



# Annual Report 2023

**SISP, S.A.**

Sociedade Interbancária e Sistemas Pagamentos, S.A.

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## **Acronyms**

AMEX – *American Express*

ATM - *Automatic Teller Machine*

DCC - *Dynamic Currency Conversion*

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*

mPOS - *mobile POS*

PC – *Personal Computer*

PCI - *Payment Card Industry*

PIN – *Personal Identification Number*

PKI – *Public Key Infrastructure*

POS – *Point of Sales*

SWIFT – *Society for Worldwide Interbank Financial Telecommunication*

TEF – *Electronic Fund Transfer*

## **Message from the Board of Directors,**

Dear Shareholders,

We are pleased to share the results achieved by SISP over the past year, a period full of challenges and accomplishments.

Important milestones have been surpassed in the vinti4 network, namely 300,000 cards, of the 150 billion escudos transacted on the network, and 50 million transactions processed. These results reflect the trust of customers and society as a whole and highlight the company's strong commitment to innovation and security in its services. The innovations covered all the channels of the vinti4 network, namely ATMs, POS, web payments and the mobile channel via Televinti4.

The entire infrastructure has successfully passed the increasingly demanding international certification audits. In this regard, new international certifications have been added from Visa, MasterCard and American Express for digitalized payment services.

Improvements in the payment conditions made available to operators and market players have kept pace with the increase in tourism, reflecting a clear commitment to diversifying international brands and the mass acceptance of the increasingly large number of terminals, so providing the country with all the conditions to invest on this key sector of the economy.

The ongoing commitment to security and cybercrime prevention has been reinforced with the Security Operations Centre and the dedicated cybersecurity incident response team.

Heavy investment in work tools with highly advanced productivity systems has helped to improve the current working conditions for employees, providing a modern human capital management manual and an innovative approach to performance evaluation.

The entry of a new shareholder, Banco BAI CV, has demonstrated the sector's repeated confidence in SISP as a vehicle for transforming payments in Cabo Verde.

The net result, which was helped by factors such as the growth in demand, the diversification of services with the entry of new lines of business, which together brought in revenues of over CVE 100 million, simultaneously surpassed the CVE 300 and CVE 400 million barrier, standing at CVE 416 million, which is a source of satisfaction and pride, but above all, of great responsibility.

The Board of Directors would like to thank the Shareholders, the Supervisory Board, the Banks and Clients for all the trust they have placed in us. A special note of appreciation for their dedication and commitment throughout the year also goes to our employees.

The Board of Directors,

António Carlos Semedo

Hernâni Trigueiros

João Domingos Correia,

Manuel Fernando Monteiro Pinto

Luís Vasconcelos Lopes

Soeli Santos

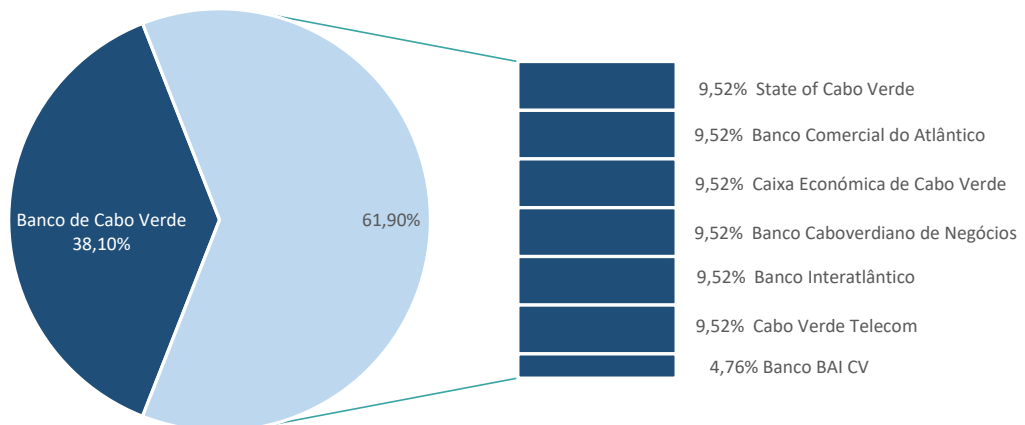
Teresa Barbosa Vicente (Chairman)

## **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 105,000,000 (one-hundred five million Escudos) represented by 105,000 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*, up to April 25, 2023 and *Dulce Lopes Chantre*, starting on April 25, 2023, 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

*Hernâni Trigueiros*, 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* up to April 25, 2023 and *Luís Vasconcelos Lopes* starting on April 25, 2023, 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

2023 was a remarkable year in many ways. In a year guided by a very ambitious and challenging business plan and in a context of full recovery of tourism activities despite the major international upheavals, the market showed a high level of dynamism in the use of the services offered or participated in by the company, allowing for unprecedented results.

Now in its 24th year, the vinti4 network has received the full confidence of the market, with membership and adoption levels surpassing several critical milestones for the first time, namely with the number of transactions exceeding the 50 million threshold (53 million), the amounts transacted going beyond 150 billion escudos (168 billion escudos) and the number of active cards greater than 300 thousand (329 thousand).

This growth was accompanied by several improvements to the existing services, as well as the launching of various new services.

For web merchants, as part of the strategy to digitize payments, the basic technology for authorizing payments was migrated to the latest version, 3DS Server 2.2.0, reinforcing the security of payment transactions received by national merchants, shielding them from fraud claims, in line with the latest industry practices. In order to reduce the net cost per transaction as well as complaints from international customers about the lack of recognition of CVE values, in addition to offering the service already available at the POS, the Dynamic Currency Conversion service was certified and made available for Visa and MasterCard payments on the Web, which when used, represents a reduction in the net cost for the merchant by one percentage point (from 2.5% to 1.5%). In addition, the American Express *SafeKey* service was certified and made available, thus complementing the Visa and MasterCard cards accepted by web merchants and providing greater diversity in the acceptance portfolio and quality of service for international customers, a crucial factor in attracting high value-added tourist.

Various web services have been made available to banks for direct integration of vinti4 services into their respective mobile/internet banking platforms, particularly for more autonomous card management, including the new services intended to create rechargeable or single-use virtual cards for secure purchases on the Internet, the latter of which can also be made available at ATMs, at the request of each card-issuing bank.

The instant NIB transfer service via the vinti4 network, which has grown significantly, has had a web service made available and reintroduced to banks for optional use via their Mobile/Internet Banking platforms. Improvements have also been implemented, such as the possibility of prior validation of the name of the recipient of the interbank transfer or the possibility of implementing descriptions in transfers.

In terms of ATMs, the year was marked by a significant renewal of older equipment by the banks. The certification of the NCR ATM, the world's largest manufacturer, was also completed, with a view to guaranteeing alternatives, as well as investment security with guarantees of the manufacturer's operational continuity in the long term. The cardless ATM withdrawal service now has a new direct withdrawal method with a code, and the CVE 500 and CVE 5,000 notes have also been implemented for withdrawals as a way of allowing banks greater flexibility in cash management based on the notes available, as well as the possibility of low-value withdrawals for customers.

The POS service, currently the most widely used in the vinti4 network, has seen new alternatives launched, some with disruptive potential in the future approach to operating this channel. New terminal models have been launched, namely:

- *Smart POS Android that will allow merchants to install third-party applications on the POS. In this context, contacts and developments have been initiated by software companies to place their applications in the new vinti4 Marketplace for installation on Android Smart POS devices;*
- *Televinti4 POS that will allow a merchant to receive payments with QR Code or contactless cards directly on their Android smartphone;*
- *UN20 self-service POS that will allow installation in kiosks or vending machines that currently only accept coins, so that they can receive payments with national or international cards.*

Finally, the pre-authorization service with the option of successive reinforcement and reuse of the captives secured for the final purchase (features requested by hotels and rent-a-cars) was redesigned and certified over the course of the year for pilot availability at the beginning of 2024.

The year also saw growth in the new business lines recently launched, in particular the sale of ATMs, which recorded revenues of around CVE 70 million, and the issuing of digital certificates, with revenues of around CVE 30 million. At the same time, various innovation fronts were worked on in these lines, with a view to going into production in 2024.

The Televinti4 service, in its new app format, showed the highest relative growth rates compared to the same period last year, with the number of customers growing by 145.4%, the number of transactions by 307% and the amount transacted by 595.2%. These encouraging growth figures demonstrate the service potential in the face of the growing appetite for the consumption of services on mobile channels. They also reflect both the various improvements and innovations launched throughout the year and the recent approach to publicizing services and raising awareness on security through social networks. Several services made available in the channel have yet to be absorbed by the market, such as One Transaction Only virtual cards, descriptions in NIB (bank ID number) transfers, the presentation of the name of the recipient

of a NIB transfer when the latter does not hold a vinti4 card or Wallet for the banked, with several improvements and innovations planned for 2024.

