) are currently on the agenda of the Banco de Cabo Verde but no specific date has yet been defined for its implementation.

3. BASES OF PRESENTATION AND KEY ACCOUNTING POLICIES

The key accounting criteria used in preparing the financial statements are the following:

3.1 Bases of presentation

The attached financial statements have been prepared under the assumption of business continuity, from the books and accounting records of the Company, in accordance with the Financial Reporting Standards System.

The Board of Directors has assessed the Company’s ability to operate on a going concern basis, based on all relevant information, facts and circumstances of financial, commercial or other nature, including events subsequent to the reference date of the financial statements, available on the future. As a result of this assessment, the Board of Directors concluded that the Company has adequate resources to maintain its activities, and there is no intention to cease activities in the short-term, and therefore considered appropriate the use of the going concern assumption in the preparation of the financial statements.

3.2 Tangible fixed assets

Tangible fixed assets are stated at acquisition or production cost, which includes the purchase cost and any costs directly attributable to the activities required to place the assets in the location and conditions necessary for operating as intended, minus depreciation and losses for accumulated impairment.

Depreciation is calculated on a monthly basis, following the time at which the asset is ready to be used, according to the straight-line method, in conformity with the period of useful life estimated for each group of assets.

The depreciation rates used correspond to the following periods of estimated useful life:

Item of Tangible Fixed Assets	Years
Buildings and other construction	5 to 25
Basic equipment - POS	2
Basic equipment - other	3 to 12
Transport equipment	4
Tools and utensils	5 to 12
Office equipment	4 to 12

The useful lives and the depreciation method of the various assets are reviewed on an annual basis. The effect of any changes on these estimates is recognized prospectively in the income statement.

The costs of maintenance and repair (subsequent expenditure) that are unlikely to generate future additional economic benefits are recorded as expenses in the period they are incurred.

The gain (or loss) deriving from the sale or cancellation of a tangible fixed asset is determined as the difference between the fair value of the amount received or receivable in the transaction and the amount of the asset net of accumulated depreciation, and is recognized in results in the period in which the sale or cancellation occurs.

3.3 Intangible assets

Intangible assets are recorded at cost, less depreciation and losses due to accumulated impairment.

Expenditures on research activities are recorded as expenses in the period they are incurred.

Depreciation of intangible assets is recognized on a straight-line basis over the estimated useful lives of the intangible assets.

The depreciation rates used correspond to the following periods of estimated useful life:

Item of Intangible Assets	Years
Computer programs	3 to 5
Industrial property - Trademark and Patents	3 to 10
Other Intangible Assets	3 to 10

The useful lives and depreciation method of the various intangible assets are reviewed annually. The effect of any changes on these estimates is recognized prospectively in the income statement.

3.4 Impairment of tangible and intangible fixed assets

At each reporting date, the Company reviews the book value of its tangible and intangible fixed assets to determine if there is any indication that they may be impaired. If any such indicator exists, then the recoverable amount of the respective assets (or the cash-generating unit) is estimated in order to determine the extent of the impairment loss.

Where the book value of the asset (or cash-generating unit) exceeds its recoverable amount, an impairment loss is recognized. The impairment loss is immediately recorded in the income statement under “Impairment losses”.

The reversal of impairment losses recognized in prior years is recorded when there is evidence that the previously recognized impairment losses no longer exist or have decreased.

The reversal of impairment loss is recognized in the income statement under “Reversals of impairment”.

3.5 Inventories

Inventories are stated at their historical cost. Cost includes all purchase costs and other costs incurred to place the goods on their site and in their present condition. In situations where the cost value is higher than the net realizable value, an adjustment (impairment loss) is recorded for the related difference. Variations of the year in impairment losses of inventories are recorded in the items of results “Inventory adjustments – Losses/Reversals”.

The inventory costing method adopted by the Company consists of the weighted average cost.

3.6 Financial assets and liabilities

Financial assets and liabilities are recognized on the balance sheet when the Company becomes part of the relevant contractual provisions, being recorded in accordance with the provisions of FRS 16 – Financial Instruments.

Financial assets and liabilities are so measured based upon the following criteria: (i) at cost or amortized cost and (ii) at fair value with changes recognized in the income statement.

(i) At cost or amortized cost

The financial assets and liabilities that have the following characteristics are measured “at cost or amortized cost”:

- Those in cash or with a defined maturity;
- Those associated with a fixed or determinable return, and
- Those that are not a derivative financial instrument or do not incorporate a derivative financial instrument.

The amortized cost is determined by using the effective interest method. The effective interest rate is calculated by the rate that exactly discounts future cash payments or receipts through the expected life of the financial instrument in the net amount of the financial asset or liability (effective interest rate).

This category includes, therefore, the following financial assets and liabilities:

i. Customers and other receivables

The balances of customers and other debtors are recorded at amortized cost, which may be deducted from any impairment losses. Usually, the amortized cost of these financial assets does not differ from their nominal value.

ii. Cash and bank deposits

The amounts included under “Cash” and “Bank deposits” correspond to cash, bank deposits and other cash investments that will mature in less than three months and for which the risk of value change is insignificant.

These assets are measured at amortized cost. As a rule, the amortized cost of these financial assets does not differ from their nominal value.

iii. Suppliers and other payables

The balances of suppliers and other payables are stated at amortized cost. Usually, the amortized cost of these liabilities does not differ from their nominal value.

iv. Financing received

Financing received are recorded in liabilities at amortized cost.

Any expenses incurred in obtaining such financing, including bank charges and stamp duty, as well as interest and similar expenses, are recognized in the income statement over the lifetime of such funding. Until they are not recognized, these expenses are deducted from the caption “Financing received”.

(ii) At fair value with changes recognized in the income statement

All financial assets and liabilities not included in the category “at cost or amortized cost” are incorporated in the category “at fair value with changes recognized in the income statement”.

Such financial assets and liabilities are measured at fair value, being any changes in the respective fair value recorded in income under “Losses from fair value reductions” and “Gains from fair value increases”.

In the particular case of SISP, this category includes financial contributions to entities other than subsidiaries, jointly controlled and associated companies. These investments are measured at fair value, being any changes in the respective fair value recorded in the income statement, except where they relate to entities whose equity instruments are not publicly

traded (shares not listed on the Stock Exchange) and whose fair value cannot be determined reliably, in which case they are measured at cost less accumulated impairment losses. Derivate financial instruments related to such equity instruments are also included in the category “at cost or amortized cost”, being measured at cost less accumulated impairment losses.

(iii) Impairment of financial assets

Financial assets included in the category “at cost or amortized cost” are subject to impairment testing at each reporting date. These financial assets are impaired when there is objective evidence that, as a result of one or more events after their initial recognition, their estimated future cash flows are affected.

For financial assets measured at amortized cost, the impairment loss to be recognized is the difference between the book value of the asset and the present value at the reporting date of the new estimated future cash flows discounted at their original effective interest rate.

For financial assets measured at cost, the impairment loss to be recognized is the difference between the book value of the asset and the best estimate of the asset’s fair value at the reporting date.