The company received continuous audits throughout the year, and all critical certifications were successfully renewed, especially PCI-DSS, PCI-CP, PCI-3DS, 3DS Server, 3DS ACS, SWIFT Service Bureau, ISO 9001, ISO 27001, ISO 22301, HDI and PKI. The aforementioned new Visa and MasterCard certifications for DCC on the web and the *Safekey* certification from American Express were also achieved. In financial and operational terms, the company was audited by Ernst & Young and was also subject to an audit of the vinti4 network infrastructure from Banco de Cabo Verde in October. The Internal Control team, along with the continuous monitoring of operational activities and certifications, spent a large part of the year working on the implementation of a new and complex advanced management tool that will bring major gains in efficiency and effectiveness to its activities as from the beginning of 2024.

In the area of Information Technology infrastructures, in addition to international certifications and the ongoing security audits, a major focus was placed on improvements in cybersecurity, with significant investments in user access tools for systems, auditability and additional protection for access to critical databases. Several active monitoring systems were installed for the entire critical infrastructure, based on artificial intelligence, and finally the activities of the Security Operations Center (SOC) and the Computer System Incident Response Team (CSIRT) started within the framework of the policy for preventing and responding to cybersecurity incidents, with the initial results being felt immediately in the cybersecurity management approach. Despite the various gains, some infrastructure incidents also marked the year, with significant impacts at critical moments in society, which led to lessons learned and improvements already implemented in the course of 2023 and the identification of investment needs of about CVE 100,000,000, comprised in the 2024 budget.

The year was also marked by the entry, at the end of December, of a new shareholder, Banco BAI CV, which now holds 5,000 shares, representing 4.76% of SISP's shareholder structure.

The banks were presented with a new model envisaging to manage complaints on the vinti4 network so as to improve efficiency in the processes, and the project to automate and fully workflow this process on the basis of the new rules has kicked off to ensure speed and transparency. In addition, the process of drawing up and presenting the SLA to be signed with all the banks has been completed, which will allow the contractual relationship to be framed and evaluated at qualitative and quantitative levels, with clear responsibilities for each party.

The credit card and prepaid card management service has undergone several upgrades in order to incorporate two important new clients who had been processing with another service provider, in a process whose culmination should bring a very interesting dynamic to this niche of the ecosystem, especially considering the various innovations that are planned for the service in 2024.

The annual customer satisfaction assessment carried out between November and early December showed the best results ever, notwithstanding the important clues gathered for the continuous improvement of the services.

As far as the teams are concerned, most of them had the challenge of implementing new management and productivity systems throughout the year, namely a new ERP system, a new Human Capital Management system, a new integrated Audit, Process and Risk Management system, a new Customer Service system, a new online reputation analysis system, a new public key infrastructure management system, a new digital signature management and workflow platform, a new container orchestration system, etc.

An ambitious talent retention plan was worked on, including various improvements to working conditions, remuneration and the career plan, with a view to providing the company with sufficiently attractive attributes in the new highly competitive global context. A new Human Capital management manual was also developed, with various improvements, and above all an innovative approach to skills management and performance evaluation using the 360° model, which should bring significant gains in satisfaction, self-perception, evolution and productivity of Human Capital.

Aware of its social responsibility, SISP has supported a number of relevant projects in line with its donations and social action policy.

The net profit, resulting from what was one of the most challenging years in the company's recent history, was also the highest ever, totaling CVE 416 million.

### **3. NATIONAL AND INTERNATIONAL ENVIRONMENT**

The international context in 2023 was characterized by a strong recovery in the tourism sector after the pandemic, with several countries, including Cabo Verde, reaching or even surpassing the pre-pandemic levels. This growth has essentially been driven by changes in consumer behavior, which, after the restrictions and savings imposed by the pandemic, seems eager for travel and discovery.

Nevertheless, challenges such as economic instability, caused by weak growth and still high inflation due to the rising cost of commodities and bottlenecks in supply chains, geopolitical risks arising from the prolonged wars in Yemen and Ukraine, new conflicts in the Gaza Strip, the Horn of Africa regions and the Red Sea, migration crises, tensions between the United States and China, paradigm shifts in various extractive and productive industries due to technological developments and concerns about environmental sustainability continued to shape the global context.

In the payments industry, the growing trend towards digitalization, the entry of new players into the business and cybersecurity have continued to dictate regulation and innovation, with widespread growth in electronic and digital means of payment globally.

National inflation, despite the reduction compared to 2022, remained at high levels throughout 2023 with an annual average of 3.1%, according to the INE, eroding families' purchasing power, with an impact on the quality of life and the economy.

The labor market has seen a trend towards emigration, with many young people looking for better opportunities abroad, causing significant stress to national companies, which have had to compete with international companies to retain skilled labor or, in some cases, micro or small companies that have closed down their activities.

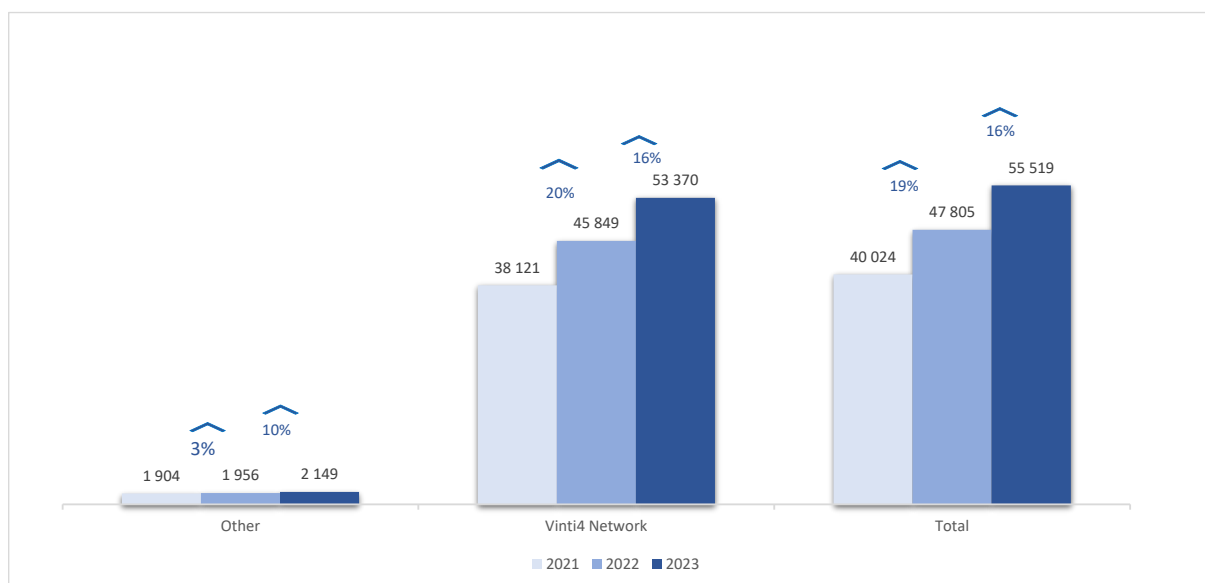
## **4. BUSINESS HIGHLIGHTS**

### **4.1 Transaction processing and network management**

Positive developments were recorded in 2023 in all areas of the payment systems (ATM, POS, cards, cell phones), as can be seen in the various tables and charts below.

In 2023, around 55.5 million transactions were processed, an increase of 16.1 percent compared to 2022, with a growth of 16.4 percent in the vinti4 network and 9.8 percent in the other systems, namely TEF, Cheque Clearing and "Not On Us" transactions (carried out on foreign networks).

**Chart 2: Transactions processed by SISP**



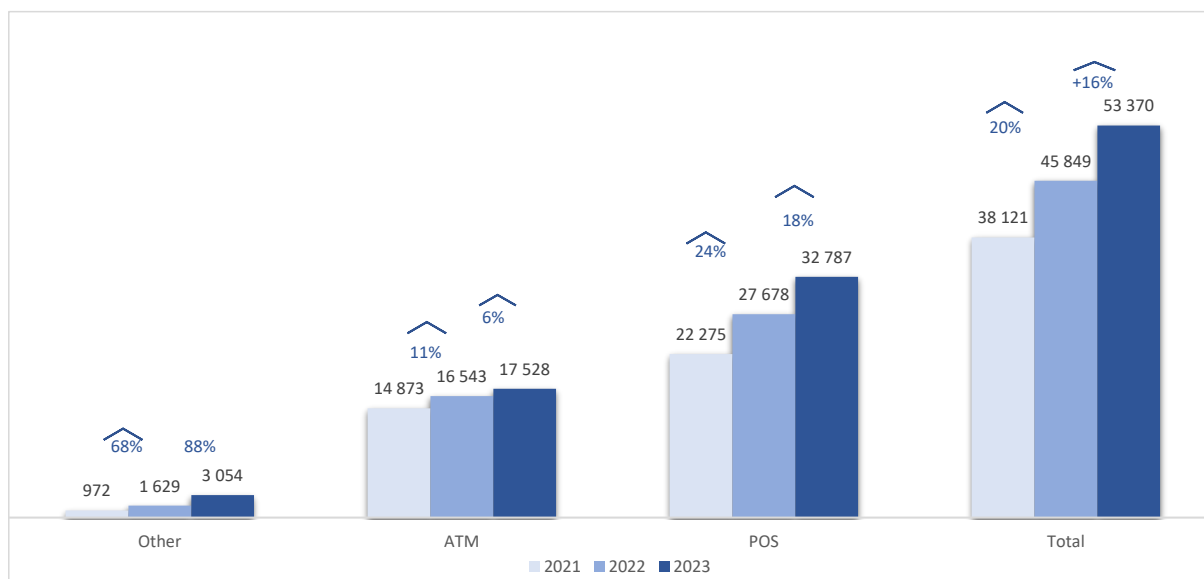
### **4.2 Profile of the vinti4 network**

Transactions on the vinti4 network increased by 16.4 percent, standing at 53.3 million transactions against 45.8 million in 2022.