Impairment losses are recorded in the income statement under “Impairment of receivables” or “Impairment of non-depreciable assets” in the period they are determined. Subsequently, if the amount of the impairment loss decreases and such decrease can be objectively related to an event that took place after recognition of the loss, this should be reversed against results. The reversal should be done up to the limit of the amount that would be recognized (amortized cost) in case the loss had not been initially recorded. Reversal of impairment losses is recorded in the income statement under “Reversals of impairment”. Reversal of impairment losses recorded in investments in equity instruments measured at cost will not be allowed.

3.7 Revenues

Revenue is measured through the fair value of the amount received or receivable. Recognized revenue is deducted from the amount of returns, discounts and other rebates and does not include Value Added Tax (VAT) and other taxes related with the sale.

The proceeds obtained from the sale of goods are recognized once all the following conditions are met:

- All risks and advantages associated with property ownership have been transferred to the buyer;
- The Company does not keep any control over the goods sold;
- The amount of revenue can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the Company;
- Costs incurred or to be incurred with the transaction can be measured reliably.

Revenue from the provision of services is recognized based on the percentage of completion of the transaction/service, provided that all the following conditions are met:

- The amount of revenue can be measured reliably;
- It is likely that future economic benefits associated with the transaction will flow to the Company;
- Costs incurred or to be incurred with the transaction can be measured reliably;
- The stage of completion of the transaction/service can be reliably measured.

Revenue from interest is recognized by using the effective interest method, provided that it is likely that economic benefits will flow to the Company and its amount can be reliably measured.

Revenue from dividends is recognized once the right of the Company to receive the corresponding amount has been established.

3.8 Income tax

Tax on income for the year recorded in the income statement is the sum of current taxes to deferred tax. Current taxes and deferred taxes are recorded as income, except when they relate to items recognized directly in equity, in which case they are recorded in owner equity.

Current tax payable is calculated based on the Company's taxable income. Taxable income differs from accounting income since it excludes various income and expenses that will only

be taxable or deductible in other years, as well as expenses and revenues that are never taxable or deductible.

Deferred taxes relate to temporary differences between the amounts of assets and liabilities for accounting reporting purposes and the respective amounts for tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to be in force at the date of reversal of the corresponding temporary differences, based on tax rates (and tax laws) that are formally issued at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences for which there is reasonable expectation of sufficient future taxable income to utilize these deferred tax assets, or taxable temporary differences that revert in the same reversal period of the deductible temporary differences. At each reporting date, the Company reviews its deferred tax assets and they are adjusted according to the expectations regarding their future use.

3.9 Foreign currency transactions and balances

Transactions in foreign currencies (a currency other than the Company's functional currency) are recorded at the exchange rates in force at the dates of the transactions. At each reporting date, the book value of the monetary items denominated in foreign currencies is updated at the exchange rates in force on that date. Non-monetary items recorded at fair value denominated in foreign currencies are updated at the exchange rates of the date of determination of the fair value. The book values of non-monetary items recorded at historical cost and denominated in foreign currencies are not updated.

Exchange differences calculated on the date of receipt or payment of foreign exchange transactions and those resulting from the above updates are recorded in the income statement for the period in which they are generated.

3.10 Provisions and contingent liabilities

Provisions are recorded when the Company has a present (legal or constructive) obligation resulting from a past event and it is likely that, in order to settle the obligation, an outflow of resources occurs and the amount of the obligation can be reasonably estimated.

The amount of provisions recorded is the best estimate, at the reporting date, of the resources required to settle the obligation. This estimate, as revised at each reporting date, is determined taking into account the risks and uncertainties associated with each obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed when the possibility of an outflow of resources encompassing economic benefits is not remote. Contingent liabilities are not recognized in the financial statements but are disclosed when it is likely the existence of a future economic inflow of resources.

3.11 Accrual

The Company records its income and expenses in accordance with the principle of accruals by which income and expenses are recognized as they are generated, regardless of the time of the respective receipt or payment. The differences between the amounts received and paid and the corresponding income and expenses are recorded as assets or liabilities.

3.12 Subsequent events

Events after the balance sheet date that provide additional information about conditions that existed at the balance sheet date (“adjusting events” or events after the balance sheet date that give rise to adjustments) are reflected in the financial statements. Events after the balance sheet date that provide information on conditions occurring after the balance sheet date (“non-adjusting events” or events after the balance sheet date that led to no adjustments) are disclosed in the financial statements if considered constructive.

3.13 Critical judgments and key sources of uncertainty associated with estimates

In preparing the attached financial statements, judgments and estimates have been made and various assumptions used that affect the reported amounts of assets and liabilities, as well as the reported amounts of revenues and expenses for the period.

The estimates and underlying assumptions were determined by reference to the reporting date based on the best knowledge available at the date of approval of the financial statements of the events and transactions in progress, as well as the experience of past and/or current events. However, situations could occur in subsequent periods which were not considered in these estimates whereas they were not foreseeable at the date of approval of the financial statements. Changes to the estimates that occur after the date of the financial statements are corrected prospectively. For this reason and given the related degree of uncertainty, actual results of the transactions in question may differ from the corresponding estimates.

The main judgments and estimates made in preparing the attached financial statements were the following:

- a) Useful life of the equipment called “POS” – In 2010, the Company conducted a study on the use and replacement of the POS equipment in order to determine the useful life of such equipment. Accordingly, a useful life of two years was assigned, which will be periodically reviewed. In 2022, the Company still applies the conclusions drawn in the study carried out in 2010 whereas it is considered up-to-date.
- b) Taxes on income (current and deferred) are determined by the Company based on the rules defined by the tax regime in force. Nevertheless, in some situations tax laws may not be sufficiently clear and objective and lead to the existence of different interpretations. The recorded values result from the best understanding of the Company’s governing bodies on the proper framework of its operations, which is, however, likely to be questioned by Tax Authorities. In preparing the estimates for the year 2022, the Company considered the provisions anticipated in the Corporate Income Tax Code (IRPC Code).

4. CASH FLOWS

For the purposes of the statement of cash flows, cash and cash equivalents comprise immediately available bank deposits (with a maturity of three months or less) and money-market investments net of bank overdrafts and other equivalent short-term debt.

On December 31, 2022 and 2021, the items “Cash and cash equivalents” and “Bank Deposits” are as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Immediately available bank deposits		
· At national banks	430 417 867	342 623 206
· At foreign banks	<u>280 393 322</u>	<u>300 621 333</u>
Cash and cash equivalents	<u>710 811 189</u>	<u>643 244 539</u>
Term deposits	<u>38 885 000</u>	<u>38 885 000</u>
Bank deposits and cash	<u><u>749 696 189</u></u>	<u><u>682 129 539</u></u>

On December 31, 2022 and 2021, the item “Term deposits” relates to a one term deposit, which earns interest at the gross annual rate of 2.25% and will mature in October 2023.