The POS channel once again stood out as the most used on the vinti4 network, with a weight of 61.4 percent and a notable growth of 18.4 percent, followed by the ATM channel with a weight of 32.8 percent and a growth of 5.9 percent compared to the same period last year.

Transactions on "other channels", specifically Web, Host to Host (Internet Banking) and Mobile recorded a considerable increase of 87.5 percent, accounting for 5.7 percent of transactions on the network, representing the channels with the highest growth rates after the pandemic.

**Chart 3: Transactions processed in the Vinti4 Network**



In terms of the value transacted, the total amounted to CVE 168.757 million, up 14.1 percent, with the POS values accounting for 55 percent of the weight, ATM for 40.8 percent and other services for 4 percent, mainly payments to the state and invoice payment. POS transactions grew by 15 percent and ATM transactions by 11.9 percent.

**Table 1: Value of transactions processed in the Vinti4 Network 2023**

(in million escudos)

	2021	2022	2023	Change		Weight 2023
				2022/21	2022/23	
<b>POS</b>	58 155	80 737	93 013	38,8%	15,2%	55,1%
<b>ATM</b>	49 311	61 512	68 835	24,7%	11,9%	40,8%
<b>Other</b>	2 663	5 646	6 909	112,0%	22,4%	4,1%
<b>Vinti4 Network</b>	110 129	147 895	168 757	34,3%	14,1%	100%

Cell phone, WEB and H2H

The figures for December reinforce the positive trend in the use of payment instruments. In that month, 4.4 million transactions were processed on the vinti4 network, involving

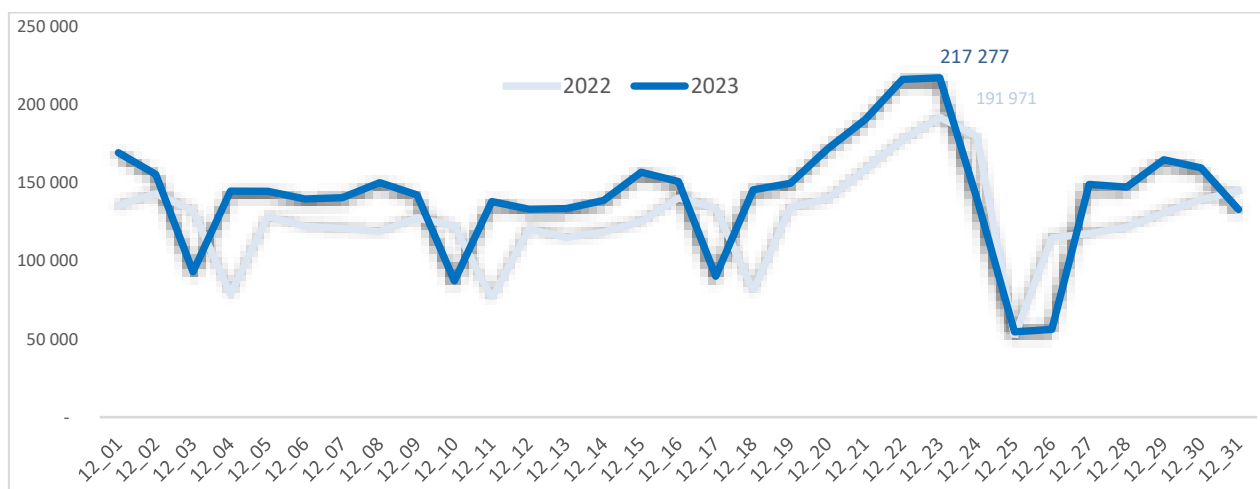


withdrawals, purchases, service payments, web payments, recharges, transfers and deposits, giving rise to an additional 12 percent when compared to the previous year.

The peak for both 2023 and 2022 occurred on December 23rd, when a total of 217.2 thousand transactions were processed, compared to 191.9 thousand in 2022.

In December, the POS and ATM channels processed more transactions than in 2022, around 12 percent and 3 percent respectively.

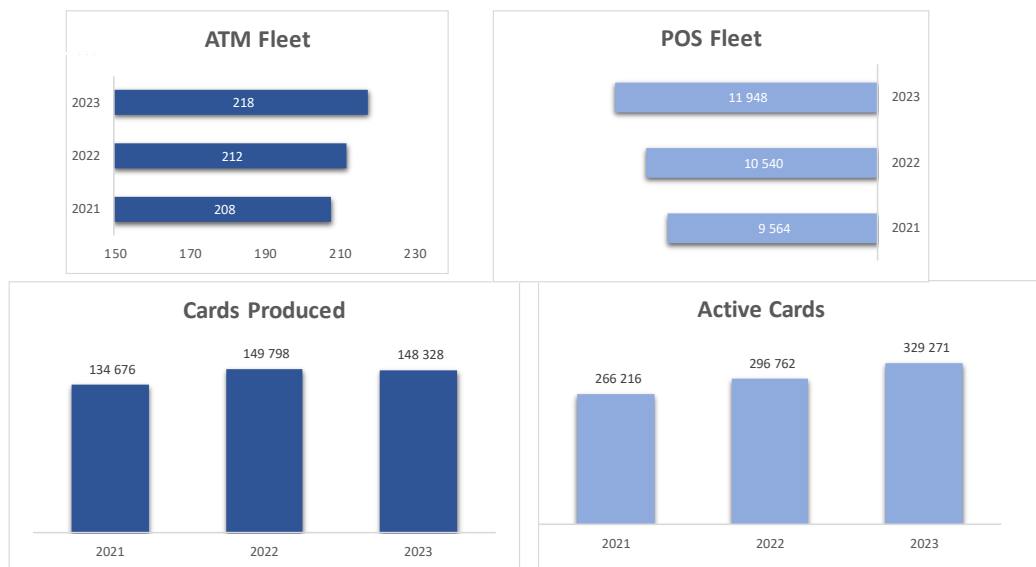
**Chart 4: Number of transactions performed in December 2023**



The number of POS terminals connected to the network has evolved moderately over the last 3 years, standing at 11,948 at the end of 2023, with a growth of 13 percent (1,408 more active terminals) when compared to the same period last year. As for the number of ATMs, there was a positive evolution of 3 percent, with 6 more terminals than the previous year. However, when it comes to the ATM fleet renewal, the percentage was above 20 percent, with more than 40 ATMs being replaced by new machines, in what represented the biggest renewal of the fleet ever in the same financial year undertaken by the banks.

The number of cards produced was 148,328, that is, 1 percent less than in 2022 (1,470 fewer cards). In terms of active cards, there was an increase of 32,509 cards, thus maintaining the trend of the same period in the previous year. The variation in card production may show some maturity and saturation of this market, along with alternative renewal mechanisms or extension of expiry dates.

Chart 5: Terminals and Cards



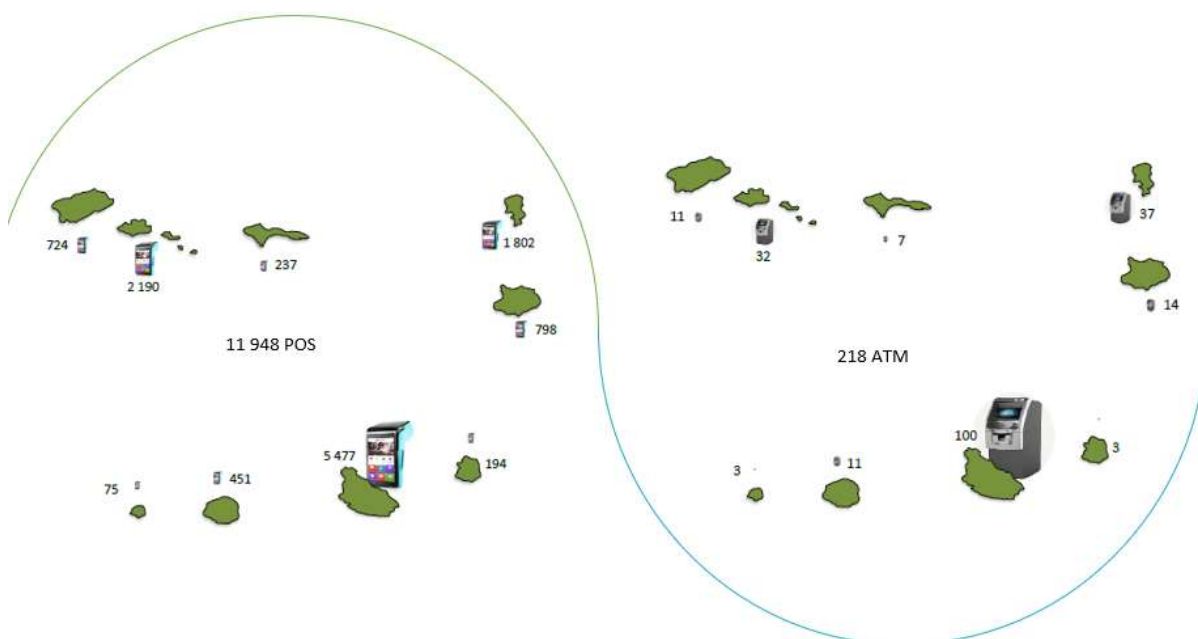
### **4.3 Geographical Coverage**

ATM penetration across the country continues to be positive, with 6 more active terminals than in the previous year, as a result of the resumption of activities by hotel establishments and investment on new brands of the machine, particularly those accepting Deposits. The island of Santiago accounts for 46 percent of the fleet.

Most POS are installed on the island of Santiago, with 45.8 percent of the total terminals installed, followed by the islands of São Vicente and Sal, with 18 and 16 percent respectively.

The total number of POS terminals installed by the end of 2023 was 11.948.

Chart 6: Geographical Coverage of Terminals



#### 4.4 Automated Payment

The POS network sustained the growth trend of recent years, with an increase of 1,408 terminals compared to 2022, closing the year with 11,948 terminals installed across the country, covering the most diverse sectors of activity.

The total number of POS transactions reached 32.7 million, 18.5 percent higher than the 27.6 million recorded in 2022.

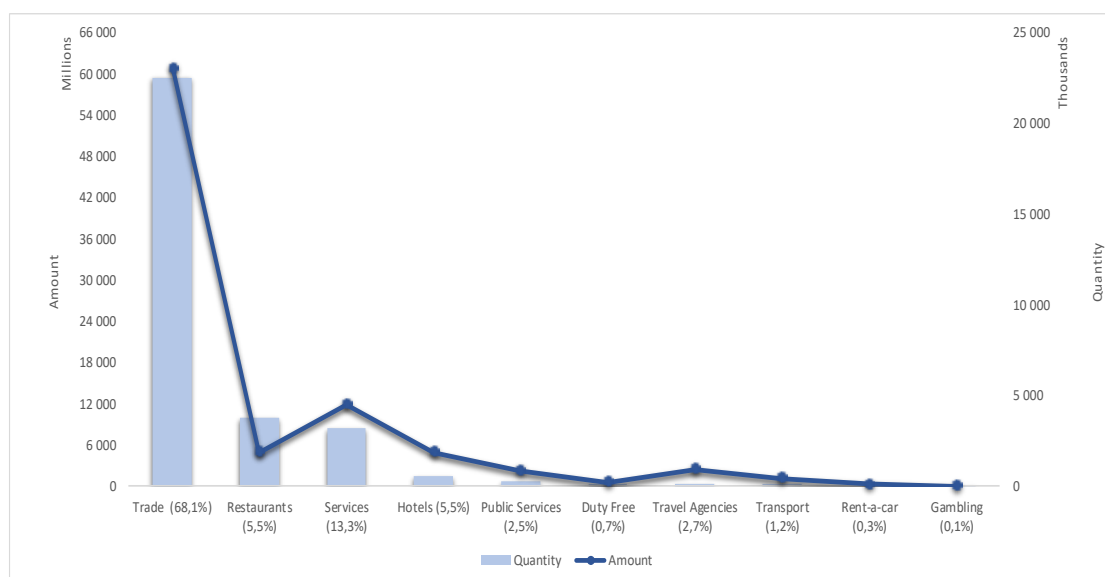
Purchase transactions are the most frequent on the channel and represent 93.8 percent of POS transactions in 2023, with a recorded growth of 18.6 percent compared to last year.

Table 2: Transactions at Automatic Payment Terminals

	2021	2022	2023	Change		Weight 2023
				2021/22	2022/23	
<b>Purchases</b>	20 833 712	25 920 205	30 751 577	24,4%	18,6%	93,8%
<b>Balance Inquiry</b>	1 087 412	1 196 463	1 333 859	10,0%	11,5%	4,1%
<b>Mobile Phone Recharges</b>	153 077	142 070	181 528	-7,2%	27,8%	0,6%
<b>Other transactions</b>	201 056	418 837	520 298	108,3%	24,2%	1,6%
<b>Total</b>	<b>22 275 257</b>	<b>27 677 575</b>	<b>32 787 262</b>	<b>24,3%</b>	<b>18,5%</b>	<b>100,0%</b>

The trade sector continues to dominate in 2023 in terms of payments made, with 68.1 percent, followed by Services with 13 percent and restaurants with 5.5 percent.

**Chart 7: Purchases per Line of Business**



Card payments continue to be preferred by the network's customers, with the Purchase/Withdrawal ratio in December standing at 349 percent, compared to 322 percent in the same period in 2022.

The average value of purchases at POS in December 2023 was 3,004 escudos per purchase, lower than the 3,098 escudos recorded in the same period in the previous year, suggesting that customers are increasingly using cards for low-value purchases instead of cash.

#### **4.5 Automated Teller Machines**

ATMs recorded 17.5 million transactions, accounting for 32.8 percent of the network's transactions, an increase of 5.9 percent year-on-year.

Withdrawals continue to be the most popular transaction on the channel, with 51.4 percent of the weight, followed by balance inquiries and transactions, with 33.2 and 9.6 percent respectively.

Table 3: Transactions at Automated Teller Machines

	2021	2022	2023	Change		Weight 2023
				2021/22	2022/23	
Withdrawal	7 520 880	8 538 237	9 009 083	13,5%	5,5%	51,4%
Account Balance Inquiry	5 137 056	5 521 048	5 813 972	7,5%	5,3%	33,2%
Transaction Viewing	1 471 022	1 596 425	1 683 687	8,5%	5,5%	9,6%
Mobile Phone Recharges	318 300	332 593	334 125	4,5%	0,5%	1,9%
Deposit	3 392	4 710	2 649	38,9%	-43,8%	0,0%
Other	422 791	549 766	684 662	30,0%	24,5%	3,9%
<b>Total</b>	<b>14 873 441</b>	<b>16 542 779</b>	<b>17 528 178</b>	<b>11,2%</b>	<b>6,0%</b>	<b>100,0%</b>

The average for each ATM withdrawal in December 2023 was 5,867 escudos, compared to 6,077 escudos in the same period of the previous year.

#### **4.6 International Acquiring**

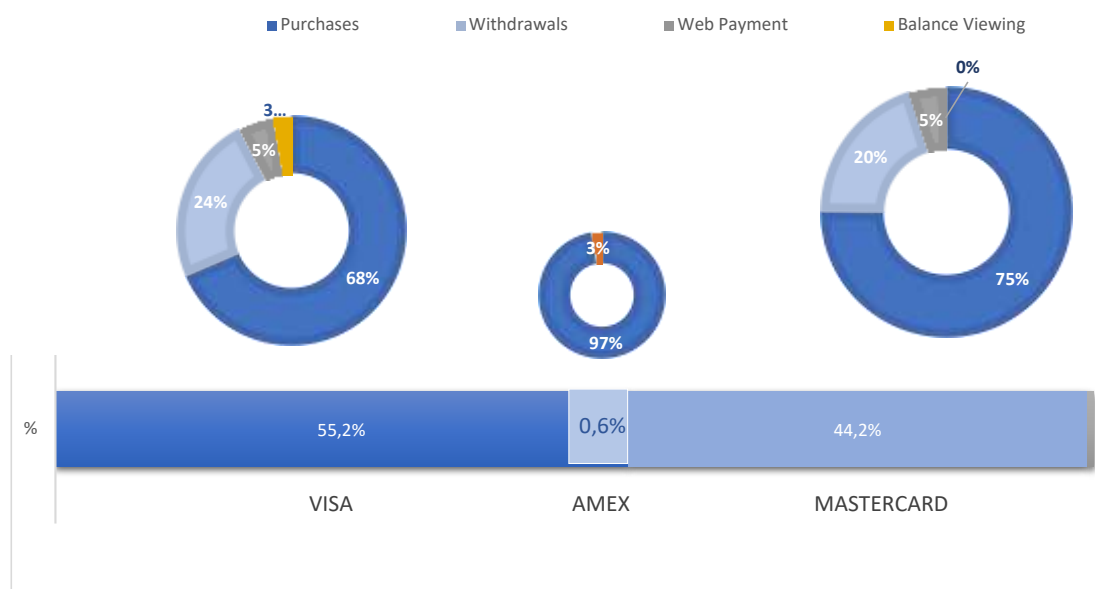
The growth trend continued in 2023 in the International Acquiring service, with the resumption of tourism and hotels' activities in the country sustaining the growth seen in 2022 with an increase in the number of operations of 27 percent compared to the same period last year, surpassing 2.5 million operations.