On December 31, 2022 and 2021, the item “Immediately available bank deposits – at foreign banks” basically includes the balances of the bank accounts held with correspondent banks through which the international settlement transactions with VISA and MasterCard (Note 12) are carried out.

5. TANGIBLE FIXED ASSETS AND INTANGIBLE ASSETS

During the years 2022 and 2021, changes in the items of tangible fixed assets and intangible assets were as follows:

In 2010, the Company forwarded a document to the Tax Authorities requesting acceptance of changes in the estimated useful lives of POS equipment from five to two years and is still awaiting a reply from that entity. The Board of Directors looks forward to receiving a favorable feedback.

6. FINANCIAL INVESTMENT

On December 31, 2022 and 2021, the Company's financial investments comprised the following:

			<u>12/31/2022</u>	<u>12/31/2021</u>
	Number of Shares	Unit Value	Purchase Value	Balance Sheet Value
Visa Inc. - Class C	<u>19 256</u>	<u>21 552</u>	<u>14 401 872</u>	<u>415 000 996</u>
			<u>415 000 996</u>	<u>407 511 167</u>

Changes in the book value of the investments in VISA Inc were as follows:

Balance as at December 31, 2020	<u>378 587 813</u>
Gains from fair value increases	<u>28 923 354</u>
Balance as at December 31, 2021	<u>407 511 167</u>
Gains from fair value increases	<u>7 489 829</u>
Balance as at December 31, 2022	<u>415 000 996</u>

Given that Class C shares can be converted into Class A shares, the participation in Visa Inc. is valued based on the quotation of the corresponding Class A shares of Visa Inc., which are listed on the New York Stock Exchange.

On December 31, 2022 and 2021, the price quotation of Class A shares amounted to USD 207.76 (CVE 21,552) and USD 218.73 (CVE 21,163) respectively.

7. INVENTORIES

On December 31, 2022 and 2021, this caption presented the following situation:

	12/31/2022			12/31/2021		
	Gross Amount	Impairment losses (Note 10)	Net Amount	Gross Amount	Impairment losses (Note 10)	Net Amount
Goods						
Advances for purchases						
Domestic market	-	-	-	-	-	-
External market	43 356 243	-	43 356 243	620	-	620
	43 356 243	-	43 356 243	620	-	620
Pin Letters	3 167 207	-	3 167 207	3 517 207	-	3 517 207
White PVC Cards	22 023	-	22 023	107 615	-	107 615
White RFID Plastic Cards	82 214	-	82 214	82 214	-	82 214
	3 271 444	-	3 271 444	3 707 036	-	3 707 036
Subtotal Goods	46 627 687	-	46 627 687	3 707 656	-	3 707 656
Raw materials, secondary and consumables						
Advances for purchases						
Domestic market	-	-	-	-	-	-
External market	2 987 585	-	2 987 585	2 542 813	-	2 542 813
	2 987 585	-	2 987 585	2 542 813	-	2 542 813
POS Parts	4 885 154	(3 412 842)	1 472 312	5 080 961	(3 412 842)	1 668 119
ATM Parts	36 310 149	-	36 310 149	39 425 625	-	39 425 625
Card Consumables	-	-	-	258 763	-	258 763
PKI Card Consumables	263 842	-	263 842	651 580	-	651 580
	41 459 145	(3 412 842)	38 046 303	45 416 929	(3 412 842)	42 004 087
Subtotal Raw materials, sec. & Consumables	44 446 730	(3 412 842)	41 033 888	47 959 742	(3 412 842)	44 546 900
Total Inventories	91 074 417	(3 412 842)	87 661 575	51 667 398	(3 412 842)	48 254 556

Impairment losses for inventories derive from a periodic review of the lower value between the purchase cost and the net realizable amount, being the adjustments recorded under "Inventory Adjustments" (Note 10).

On December 31, 2022 and 2021, the item "Raw Materials, Secondary, and Consumables – Advances for purchases – external market" refers to advances to suppliers made by the Company for the acquisition of ATM parts.

As of December 31, 2022, the item "Goods - Advances on account of purchases - foreign market" refers to advances to suppliers made by the Company for the purchase of ATM machines to be sold to banks.

Spending on goods sold and materials consumed recognized in the years ended at December 31, 2022 and 2021 are detailed as follows:

	12/31/2022			12/31/2021		
	Goods	Raw materials, secondary & consumables	Total	Goods	Raw materials, secondary & consumables	Total
Start-up balances	3 707 036	45 416 929	49 123 965	2 927 418	56 685 257	59 612 675
Transfers	620	2 542 813	2 543 433	3 310 666	1 865 325	5 175 991
Purchases	258 143	8 534 998	8 793 141	2 885 113	5 460 916	8 346 029
Settlements - adjustments						
Ending balance*	3 271 444	41 459 145	44 730 589	3 707 036	45 416 929	49 123 965
Cost with goods sold and materials	694 355	15 035 595	15 729 950	5 416 161	18 594 569	24 010 730

*Excluding advances for purchases

8. DEFERRALS (ASSETS AND LIABILITIES) AND ACCRUED LIABILITY EXPENSES

On December 31, 2022 and 2021, deferral asset items are as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
<u>Current Assets</u>		
Maintenance Contracts:		
Oracle	2 790 158	2 667 237
EDB	1 335 305	-
Bizfrist	1 823 127	1 685 592
Hardsecure	2 033 576	1 441 013
RIS2048	1 690 840	1 542 221
Utimaco	1 984 593	-
Helpsystem	238 438	196 673
Trustwave	484 441	446 008
Adobe	344 613	-
Other	1 891 629	1 852 221
	<u>14 616 720</u>	<u>9 830 965</u>
Agreement with VISA International	12 697 150	13 005 178
Insurance	3 620 632	3 711 600
Other	91 804	543 325
	<u>31 026 306</u>	<u>27 091 068</u>

On December 31, 2022 and 2021, the item “Deferrals” included amounts regarding several maintenance contracts totaling CVE 14,616,720 and CVE 9,830,965, respectively, which are deferred in accordance with the period covered by those services.

On December 31, 2022 and 2021, the item “Agreement with Visa International” refers to a maintenance agreement renewed on an annual basis with Visa International.

On December 31, 2022 and 2021, the items of accrued liability expenses and deferred income presented the following balances:

	<u>12/31/2022</u>	<u>12/31/2021</u>
<u>Current Liabilities</u>		
Accrued expenses		
. Performance bonus	5 600 004	4 535 520
. Visa	6 792 492	4 723 165
. MasterCard	3 914 250	2 392 933
Other	<u>12 180 070</u>	<u>7 859 433</u>
	<u>28 486 816</u>	<u>19 511 051</u>
Deferred Income		
Provision of services	<u>38 770 804</u>	<u>-</u>
	<u>38 770 804</u>	<u>-</u>
	<u>38 770 804</u>	<u>-</u>
	<u>67 257 620</u>	<u>7 193 266</u>

On December 31, 2022 and 2021, the items “Accrued expenses – MasterCard” and “Accrued expenses – Visa” include the estimated amount of the expenses incurred by the Company yet to be invoiced by MasterCard and Visa, respectively, within the scope of the MasterCard and Visa services in Cabo Verde.