Visa remains as the most widely used international brand in the country, accounting for 55 percent of the transactions, compared to 44 percent for MasterCard. In 2023, 14,711 AMEX card transactions were recorded, compared to 4,730 in 2022. The percentage of AMEX transactions represents 0.6 percent of total international card transactions, showing the beginning of the brand's penetration in the domestic market.

Similar to what has happened with the Vinti4 service, purchases with international cards are gradually gaining weight as 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. The development of this line of acceptance is taking its first steps after the resumption of tourism, and the initial results are reported positive.

Chart 8: Transactions with not-on-us cards in 2023



#### 4.7 Service Payment

The Service Payment functionality continues to grow significantly, 238 percent in the amount and 23 percent in the number of transactions, 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 24,151 in 2023 and CVE 8,814 in 2022.

Table 4: Service Payment Transactions

	2021	2022	2023	Change	
				2021/22	2022/23
Quantity	452 374	760 199	939 043	68,0%	23,5%
Amount (millions of Escudos)	3 774	6 701	22 679	78%	238%

#### 4.8 Sale of Mobile Phone Recharges

The sale of recharges continued to grow by 19 percent in the number of transactions and 21 percent in volume.

Table 5: Mobile Phone Recharges

	2021	2022	2023	Change	
				2021/22	2022/23
<b>Quantity</b>	1 080 820	1 320 744	1 572 567	22,2%	19,1%
<b>Amount</b>	580 113 581	713 346 676	860 384 699	23%	21%

#### **4.9 Web Payment**

Web payments in 2023 grew less sharply than in 2022, by 12 percent in the number of transactions and 22.7 percent in volume. The increase is essentially due to international card transactions.

Table 6: Web Payment Transactions

	2021	2022	2023	Change	
				2021/22	2022/23
<b>Quantity</b>	82 273	287 097	324 025	249,0%	12,9%
<b>Amount</b>	416 658 735	1 956 828 578	2 400 253 237	369,6%	22,7%

#### **4.10 Televinti4**

The cell phone channel, through the televinti4 service, stands out as the fastest-growing service in 2023, surpassing 1.5 million operations, with a focus on operations such as transfers and payment of services, which demonstrates an additional reinforcement in the promotion of this channel and service.

In terms of operations, balance inquiry still has the highest acceptance, at 62 percent. As for amounts, the transfer operation accounts for approximately 94 percent of the total.

In what concerns customers, the numbers have doubled both for active registered customers and customers with transactions when compared to the same period in 2022.

Table 7:Televinti4

	2021	2022	2023	Change	
				2021/22	2022/23
Number of Customers w/transactions	1 841	2 574	6 624	39,8%	157,3%
Active Customers	-	6 000	14 722	-	145,4%
Number of Transaction	83 803	384 449	1 564 670	358,8%	307,0%
Volume	73 734 555	469 705 231	3 265 169 062	537,0%	595,2%

#### **4.11 Electronic Fund Transfer (TEF)**

The TEF Service remained stable in its figures compared to last year.

Table 8: Electronic Fund Transfer Transactions

	2021	2022	2023	Change	
				2021/22	2022/23
Quantity	1 248 060	1 159 511	1 161 387	-7,1%	0,2%
Amount (millions of CVE)	146 723	178 471	180 324	21,6%	1,0%

#### **4.12 Cheque Clearing**

The number of transactions in the cheque clearing service fell by 5.9 percent in 2023 while the volume transacted grew by 5.4 percent compared to 2022.

Table 9: Cheque Clearing Transactions

	2021	2022	2023	Change	
				2021/22	2022/23
Quantity	264 679	264 879	249 347	0,1%	-5,9%
Amount (millions of CVE)	63 500	69 492	73 213	9,4%	5,4%

#### **4.13 SWIFT Service**

In 2023, the service saw a moderate increase in both messages sent and received, by around 1 and 4 percent respectively, compared to the previous year.



Table 10: SWIFT Transactions

	2021	2022	2023	Change	
				2021/22	2022/23
Messages Forwarded	279 046	296 150	299 098	6,1%	1,0%
Messages Received	269 185	294 087	307 936	9,3%	4,7%
	548 231	590 237	607 034	7,7%	2,8%

#### **4.14 Digital Certificate Service**

The PKI (Public Key Infrastructure) service, which issues digital certificates, experienced a very positive growth in the number of issues and timestamp operations, more than 100 percent, as evidenced below:

Table 11: Digital Certificate Service

	2021	2022	2023
Web Authentication	31	50	48
Individual Qualified Signature	11	501	2682
Qualified Signature Representing Legal Entity	1	80	31
Electronic Stamp	713	3614	8 773
Individual Authentication	1	0	0
Timestamp	1 299 836	20 451 813	41 694 920
<b>Total</b>	<b>1 300 593</b>	<b>20 456 058</b>	<b>41 706 454</b>

#### **4.15 Infrastructure and Technology**

In the field of 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.

Critical security certifications were renewed, e.g., PCI-CP, PCI-DSS, PCI-3DS, ISO 9001, ISO 27001, ISO 22301, PKI and SWIFT, and new ones were achieved, linked to new services, such as American Express *SafeKey* or DCC on the Web for Visa and MasterCard.

Within a context of major cybersecurity risks, the security infrastructure was reinforced with a specialized external team, a Security Operating Centre service and a Cybersecurity Incident Response Team.

The year began with demanding migration processes for several top tools that will enable greater efficiency in the activities of the Support Center, Service Operation, Terminal Management, Internal Control, Human Capital Management, Administrative and Financial Management, Product, Service and Customer Management, and Information Systems teams.

Important customers were won over to our credit card and prepaid card platform and new POS models were launched in the Televinti4, Android and self-service versions, with the first steps being taken towards what will be the vinti4 Marketplace with new third-party applications to be installed on the vinti4 network's POS.

New or recent services such as PKI, ATM sales and Televinti4 have seen significant growth.

In 2023, new regulations came into force as regards settlements on the vinti4 network with the aim of clarifying the responsibilities of the parties involved, and SISP forwarded a Service Level Agreement to the banks, which will henceforth guide all service provision and customer service activities on the vinti4 network.

At customer level, the communication of services, security and fraud prevention through social networks was strengthened, the physical conditions of services were improved, and there was a generally positive evaluation of services followed by input collection.

For employees, work space conditions have been significantly enhanced and an ambitious and transversal package of improvements has been approved, including various benefits, salary improvements and mechanisms for career advancement.

At the end of the year, a new shareholder was added to SISP's share capital, Banco BAI CV, which now holds 5,000 shares, in a gesture of trust and importance of SISP to the financial sector.

#### **4.16 Human Capital**

SISP ended 2023 with a total staff of 59 employees, 39 permanent and 20 fixed-term, four more than in 2022. There were 9 hirings and 6 terminations (4 voluntary and 2 involuntary).

The staff structure is still spread across most of the country, more precisely in Praia and the delegations established in São Vicente\Santo Antão, Sal, Boa Vista, Fogo\Brava and Santiago Norte. The head office in Praia includes 88 percent of the employees.

The predominance of male technicians in the company remains at about 61 percent, against 64 percent in 2022.

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

Chart 9: Age Range and Gender Distribution

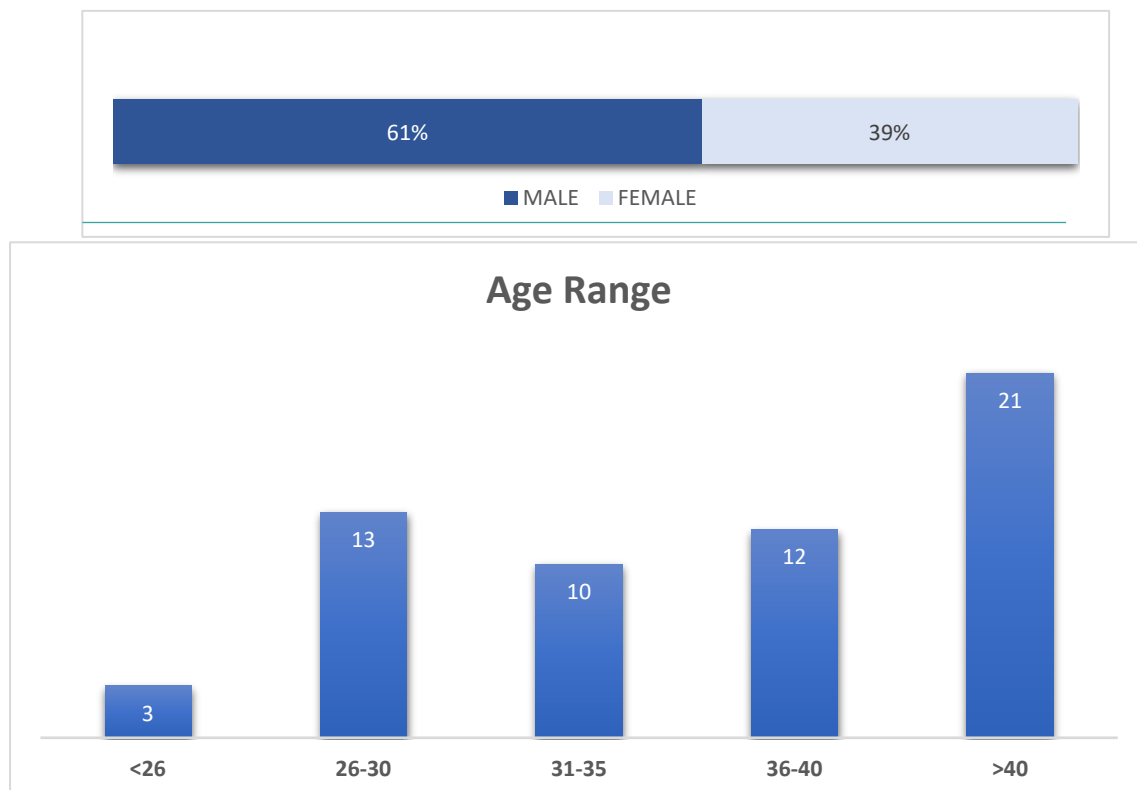
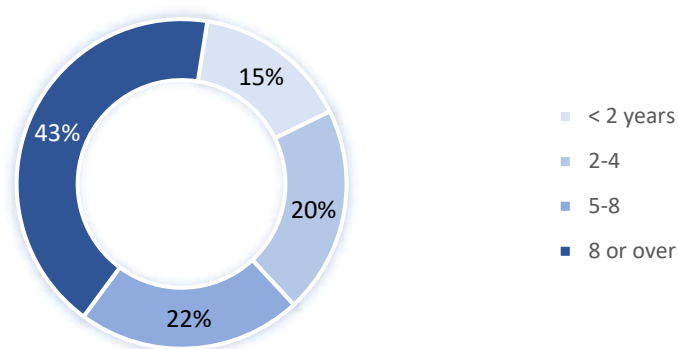