On December 31, 2022, the item “Accrued expenses – Other” includes the amount of CVE 7,921,592 related with POS fees payable to banks, settlement to be made to customers in the amount of CVE 2,514,438.

On December 31, 2021, the item “Accrued expenses – Other” includes the amount of CVE 6,448,714 related with POS fees payable to banks.

On December 31, 2022, the item "Deferred income" includes the amount of CVE 38.3 million, referring to advance payments for the purchase of ATMs by banks.

9. EQUITY INSTRUMENTS

Share Capital

On December 31, 2022 and 2021, the Company's share capital was fully underwritten and paid up, being composed of 100,000 book-entry shares with a face value of one thousand Cabo Verdean Escudos each.

Reserves

On December 31, 2022 and 2021, the Company's reserves comprised the following:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Legal Reserve	125 688 661	105 727 853
Free Reserves	14 401 872	14 401 872
Other Reserves	789 305 831	709 462 600
	<u>929 396 364</u>	<u>829 592 325</u>

According to the law governing the operation of financial institutions, in force in Cabo Verde (Law No. 62/VIII/2014), no less than 10% of the annual net income must be allocated to reinforce the legal reserves up to an amount equal to the share capital or the sum of the free reserves and retained earnings, if higher.

Distributions

In accordance with the deliberation taken by the General Meeting of Shareholders in April 2022, dividends for the year ended December 31, 2021 attributed to the shareholders amounted to CVE 99,804,039 (equivalent to CVE 998.04 per share).

As per the decision taken by the General Meeting of Shareholders in May 2021, the dividends for the year ended December 31, 2020 were invested one hundred percent in legal reserves and other.

10. PROVISIONS, IMPAIRMENT, AND CONTINGENT LIABILITIES

In the years 2022 and 2021, the movement in provisions and impairment are those below indicated:

	<u>12/31/2021</u>	<u>Reinforcement</u>	<u>Uses</u>	<u>Reversals</u>	<u>12/31/2022</u>
Provisions					
- Tax contingencies	-	-	-	-	-
Impairment					
- Customers - Amounts in transit/Customers (Note 11)	41 226 318	8 057 974	-	-	49 284 292
- Other accounts receivable (Note 11):					
. International settlement VISA/MasterCard	-	-	-	-	-
. Settlement of vinti4		979 146	-		979 146
. Chargeback	43 927 491	-	-	(942 818)	42 984 673
- Assets under construction (Note 5)	-	-			-
- Sundry debtors (Note 11)	129 633	148 545	-	-	278 178
- Stock (Note 7)	3 412 842	-			3 412 842
	<u>88 696 284</u>	<u>9 185 665</u>	<u>-</u>	<u>(942 818)</u>	<u>96 939 131</u>
	<u>88 696 284</u>	<u>9 185 665</u>	<u>-</u>	<u>(942 818)</u>	<u>96 939 131</u>

	<u>12/31/2020</u>	<u>Reinforcement</u>	<u>12/31/2021</u>
Provisions			
- Tax contingencies			-
Impairment			
- Customers - Amounts in transit/Customers (Note 11)	33 815 000	7 411 318	41 226 318
- Other accounts receivable (Note 11):			
. International settlement of VISA/MasterCard	-	-	-
. Chargeback	43 927 491	-	43 927 491
- Assets under construction (Note 5)	-	-	-
- Sundry debtors (Note 11)	92 071	37 562	129 633
- Stock (Note 7)	3 412 842	-	3 412 842
	<u>81 247 404</u>	<u>7 448 880</u>	<u>88 696 284</u>
	<u>81 247 404</u>	<u>7 448 880</u>	<u>88 696 284</u>

11. FINANCIAL ASSETS / LIABILITIES

a. Customers and other receivables

On December 31, 2022 and 2021, these items were as follows:

	12/31/2022			12/31/2021		
	Gross Amount	Accumulated impairment losses (Note 10)	Net Amount	Gross Amount	Accumulated impairment losses (Note 10)	Net Amount
Customers						
Customers current account	368 903 444	(49 284 292)	319 619 152	248 913 949	(41 226 318)	207 687 631
Other accounts receivable	143 289 321	(44 241 997)	99 047 324	103 466 677	(44 057 124)	59 409 553
	512 192 765	(93 526 289)	418 666 476	352 380 626	(85 283 442)	267 097 184

On December 31, 2022 and 2021 the item “Other receivables” includes the amounts of CVE 86,306,671 and CVE 54,477,695, respectively, which refer to values traded with international cards that await confirmation by VISA, MasterCard, and AMEX. The increase in the amounts pending confirmation can mainly be explained by the recovery experienced in 2022, following new normality caused by the Covid-19 pandemic.

Additionally, on December 31, 2022 and 2021, this caption includes chargeback amounts of CVE 42.984.673 and CVE 42,980,605, respectively, for which an accumulated impairment loss of CVE 42.984.673 has been recorded (Note 10). The chargeback essentially derives from a number of improper operations performed in 2020 due to alleged unauthorized use of international cards at national merchants as a result of which SISP was called upon to return the amounts involved. The process of recovery of these amounts is still in progress in the courts.

On December 31, 2022 and 2021, the above-mentioned caption also includes amounts receivable from other debtors, net of impairment, of CVE 10,507,696 and CVE 4,708,483, respectively, for which impairment of CVE 278,178 has been recorded (Note 10). The increase stems from a request for reimbursement of MasterCard expenses paid by SISP on behalf of the banks, pending payment at the balance sheet date.

b. Suppliers and other financial liabilities

On December 31, 2022 and 2021, these headings are as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Suppliers		
Suppliers - Investments	<u>910 550</u>	<u>2 497 281</u>
Suppliers, current account		
In national currency	6 846 159	7 661 374
In foreign currency	10 132 072	10 323 728
Suppliers for accrued costs		
In national currency	-	44 957
In foreign currency	<u>4 013 100</u>	<u>2 737 298</u>
	<u>20 991 331</u>	<u>20 767 357</u>
Other accounts payable	179 732 864	135 297 686
	<u>201 634 745</u>	<u>158 562 324</u>

On December 31, 2022 and 2021, the heading "Other accounts payable" encompasses the amounts of CVE 174,193,286 and CVE 130,415,919, respectively, related to the outstanding balance to be paid by the Company to the Banco de Cabo Verde for interbank clearing among the various participating Banks and the same at the end of the respective year. The increase in the outstanding amounts can be explained primarily by the economic recovery after the impact of the Covid-19 pandemic.

12. VISA/MASTERCARD CLEARING

On December 31, 2022 and 2021, the balance of this caption corresponds to the amount pending settlement on these dates at the Banco de Cabo Verde as a result of the advance of funds made by that Central Bank within the scope of the international settlement process. SISP is responsible for processing the settlement of the transactions made in Cabo Verde with VISA, MasterCard, and AMEX, while maintaining in its financial statements various balances associated with these operations (Notes 4 and 11).

On December 31, 2022 and 2021, the outstanding amount is, respectively, CVE 220,783,473 and CVE 284,038,015. The total amount owed revealed a decrease of 22 percent, justified by greater efficiency in the payment of outstanding amounts.

13. STATE AND OTHER PUBLIC BODIES

On December 31, 2022 and 2021, these captions were as follows:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Corporate income tax (Note 19)	85 077 527	57 419 576
Payment on account	(35 235 933)	(21 213 658)
Prior period tax credit	-	(26 684 195)
Value added tax	19 807 466	12 109 143
Social Security contributions	3 529 468	3 084 856
Deductions to third-parties	1 971 923	1 603 319
Separate taxation	5 781	3 114
Other tax – stamp duties	2 112 324	1 407 037
	<u>77 268 557</u>	<u>27 729 193</u>

On December 31, 2022, the balance of the item "Payment on Account" corresponds to the fractional payments on account settled during the year to which the tax relates, equivalent to 80% of the collection ascertained in relation to the year.

On December 31, 2021, the balance of the item "Payment on Account" corresponds to the fractional payments on account settled during the year to which the tax relates, equivalent to 20% of the collection ascertained in relation to the year. Non-settlement of the other installments (second and third) is associated with the tax credit assessed.

As at December 31, 2021, the balance of the item "Tax Credit" corresponds to overpayments made for the year 2020, assessed after the closing of the year, with settlement made through advance fractional payments during the year to which the tax relates. The tax credit has to do with the significant decrease in the 2020 result due to the impact of the Covid-19 pandemic.

14. PROVISIONS OF SERVICES AND SALES

Sales and provision of services recognized by the Company in 2022 and 2021 are detailed below:

	<u>2022</u>	<u>2021</u>
<u>Sales</u>		
PIN Letters	375 000	1 095 000
ATM machines	-	4 810 000
<u>Services to banking customers</u>		
Processing		
Vinti4	170 656 404	154 324 205
Visa	9 819 563	6 256 675
MasterCard	8 359 985	5 321 553
TEF	17 792 506	13 609 194
Teleclearing	1 504 420	1 483 080
On-us cards other networks	7 497 704	5 125 866
Terminal management	47 780 500	42 062 500
Card management	40 072 359	37 433 658
Connection to network		

CPD	7 200 000	7 200 000
SWIFT	16 320 000	24 000 000
Card production	11 282 915	9 058 095
Other services	7 799 856	5 883 858
<u>Services to non-banking customers</u>		
Automatic payment	730 218 852	478 741 842
Access Fee	123 976 750	67 717 950
Dynamic Currency Conversion	92 986 645	42 816 470
Service payment	35 404 273	21 922 155
Non-banking cards	12 690	64 890
Electronic certificates	15 173 128	6 614 526
Other services	5 381 910	2 388 700
<u>Discounts and rebates</u>	(168 405)	(148 323)
	<u>1 349 447 055</u>	<u>749 027 602</u>

In 2021, the balance of the item "Sales – ATM Machines" concerns the sale of 1 (one) ATM equipment to one bank in particular, in the amount of CVE 3,851,849.

The item "Sales - PIN letters" is associated with the change in the criteria to apply the tariff in 2021, where the invoicing is now done with the bank placing an order for PIN letters instead of the card production date.

15. EXTERNAL SUPPLIES AND SERVICES

In 2022 and 2021, this caption was as follows:

	<u>2022</u>	<u>2021</u>
Visa Acquiring fees	187 362 015	82 702 470
MasterCard acquiring fees	204 550 800	83 750 303
Maintenance and repair	79 955 748	71 241 402
Communications	61 806 223	60 264 929
Vinti4 related fees	73 571 164	61 402 116
Monthly advances	29 060 236	20 266 770
Electricity	9 844 454	7 978 491
Business trips	2 556 266	1 575 045
Rents and rentals	5 229 668	4 896 168
Insurance	2 557 038	2 557 087

Fuel	2 967 539	1 952 035
Security and surveillance	1 246 732	1 194 711
Consumables	2 870 334	3 002 205
Outsourcing	690 979	61 706
Other external supplies and services	11 373 127	8 537 621
	675 642 323	411 383 059

In 2022, a significant increase was seen in the items “Visa Acquiring Fees” and “MasterCard Acquiring Fees”, mostly explained by the economic recovery after the Covid-19 pandemic, which led to a sharp increase in transactions made with international cards upon which these commissions are charged.

In 2022, the increase in the caption “Vinti4 Related Fees” has to do with the increase in purchase transactions, which includes the commission paid to the issuing banks that support each transaction made with cards in 2022, according to the tariff approved at the beginning of the period.

16. PERSONNEL COSTS

In the years 2022 and 2021, this caption is as follows:

	<u>2022</u>	<u>2021</u>
Payroll		
Corporate bodies	2 997 932	2 979 696
Staff	99 786 682	93 147 275
Social security contributions	15 775 710	14 714 183
Training	2 980 268	4 530 145
Performance bonus	6 664 481	4 143 293
Insurance	1 619 971	1 288 639
Other personnel costs	1 215 681	788 616
	<u>131 040 725</u>	<u>121 591 847</u>

On December 31, 2022, the number of employees totaled 55, one less than the previous year. Two new employees and one intern were hired. The increase in relation to the previous year is related to progressions, salary updates, bonuses and reclassifications.

17. OTHER INCOME AND GAINS AND OTHER EXPENSES AND LOSSES

These headings display the following balances in the financial years 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Other income and gains		
Other	<u>813 087</u>	<u>1 742 853</u>
Other costs and losses		
Tax		
Stamp duty	16 940 297	6 989 828
Motor vehicle circulation tax	11 755	25 285
Separate taxation	5 781	3 114
Final pro-rata annual adjustment	1 539 717	1 563 503
Capital tax (Note 19)	-	445 799
	<u>18 497 550</u>	<u>9 027 529</u>
Coverage for associated losses	6 478 195	-
Tax shortfall	57 769	-
Donations (Note 8)	1 070 000	999 086

Contributions	44 240	78 651
Other costs and losses	<u>27 778</u>	<u>43 875</u>
	<u>7 677 982</u>	<u>1 121 612</u>
	<u>26 175 532</u>	<u>10 149 141</u>

In 2021, the balance of the caption "Other income and gains – Other" includes the amount of CVE 1,043,478 regarding the sale of a vehicle.

On December 31, 2022 and 2021, the item "Stamp Duties" includes the amounts of CVE 16,940,297 and CVE 6,989,828 respectively, relating essentially to stamp tax on VISA, MasterCard, and AMEX revenues. The increase is due to the increased revenue associated with these services.

At December 31, 2022, the item "loss coverage" is associated with operating costs derived from fraudulent transactions in the total amount of CVE 6,478,195.

At December 31, 2021, the caption "Capital tax" includes the amount of CVE 445,799 related to the withholding tax on interest earned on term deposits matured during the financial year of 2021.