Chart 10: Distribution per Seniority Level



#### 4.16.1 Development and Training

Training is one of the pillars of SISP's human capital development strategy, both individually and collectively. The focus on continuous learning and training rests upon the promotion of a formal and informative model. Thus, during the year 28 training sessions were held in different areas of knowledge, benefitting a total of 80 participants.

The training courses covered different topics, including information security, database administration, ATM and POS maintenance, risk management and internal control, English language and others.

With regard to the type of course organized, 86% (24) were attended remotely. Only 4 (14%) courses were held face-to-face, two of which involved the trainer traveling from abroad. The technicians traveled to Portugal to participate in another training session and the last one was held in Cabo Verde.

As for the company's contribution to the employees' academic training, one employee was awarded a scholarship to attend a Master's course.

#### **4.17 Risk Management and Internal Control**

The activities of the Internal Control team, made up of the Internal Audit, Quality & Risk and Legal & Compliance areas, sustained the path of continuous improvement and gradual reinforcement of cross-company processes, despite the greater focus on the most critical elements. Basically, the following was ensured:

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

In addition, internal control deficiencies were managed with the aim of reducing or eliminating them where possible, which was achieved with the commitment and dedication of all stakeholders involved in the process. Important efforts were made to simplify and automate processes and reports, improving the sharing of information and data and facilitating the entire Integrated Management System (SIG).

#### **4.18 Investment**

In 2023, a total of 146.3 million escudos were invested, representing 9 percent of the operating revenues, with a weight equivalent to the figure recorded in 2022, which amounted to 116 million escudos.

The investments made basically include the acquisition of payment terminals, equipment, software to reinforce high availability and improve service, hardware (servers, processors), and an additional 0.5 million escudos for the new headquarter building project.

**Table 12: Investment**

<b>Description</b>	<b>Planned</b>	<b>Executed</b>	<b>Completion Rate</b>
Intangible Assets	71 603 486	48 131 671	67,2%
Tangible Assets	99 710 803	98 145 804	98,4%
<b>Sub-total</b>	<b>171 314 289</b>	<b>146 277 475</b>	<b>85,4%</b>
<b>Head Office</b>	255 527 104	513 447	0,20%

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

## 5. ECONOMIC AND FINANCIAL REVIEW

As with transactions, there was a considerable increase in income, which translated into better results for the year.

SISP made a net profit of CVE 416 million in 2023, 123.7 million more than in 2022.

Table 13: Income Statement

STATEMENT OF COMPREHENSIVE INCOME					
Description	Notes	12/31/2023	12/31/2022	Change	% of Change
Provision of services and sales	14	1 606 645 157	1 349 447 055	257 198 102	19,06%
Cost of goods sold and materials consumed	7	-75 346 809	-15 729 950	-59 616 859	379,00%
<b>Gross Operating Income</b>		<b>1 531 298 348</b>	<b>1 333 717 105</b>	<b>197 581 243</b>	<b>14,81%</b>
External supplies and services	15	796 305 182	675 642 323	120 662 859	17,86%
<b>Gross Value Added</b>		<b>734 993 166</b>	<b>658 074 782</b>	<b>76 918 384</b>	<b>11,69%</b>
Staff costs	16	138 630 875	131 040 725	7 590 150	5,79%
Fair value increases / reductions	6	82 889 841	7 489 829	75 400 012	1006,70%
Impairment of assets	10	-11 969 729	-8 242 572	-3 727 157	45,22%
Other costs	17	24 500 857	26 175 532	-1 674 675	-6,40%
Other income and gains	17	7 539 453	813 087	6 726 366	827,26%
<b>Income before amortization, financial losses/gains, and tax - EBITDA</b>		<b>650 321 000</b>	<b>500 918 869</b>	<b>149 402 131</b>	<b>29,83%</b>
Depreciation and amortization costs	5	111 516 313	116 765 443	-5 249 130	-4,50%
<b>Operating income (before financing losses/gains and tax) - EBIT</b>		<b>538 804 687</b>	<b>384 153 426</b>	<b>154 651 261</b>	<b>40,26%</b>
Interest and gains received	18	3 617 885	3 222 356	395 529	12,27%
Interest and loss paid	18	-7 123 379	-10 090 242	2 966 863	-29,40%
<b>Income Before Tax</b>		<b>535 299 193</b>	<b>377 285 540</b>	<b>158 013 653</b>	<b>41,88%</b>
Income Tax for the Year	19	-119 297 787	-85 077 527	-34 220 261	40,22%
<b>Net Earnings for the Year</b>		<b>416 001 405</b>	<b>292 208 014</b>	<b>123 793 392</b>	<b>42,36%</b>

## **5.1 Gross Value Added**

Gross value added in 2023 increased by 11.6 percent, standing at 734.9 million escudos, which compared to 658 million escudos in 2022 represents an increase of 76.9 million escudos. This positive evolution in relation to the previous year is justified by the growth of the network in all areas, with a predominance in services with international cards and vinti4, given that the effect of the increase in revenue is greater than the increase in expenses for the year.

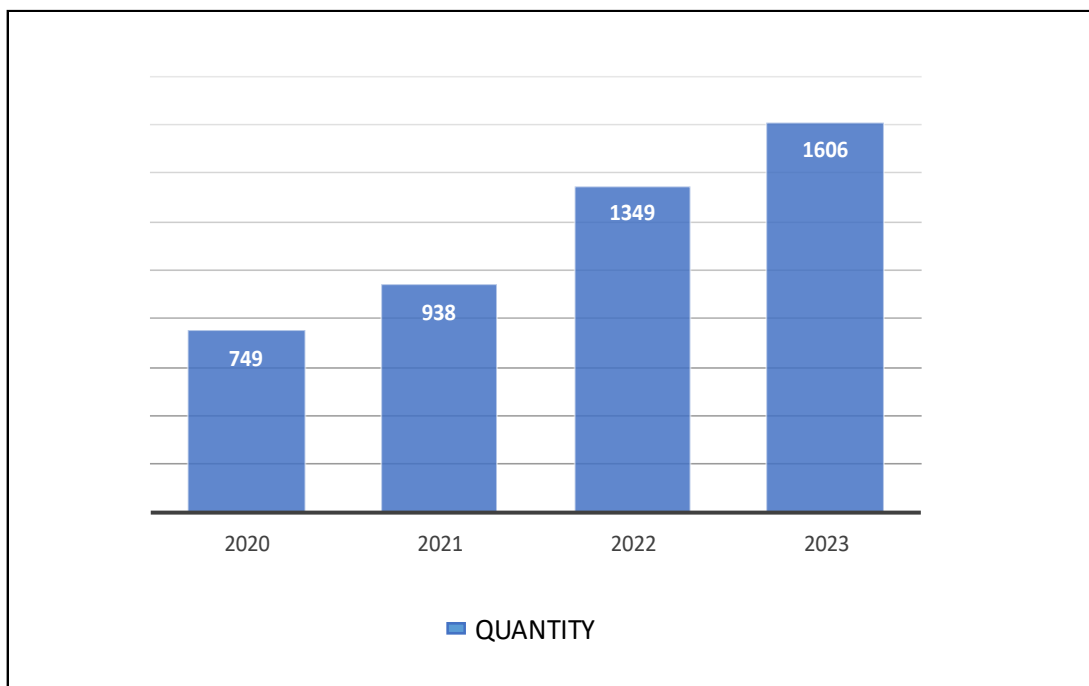
## **5.2 Income**

Total income in 2023 amounted to 1.7 million escudos, up 24.9 percent, which in absolute terms represents an increase of 340 million compared to last year. The increase in SISP's main service revenues contributed to this growth, particularly in Automatic Payment services and the new DCC - Dynamic Currency Conversion service, associated with Visa and MasterCard international cards. Also contributing to this increase were the sale of 74 ATM machines to banks in 2023 and the appreciation in the fair value of the Visa shares held by SISP.