18. INTEREST AND GAINS RECEIVED AND INTEREST AND LOSS PAID

In the financial years 2022 and 2021, these headings comprise the following:

	<u>2022</u>	<u>2021</u>
Interest and gains received		
Income from capital shares in Visa Inc.	2 258 326	1 287 676
Interest earned on short-term investment	874 908	1 408 868
Other financing gains	<u>89 122</u>	<u>166 158</u>
	<u>3 222 356</u>	<u>2 862 702</u>
Interest and losses paid		
Interest paid	(3 407 482)	(8 797 332)
Other financing losses	<u>(6 682 760)</u>	<u>(961 119)</u>
	<u>(10 090 242)</u>	<u>(9 758 451)</u>
	<u>(6 867 886)</u>	<u>(6 895 749)</u>

On December 31, 2022 and 2021, the item "Interest paid" corresponds to the fees from bank guarantees provided to VISA, MasterCard, and AMEX.

As of December 31, 2022 and 2021, "Other Financing Losses" essentially includes foreign exchange difference costs associated with the settlement service of Visa and MasterCard's DCC (Dynamic Currency Conversion) transactions. The increase in the recorded cost is justified by the increase in DCC transactions/settlement in 2022.

19. INCOME TAX

Under the legislation in force, tax returns are subject to review and correction by the tax authorities over a period of five years, unless when there have been tax losses, tax benefits were granted, or inspections, claims or oppositions are underway, in which case, depending on the circumstances, the deadlines are extended or suspended. Thus, the tax returns of the Company from 2018 to 2022 may still be subject to review. The Board of Directors believes that any adjustments resulting from any reviews/inspections by the tax authorities to those tax returns will not have a significant effect on the financial statements at December 31, 2022.

According to the Law No. 44/IX/2018, which approves the State Budget for the economic year 2019, article 84 of the Law No. 82/VIII/2015, of January 8, approving the corporate income tax code (IRPC) was amended by Law No. 5/IX/2016, of December 31, as rectified in the Official Gazette of March 23, 2017 and by Law No. 20/IX/2017, of December 31. Therefore, the said article now reads as follows: "The rate of the IRPC is 22% for taxpayers under the organized accounting system."

As at December 31, 2022 and 2021, the Company is subject to the Corporate Income Tax (IRPC Code) at the rate of 22% and a fire rate of 2% of the assessed tax, which corresponds to an aggregated tax rate of 22.44%.

Spending on income taxes as at December 31, 2022 and 2021 is detailed below:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Current Tax for the Year	85 077 527	57 419 576

Reconciliation between the nominal tax rate and the effective tax rate observed in the years 2022 and 2021 can be evidenced as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Rate</u>	<u>Tax</u>	<u>Rate</u>	<u>Tax</u>
Income before tax		<u>377 285 540</u>		<u>257 027 653</u>
Nominal rate-based tax	22,44%	84 662 875	22,44%	57 677 005
Impairment losses beyond the limits	0,18%	665 000	0,04%	111 797
Tax shortfall (IRPS and VAT)	0,00%	12 963	0,00%	(7 754)
Separate taxation	0,00%	1 297	0,00%	699
Withholding tax – Flat Rate for Term Deposits	0,00%	-	-0,04%	(100 037)
Depreciation outside the legal limit - Vehicles	0,09%	356 063	0,19%	488 198
30% for costs with passenger and mixed vehicles	0,06%	237 209	0,07%	185 318
50% for representation expenses	0,00%	6 486	0,00%	3 494
Depreciation from passenger vehicles not accepted in previous year	-0,23%	(856 156)	-0,36%	(929 489)
Tax Benefits (Training, Internships & Scholarships-CBF art 33)	0,00%	(13 955)	0,00%	-
Tax Benefits (Job Creation - CBF art. 32)	0,00%	-	-0,01%	(19 500)
Other costs	0,00%	5 744	0,00%	9 846
	<u>22,55%</u>	<u>85 077 527</u>	<u>22,34%</u>	<u>57 419 576</u>

20. RELATED ENTITIES

a) Identification of the related entities

Pursuant to FRS 4, related entities are those parties in which SISP exercises, directly or indirectly, significant influence over their financial and operational management and policies and the entities that have significant influence on the Company's management. In this context, the entities that are to be considered for the purposes of these disclosures are the shareholders of the SISP, which are listed below:

- Banco de Cabo Verde
- Banco Comercial do Atlântico

- Caixa Económica de Cabo Verde
- Banco Cabo-Verdiano de Negócios
- Banco Interatlântico
- Cabo Verde Telecom
- State of Cabo Verde - Treasury

b) Details of the balances with related entities:

	12/31/2022					
	Bank deposits (Note 4)	Customers (Note 11)	Other accounts receivable (Note 11)	Suppliers (Note 11)	VISA/Master Card Clearing (Note 12)	Other accounts payable
Banco de Cabo Verde	13 668 345	2 263 272	1 454 515	-	220 783 473	1 084 110
Banco Comercial do Atlântico	88 101 068	10 273 583	1 458 978	-	-	7 274 400
Caixa Económica de Cabo Verde	18 600 914	13 423 391	750 044	-	-	9 059 708
Banco Caboverdeano de Negócios	127 899 384	3 451 152	5 910 817	-	-	13 620 281
Banco Interatlântico	96 658 247	3 939 615	-	-	-	5 156 207
Cabo Verde Telecom	-	554 436	-	(265 728)	-	-
State - Treasury	-	3 901 257	-	-	-	-
	<u>344 927 958</u>	<u>37 806 706</u>	<u>9 574 354</u>	<u>(265 728)</u>	<u>220 783 473</u>	<u>36 194 706</u>

	12/31/2021				
	Bank deposits (Note 4)	Customers (Note 11)	Other accounts receivable (Note 11)	Suppliers (Note 11)	VISA/MasterCard Clearing (Note 12)
Banco de Cabo Verde	76 956 604	994 755	-	-	284 038 015
Banco Comercial do Atlântico	25 117 014	9 262 533	2 822 595	-	-
Caixa Económica de Cabo Verde	56 455 465	11 432 139	616 919	-	-
Banco Caboverdeano de Negócios	88 281 442	2 972 911	461 384	-	-
Banco Interatlântico	45 013 721	3 420 552	-	-	-
Cabo Verde Telecom	-	576 580	-	(273 386)	-
State - Treasury	-	2 463 237	-	-	-
	<u>291 824 246</u>	<u>31 122 707</u>	<u>3 900 898</u>	<u>(273 386)</u>	<u>284 038 015</u>

c) Details of the transactions with related entities

	12/31/2022				
	External supplies and services	Interest and similar loss paid	Other costs and losses	Interest and similar gains received	Sales and services provided
	(Note 15)	(Note 18)	(Note 17)	(Note 18)	(Note 14)
Banco de Cabo Verde	(1 872)	-	-	-	3 967 378
Banco Comercial do Atlântico	(26 188 953)	(2 284 615)	(3 038)	-	87 152 847
Caixa Económica de Cabo Verde	(22 759 187)	(231 809)	(3 727)	-	109 379 882
Banco Caboverdeano de Negócios	(9 183 543)	-	(9 333)	874 908	19 336 116
Banco Interatlântico	(10 526 525)	(934 717)	(4 088)	-	31 110 857
State - Treasury	-	-	-	-	17 396 791
Cabo Verde Telecom	(2 868 466)	-	-	-	5 288 123
	<u>(71 528 546)</u>	<u>(3 451 141)</u>	<u>(20 186)</u>	<u>874 908</u>	<u>273 631 994</u>