Income from services rendered reached 1,606.6 million escudos, an increase of 257.1 million escudos compared to 2022, with Automatic Payment services, ATM machine sales and DCC accounting for around 73.6 percent of this increase.



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 82.8 million (market value update as of December 31, 2023), which is far higher than the CVE 7.4 million recorded in 2022.

In 2023 and 2022, other income stood at CVE 7.5 million and 0.8 million, respectively, mostly due to the sale of tangible fixed assets and prior year corrections.

The financing gains earned resulted from time deposits and equivalents, and totaled CVE 3.6 million, a positive variation of 12.2 percent in relation to the previous year.

### 5.4 Expenditures

Total expenses, including the main items of costs, i.e., Third-Party Supplies and Services, Staff Costs and Amortization, showed an increase of 18.47 percent (+CVE 181,7 million) as compared to the previous year, reaching CVE 1.165,3 million.

This increase is mainly justified by the growth in spending on external services, specifically direct expenditures of services (commissions for acquiring services), associated with increased revenues and costs related to the sale of 74 ATM (CMVMC).

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

**Table 14: Expenditures**

	2023	2022	Absolute Change	% of Change
<b>Total</b>	<b>1 165 393 144</b>	<b>983 686 787</b>	<b>181 706 357</b>	<b>18,47%</b>
Cost of goods sold and materials consumed	75 346 809	15 729 950	59 616 859	379,00%
External supplies and services	796 305 182	675 642 323	120 662 859	17,86%
Staff costs	138 630 875	131 040 725	7 590 150	5,79%
Impairment of assets	11 969 729	8 242 572	3 727 157	45,22%
Other costs	24 500 857	26 175 532	-1 674 675	-6,40%
Depreciation and amortization costs	111 516 313	116 765 443	-5 249 130	-4,50%
Interest and loss paid	7 123 379	10 090 242	-2 966 863	-29,40%

Staff costs totaled CVE 138.6 million, an increase of CVE 7.5 million compared to 2022. This variation stems from salary update, career progress and personnel reclassification approved in the year under review, as well as the continuous focus on training.

The ratio of Personnel or Staff Costs to Service Provision was set at 8.6 percent and 9.7 percent in 2023 and 2022 (a decrease of 1.1 p.p.), respectively, with personnel expenses representing about 11.8 percent of the company's total costs in 2023, against 13% recorded in the preceding year.

The maturities of a few investments contributed to the decrease of the expenses with Depreciation in 4.5 percent, settling at CVE 111.5 million.

The CAPEX to operating income ratio stood at 9 percent (8.6 percent in 2022), while depreciation and amortization expenses represented 6.9 percent and 8.5 percent of total income in 2023 and 2022, respectively.

The heading "Impairment", in the amount of CVE 11.9 million, includes doubtful debt provisions for clients and impairment of other assets, with a growth of CVE 3.7 million justified by the increase in the assets in 2023.

Furthermore, by comparing the costs of goods sold and materials consumed with those recorded in 2022, it becomes clear that there was a substantial increase of 59.6 million escudos due to the cost of the 74 ATM machines sold to banks in that year.

### **Other costs and losses**

The item "Other Costs" in the amount of CVE 24.5 million (CVE 26.1 million in 2022) includes essentially stamp duty, contributions, and donations. Such decrease is associated with the operating costs in 2022 deriving from fraudulent transactions.

Interest and Loss Paid includes 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 7 million in 2023, approximately CVE 3 million less than in 2022.

### **5.5 Net Income for the Year**

Net Income in 2023 surpassed the CVE 400 million mark, standing at 416 million escudos, the highest in SISP's history, representing an increase of 123.7 million escudos compared to the same period last year. The main contributors to this result were the increase in sales and services rendered of 257 million escudos and the fair value of VISA shares of 82.8 million escudos compared to the previous year.

Owing to the increase in operating income, higher than in costs, EBITDA rose by 29 percent between 2023 and 2022, standing at 650.3 million escudos (500.9 million escudos last year).

## 6. FINANCIAL SITUATION

### 6.1 Balance Sheet Position

In 2023, Net Assets reached CVE 2,611.7 million, which corresponds to a growth of 34.4 percent and CVE 668.4 million in relation to the absolute value achieved in 2022. To this increase primarily contributed the positive variation of CVE 550 million recorded in current assets (customer debt and available cash). Total net assets in 2022 was CVE 1,943 million.

Table 15: Balance Sheet Position

Assets	12/31/2023	12/31/2022	Absolute Change	% of Change
<b>Non-current Assets</b>	<b>774 385 727</b>	<b>656 264 550</b>	<b>118 121 177</b>	<b>18,00%</b>
Tangible Fixed Assets	192 516 313	178 357 223	14 159 090	7,94%
Intangible Assets	83 978 577	62 906 331	21 072 246	33,50%
Financial Investment	497 890 837	415 000 996	82 889 841	19,97%
<b>Current Assets</b>	<b>1 837 382 955</b>	<b>1 287 050 545</b>	<b>550 332 410</b>	<b>42,76%</b>
Inventories	42 476 782	87 661 575	-45 184 793	-51,54%
Short Term Debts	735 428 724	449 692 782	285 735 942	63,54%
Bank Deposits	1 059 477 449	749 696 189	309 781 261	41,32%
<b>Total Assets</b>	<b>2 611 768 682</b>	<b>1 943 315 096</b>	<b>668 453 587</b>	<b>34,40%</b>
<b>Owner Equity</b>	<b>1 746 526 497</b>	<b>1 376 370 701</b>	<b>370 155 797</b>	<b>26,89%</b>
Share Capital and Reserves	1 176 825 092	1 084 162 688	92 662 404	8,55%
Issuance Premiums	153 700 000	-	153 700 000	
Net Earnings for the Year	416 001 405	292 208 013	123 793 393	42,36%
<b>Liabilities</b>	<b>865 242 185</b>	<b>566 944 395</b>	<b>298 297 790</b>	<b>52,61%</b>
Current Liabilities	865 242 185	566 944 395	298 297 790	52,61%
<b>Owner Equity + Liabilities</b>	<b>2 611 768 682</b>	<b>1 943 315 096</b>	<b>668 453 587</b>	<b>34,40%</b>

Equity increased by CVE 370 million in 2023, a growth of 26.8 percent. This variation is a result of the incorporation of 30 percent of the net profits achieved in 2022 (in free reserves) and the impact of the 2023 net result increase in CVE 123.7 million. Also noteworthy for the period was the entry of a new shareholder in SISP's share capital, Banco BAI CV, a process completed on December 29, 2023, with a stake of 5,000 shares with a nominal value of 1,000 CVE/share.

The entry of the new shareholder contributed to the 42.8 percent increase in SISP's equity in 2023.

Total liabilities, fully current, including the temporary clearing debt associated with the acquiring business, indicated an increase in the same period of 52 percent and CVE 298 million in terms of absolute value, reaching an accumulated balance of CVE 865 million. This variation

results chiefly from the clearing amount of the Banco de Cabo Verde outstanding at the end of the period. The change in current liabilities is in line with the change in current assets (cash and cash equivalents)

## **6.2 Ratio Assessment**

The year 2023 confirms the improvement in SISP's profitability indicators, with Return on Assets (ROA) and Return on Equity (ROE) reaching 15.9 percent and 23.8 percent, respectively, compared to 15 percent and 21.2 percent in 2022, 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 68.5 percent in 2023, representing an improvement as compared to 2022 (72.3 percent), reflecting the increase in income in greater proportion than costs.

The Staff Costs / Income ratio also improved, jumping from 9.7 percent in 2022 to 8.6 in 2023.

## **6.3 Management Indicators**

The EBITDA Profitability Indicator (excluding the impact of fair value, impairments and provisions) increased by more than 15.4 percent.

Prudentially speaking, SISP continues to evidence good performance and soundness. In 2023, equity reached CVE 1,438 million, the Fixed Assets Coverage Ratio 889.6 percent, and the Solvency ratio 68.8 percent, remaining well above the minimum levels set by the Banco de Cabo Verde (Central Bank).