	12/31/2021				
	External supplies and services (Note 15)	Interest and similar loss paid (Note 18)	Other costs and losses (Note 17)	Interest and similar gains received (Note 18)	Sales and services provided (Note 14)
Banco de Cabo Verde	(984)	-	-	-	4 865 955
Banco Comercial do Atlântico	(22 643 399)	(4 775 039)	(38 390)	-	92 959 254
Caixa Económica de Cabo Verde	(18 652 104)	(171 969)	(31 998)	-	106 514 683
Banco Caboverdeano de Negócios	(7 027 004)	-	(6 527)	1 408 868	28 134 487
Banco Interatlântico	(8 252 238)	(3 921 712)	(16 262)	-	31 194 471
State - Treasury	-	-	-	-	12 332 028
Cabo Verde Telecom	(2 930 773)	-	-	-	4 586 677
	<u>(59 506 502)</u>	<u>(8 868 720)</u>	<u>(93 177)</u>	<u>1 408 868</u>	<u>280 587 555</u>

Transactions with related entities are performed, by rule, under normal market conditions.

21. SUBSEQUENT EVENTS

On February 24, 2022, the Russian Federation launched a military operation on the Ukrainian territory, triggering a war that also involves Belarus. In response, several sanctions were approved by a number of countries, including NATO countries, the European Union and others, with the aim of impacting the economies of the Russian Federation and Belarus.

The war, with no end in sight, indicates a scenario of uncertainty in the world economies, with rising energy and food prices and the highest inflation rate in recent times worldwide.

It is quite possible that SISP may be impacted by losses in its assets to a greater or lesser degree as a result of this war. However, such future impacts are not yet determinable.

22. OTHER ISSUES

The outbreak of the new coronavirus (COVID-19) that started in China in December 2019 and was declared a pandemic by the World Health Organization on March 11, 2020, has driven the global economy to high levels of risk and uncertainty. Containment measures involving travel restrictions and quarantines have directly affected production and tourism worldwide, and, consequently, triggered disruptions in global supply chains. As a result, the world economies have been facing major challenges caused by simultaneous supply and demand shocks. Tourism, as the pivotal sector of the Cabo Verdean economy, was severely affected, along with the other sectors of the national economy. However, in 2022, an upturn occurred within the new normal, with transactions at the international settlement level surpassing those recorded in 2019 (the period before the Pandemic).

The negative impact on SISP's business in 2021 was largely generated by the shortage in the tourism sector, leading to a considerable decrease in the result as compared to the period before covid-19, basically due to the decrease in transactions with international cards and delays in the execution of a few projects.

In conformity with the rules defined by the Government of Cabo Verde, SISP implemented a series of measures to ensure the continuation of its activities, including teleworking (for all employees simultaneously or on a rotating basis) and the adaptation of its facilities to enable the safe execution of tasks that require the physical presence of employees. In this context, the Company continued to operate without any constraints that could impede the performance of the activities required for its normal functioning.

In the financial year of 2022, apart from the variations in the balances of the main items arising from some recovery of activity seen in 2021 and consolidated in 2022 as explained in the previous Notes, there were no significant quantifiable impacts on the financial statements of SISP caused by the pandemic situation. As of December 31, 2022, in preparing the Company's financial statements, the Board of Directors used the assumptions, judgments and estimates deemed appropriate in view of the current circumstances of high uncertainty.

The pandemic is still a reality and its related impacts are not yet determinable, and, therefore, the Company's business and profitability, including the realization of its assets, may be affected to a greater or lesser extent. Nevertheless, based on all information available at the

date, the Company's Board of Directors considers that the going concern assumption used in the preparation of SISP's financial statements as of December 31, 2022 remains appropriate.

The Board of Directors,

The Certified Accountant,

SISP

Ana Lina Teixeira Mascarenhas

Report and Opinion of the Supervisory Board

REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Members of the General Meeting of Shareholders,

1. Introduction

In fulfilling the mandate we were entrusted with and while performing our legal and statutory duties, the Supervisory Board hereby presents the Report on its supervisory activities, as well as its Opinion on the Annual Report and Financial Statements and respective Notes prepared by the Board of Directors of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. – SISP for the year ended December 31, 2022.

2. Monitoring Activities

The Supervisory Board, through contacts established with the Board of Directors, as well as clarifications and information collected from the competent services, monitored SISP's activities and management, namely by:

- Following up the main decisions of the Board of Directors reflected in the minutes taken of all meetings of the said body;
- Performing a compliance analysis of the accounting records and financial statements on a regular basis;
- Analyzing the reasonability and effectiveness of the relevant internal control system.

In developing its works, the Supervisory Board has always relied on the assistance and support of the Board of Directors, the Director-General, the Financial Division and the different departments and services of the institution, which promptly provided all the information and documents required to that end. We extend warm thanks to them all for their cooperation.

3. Statement of Compliance and Conformity

The Supervisory Board reviewed the Report of the Board of Directors, including the Proposal for the Appropriation of Net Income and the Financial Statements with the accuracy, exemption and depth found appropriate to the organization, as well as the Opinion of the Auditor.

The Management Report is sufficiently clear and objective as to the business progress and the Company's performance. The Supervisory Board noted that 2022 was a year of clear continuity in the recovery and upturn, with cross-cutting improvements in all indicators. There was an increase in revenues and historical gains surpassing the CVE 1,000 million threshold, largely outweighing expenses, supported by the growth in sales and services rendered of around 44%. In fact, there was a substantial improvement in the main management indicators, prudential, operational and profitability ratios, including the net result for the year itself.

The Balance Sheet, the Income Statement, the changes in Owner Equity, and the accompanying notes and cash flows allow a suitable understanding of SISP's financial position and results. The financial statements and the underlying accounting system conform with the Accounting Standards System and express, in an adequate and substantiated manner, the financial situation of the SISP as at 31 December 2022, the results of its operations, the changes in owner equity and its cash flows for the year then ended.

The Proposal for the Appropriation of Net Income is duly substantiated and legally compliant, in line with market expectations and the national economic environment, despite the looming specter of inflation and uncertainty about the future, driven by the crisis in energy and food products, commodities, etc., which, in turn, are a consequence of the war in Ukraine.

The financial statements and the documents prepared were submitted without any reservations or emphasis by the External Auditors containing, however, a relevant matter, the content of which the Supervisory Board gives its full agreement.

4. OPINION

In light of the foregoing and given the information provided by the accounting expert team and the Board of Directors, as well as the conclusions drawn up in the Independent Auditor's Report, we consider that the examination carried out provides an acceptable basis for us to express an opinion and, therefore, propose that the General Meeting of Shareholders approve:

- a) The Annual Report and the Financial Statements of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. for the year ended on December 31, 2022;
- b) The proposal for the Appropriation of Net Income submitted by the Board of Directors in the amount of **CVE 292,208,013**, which also complies with the legal, statutory, and accounting provisions, as detailed below:

Legal Reserves (10%).....	CVE 29,220,801
Other Reserves (40%).....	CVE 116,883,205
Dividends (50%).....	CVE 146,104,006

Lastly, the Supervisory Board extends its appreciation to the Board of Directors, the Director-General of the SISP and the different departments of the institution for the excellent cooperation offered in the performance of their duties.

Praia, March 23, 2023.

THE SUPERVISORY BOARD,

Manuel Sanches Tavares Júnior

Mónica Vitória do Espírito Santo Correia Garcia

Ana Elizabeth Pires Carvalho Vicente

Independent Auditor's Report and Opinion



Building a better
working world

Independent Auditor's Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. ("the Company"), which comprise the Balance Sheet as at December 31, 2022, (evidencing a total of CVE 1,943,315.096 and owner equity of CVE 1,376,370,701, including net earnings of CVE 292,208,013), the Statement of Comprehensive

Income, the Statement of changes in equity and the Statement of cash flows for the year then ended, as well as the corresponding Annexes which include a summary of the relevant accounting policies.

In our opinion, the attached financial statements give a true and fair view, in all aspects materially relevant, of the financial position of the SISP – Sociedade Interbancária e Sistemas de Pagamentos, S.A. as of 31 December 2022, as well as its financial performance and cash flows for the year then ended, in accordance with the Accounting Standards and Financial Reporting System in force in Cabo Verde.

Bases for the Opinion

We have conducted our audit in accordance with the International Auditing Standards (IAS). Our responsibilities under these standards are described in the section “Responsibilities of the Auditor for auditing these financial statements” of this report. We are independent from the Company as required by the Code of Ethics of the Professional Bar of Certified Auditors and Accountants, which complies with the principles and standards of the Code of Ethics for Accountants and Auditors issued by the International Ethics Standards Board for Accountants (IESBA). We also comply with the remaining ethical responsibilities anticipated in those provisions.

We believe that the audit evidence we have obtained provides an appropriate basis for our audit opinion.

Relevant Audit Matters

Relevant audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements regarding and S the current year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

The relevant audit matters for the current year are described below:

1. Revenue recognition - commissions charged to customers

Description of the most significant material distortion risks	Summary of our response to the most significant material distortion risks
--	--

Our audit approach included, among others, the execution of the following procedures:

The item Sales and Provision of Services totals on December 31, 2022 a value of CVE 1,349,447,055.

The details of Provision of Services and Sales and the accounting policies used are disclosed in the notes to the financial statements (Notes 3.7 and 14).

The recognition of revenue relative to commissions charged to clients is based on an annual tariff that is defined and approved by the General Meeting. This tariff or price list is then loaded manually into the Company's computer systems. Given the manual process associated with revenue recognition, we consider this a relevant audit matter.

- assessment of the design and testing of the effectiveness of the relevant control procedures instituted by SISP in the price revision process and its effect on the information systems;
- performing substantive analytical procedures on the balances of the item "Provision of Services and Sales", comparing them with the homologous period and with the expectations formed, of which we highlight the understanding of the variations occurred in the company's turnover and changes in commissions; and
- tests to the appropriation of revenue recognized in the fiscal year.

Responsibilities of the Managing Body and the Supervisory Body for the financial statements

The managing body is responsible for the preparation of financial statements that present, in a true and fair way, the Company's financial position, financial performance and cash flows in accordance with the principles generally accepted in Cabo Verde and for the maintenance of the internal controls deemed necessary to ensure the preparation of financial statements that are free from material misstatement due to fraud or error.

While preparing the financial statements, the managing body is responsible for assessing the Company's capacity to continue its operations, disclosing, where applicable, the designed provisions for continuity, and using the assumption of business continuity, unless it plans to liquidate the company or cease its operations or otherwise has no other realistic alternative but doing so.

The supervisory body is responsible for supervising the Company's financial reporting process.

Responsibilities of the Auditor for auditing the financial statements

Our responsibility is to perform the audit so as to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error and prepare a report expressing our opinion. A reasonable degree of assurance is a high level assurance but is not a guarantee that an audit performed in accordance with the IAS will definitely detect a material misstatement, should it exist. Distortions may be rooted at fraud or error and are considered material if, individually or jointly, they are reasonably deemed to influence economic decisions based on those financial statements.

As part of the audit in accordance with the IAS, we make professional judgments and maintain professional skepticism throughout the audit and also:

- Identify and assess the risks of material distortion of the financial statements due to fraud or error, design and execute audit procedures to meet those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material distortion due to fraud is even greater than the risk of not detecting a material distortion due to error, whereas fraud can involve conspiracy, falsification, deliberate omissions, misstatements, or overlap of internal control;
- Obtain an understanding of the internal control relevant to the audit with the purpose of creating audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the Company's internal control;
- Assess the adequacy of the accounting policies used and the reasonability of the accounting estimates and respective disclosures made by the managing body;
- Conclude whether the use of the going concern basis by the managing body was appropriate and, based on the audit evidence obtained, if there is any material uncertainty as regards events or conditions that may raise significant concerns on the Company's ability to continue its activities. If we conclude that there is material uncertainty, we must draw attention in our report to the related disclosures included in the financial statements or otherwise modify our opinion if such disclosures are not adequate. Our conclusions are based on the audit evidence received up to the date of our report. However, future events or conditions may lead the Company to discontinue its activities;
- Evaluate the presentation, structure, and overall content of the financial statements, including the disclosures, and also if those financial statements represent the relevant transactions and events so as to reach an appropriate presentation; and
- Exchange views with the governing bodies, among other matters, about the planned scope and timeframe of the audit, as well as significant conclusions of the audit, including any significant internal control failures or deficiencies detected during the audit works.

ADDITIONAL INFORMATION

On the management report

The managing body is responsible for the preparation of additional information. This other information comprises the Management Report, which does not include the financial statements, and our report thereon, which we obtained before the date of our report.

Our opinion on the financial statements does not cover the information contained in the Management Report, and we do not express any assurance of reliability on such other information.

In auditing the financial statements, our responsibility is to read the Management Report and, consequently, consider whether the information it contains is materially inconsistent with the financial statements, based on the knowledge gained during the audit, or if it appears to be materially misstated.

If, based on the work performed on the other information that we obtained prior to the date of our report, we conclude that there is a material misstatement in the Management Report, we are required to report on this fact. We have nothing to disclose in this regard.

Lisbon, April 6, 2023

Ernst & Young Audit & Associados – SROC, S.A.
Branch in Cabo Verde
Represented by:

Ana Rosa Ribeiro Salcedas Montes Pinto
Director-General

António Filipe Brás
Partner



Sociedade Interbancária e Sistemas de Pagamentos, SA