Table 16: Management Indicators

(In millions of CVE)

Ratios	2023	2022	2021	Change
<b>Profitability</b>				
EBITDA	579,4	501,6	372	15,49%
Return on Equity	23,82%	21,23%	16,86%	12,19%
Return on Assets (ROA)	15,93%	15,04%	11,93%	5,90%
Net Return on Sales	25,89%	21,65%	21,29%	19,60%
<b>Operational Efficiency</b>				
Average Period of Receivables	57	59	61	-3,47%
Overall Liquidity	2,12	2,27	2,09	-6,45%
Reduced Liquidity	2,07	2,12	1,99	-2,15%
Immediate Cash Flow	1,22	1,32	1,39	-7,24%
<b>Prudential Indicators</b>				
Equity	1.438	1.327,5	1.111,9	8,32%
Solvency	68,8%	70,9%	57,9%	-2,9%
Coverage of Fixed Assets	889,6%	834,8%	638,3%	6,6%

## **6.4 Proposal for the Appropriation of Net Income**

In 2023, SISP presented a net profit of CVE 416,001,405.

Taking into account 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 for the financial year 2023, be distributed as follows:

**Table 17: Proposal for the Appropriation of Net Income**

	<b>%</b>	<b>Value</b>
<b>Dividends</b>	<b>80%</b>	<b>CVE 332 801 124</b>
<b>Free Reserves</b>	<b>20%</b>	<b>CVE 83 200 281</b>
<b>Total</b>		<b>CVE 416 001 405</b>

In compliance with the legal and prudential reserves and given the satisfactory degree of capitalization of the company, the Board of Directors decided to propose a distribution of dividends equivalent to 80%, being 20% allocated to the Free Reserves.

The Board of Directors believes that this proposal is appropriate considering the positive evolution of the company's equity situation, the sustainability of net results and the improvement in the quality of assets, strengthening the Institution's own funds and ensuring the return on invested capital, which is an essential indicator in any solid Institution, without neglecting the prudential principle of caution in medium-term management with the reinforcement of reserves, particularly in the face of the uncertainties brought about by the international context or the construction of the new headquarters.

## 6.5 Financial Statements

<b>Statement of Comprehensive Income as at December 31, 2023 and 2022</b>					
(Amounts expressed in Cabo Verdean Escudos)					
Items	Notes	12/31/2023	12/31/2022	Change 23/22	% of Change 23/22
Provision of services and sales	14	1 606 645 157	1 349 447 055	257 198 102	19,06%
Costs with goods sold and materials consumed	7	(75 346 809)	(15 729 950)	(59 616 859)	379,00%
<b>Gross Operating Income</b>		<b>1 531 298 348</b>	<b>1 333 717 105</b>	<b>197 581 243</b>	<b>14,81%</b>
External supplies and services		796 305 182	675 642 323	120 662 859	17,86%
<b>Gross Value Added</b>		<b>734 993 166</b>	<b>658 074 782</b>	<b>76 918 384</b>	<b>11,69%</b>
<b>Staff costs</b>	<b>16</b>	<b>138 630 875</b>	<b>131 040 725</b>	<b>7 590 150</b>	<b>5,79%</b>
Inventory adjustments - Increases	7 and 10	(5 671 502)	-	-5 671 502	
Fair value increases/decreases	6	82 889 841	7 489 829	75 400 012	1006,70%
Customer impairment adjustments/Other Debtors	10	(6 298 227)	(8 242 572)	1 944 345	-23,59%
Other Costs	17	24 500 857	26 175 532	(1 674 675)	-6,40%
Other income and gains	17	7 539 453	813 087	6 726 366	827,26%
<b>Income before amortization, financing losses/gains, and tax</b>		<b>650 321 000</b>	<b>500 918 869</b>	<b>149 402 131</b>	<b>29,83%</b>
<b>Depreciation and amortization costs</b>	<b>5</b>	<b>111 516 313</b>	<b>116 765 443</b>	<b>-5 249 130</b>	<b>-4,50%</b>
<b>Operating income (before financing losses/gains and tax)</b>		<b>538 804 687</b>	<b>384 153 426</b>	<b>154 651 261</b>	<b>40,26%</b>
Interest and gains received	18	3 617 885	3 222 356	395 529	12,27%
Interest and losses paid	18	(7 123 379)	(10 090 242)	2 966 863	-29,40%
<b>Income Before Tax</b>		<b>535 299 193</b>	<b>377 285 540</b>	<b>158 013 653</b>	<b>41,88%</b>
Income Tax for the Year	19	(119 297 787)	(85 077 527)	-34 220 261	40,22%
<b>Net Earnings for the Year</b>		<b>416 001 405</b>	<b>292 208 013</b>	<b>123 793 392</b>	<b>42,36%</b>



Balance Sheets as at December 31, 2023 and December 31, 2022  
(Amounts expressed in Cabo Verdean Escudos)

Items	Notes	12/31/2023	12/31/2022	Previous Year Change 23/22	%
<b>ASSETS</b>					
<b>Non-current assets</b>					
Tangible fixed assets	5	192 516 313	178 357 223	14 159 090	7,9%
Land		10 324 248	10 324 248	0	0,0%
Buildings and other construction	5	2 913 400	5 137 135	-2 223 735	-43,3%
Basic equipment	5	121 869 685	112 788 960	9 080 725	8,1%
Transport equipment	5	16 688 771	2 356 605	14 332 166	608,2%
Office equipment	5	2 754 336	2 186 945	567 391	25,9%
Advances for tangible fixed assets	5	37 965 873	45 563 330	-7 597 457	-16,7%
Intangible assets	5	83 978 577	62 906 331	21 072 246	33,5%
Computer programs (Software)	5	52 714 963	34 427 677	18 287 286	53,1%
Advances for intangible assets	5	31 263 614	28 478 654	2 784 960	9,8%
Financial investment - other methods	5	497 890 837	415 000 996	82 889 841	20,0%
	5				
<b>Total non-current assets</b>		<b>774 385 727</b>	<b>656 264 550</b>	<b>118 121 177</b>	<b>18,0%</b>
<b>Currents assets</b>					
<b>Inventories</b>					
Goods	7	42 476 782	87 661 575	-45 184 793	-51,5%
Raw materials, subsidiary and consumables	7	5 709 726	46 627 687	-40 917 961	-87,8%
Customers	7	36 767 056	41 033 888	-4 266 832	-10,4%
Other accounts receivable	11	497 598 548	319 619 152	177 979 396	55,7%
Deferrals	11	191 414 949	99 047 324	92 367 625	93,3%
Bank deposits	8	46 415 227	31 026 306	15 388 921	49,6%
	4	1 059 477 449	749 696 189	309 781 261	41,3%
<b>Total current assets</b>		<b>1 837 382 955</b>	<b>1 287 050 545</b>	<b>550 332 410</b>	<b>42,8%</b>
<b>Total assets</b>		<b>2 611 768 682</b>	<b>1 943 315 096</b>	<b>668 453 587</b>	<b>34,4%</b>
<b>NET POSITION AND LIABILITIES</b>					
<b>OWNER EQUITY</b>					
Capital	9	105 000 000	100 000 000	5 000 000	5,0%
Share issuance premiums		153 700 000	-	153 700 000	
Legal reserves	9	125 688 661	125 688 661	0	0,0%
Free reserves	9	102 064 276	14 401 872	87 662 404	608,7%
Other reserves	9	789 305 831	789 305 831	0	0,0%
Retained earnings		54 766 324	54 766 324	0	0,0%
Net profit for the year		416 001 405	292 208 013	123 793 393	42,4%
<b>Total owner equity</b>		<b>1 746 526 497</b>	<b>1 376 370 701</b>	<b>370 155 797</b>	<b>26,9%</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	
<b>Current liabilities</b>					
Suppliers - investments	11	2 960 106	910 550	2 049 556	225,1%
Suppliers, current account	11	49 270 647	20 991 331	28 279 316	134,7%
Visa/MasterCard/Amex clearing	12	593 464 858	220 783 473	372 681 385	168,8%
State and other public bodies	13	93 186 887	77 268 557	15 918 330	20,6%
Other accounts payable	11	92 868 954	179 732 864	-86 863 910	-48,3%
Accrued costs	8	27 946 653	28 486 816	-540 163	-1,9%
Deferred income	8	5 544 080	38 770 804	-33 226 724	-85,7%
<b>Total current liabilities</b>		<b>865 242 185</b>	<b>566 944 395</b>	<b>298 297 790</b>	<b>52,6%</b>
<b>Total Liabilities</b>		<b>865 242 185</b>	<b>566 944 395</b>	<b>298 297 790</b>	<b>52,6%</b>
<b>Total Owner Equity and Liabilities</b>		<b>2 611 768 682</b>	<b>1 943 315 096</b>	<b>668 453 587</b>	<b>34,4%</b>

Statement of Cash Flows as at December 31, 2023 and December 31, 2022

(Amounts expressed in Cabo Verdean Escudos)

Indirect Method	Notes	12/31/2023		12/31/2022	
<b>Cash flows of operating activities:</b>					
<b>Net earnings for the year</b>		416 001 405		292 208 013	
<b>Adjustments:</b>					
Amortization and depreciation	(+)	5	111 516 313	116 765 443	
Interest and similar income received	(-)	18	(3 617 885)	(3 222 356)	
Interest and similar cost paid	(+)	18	7 123 379	10 090 242	
Gains from the sale of tangible fixed assets	(-)	17	(1 296 563)	(618 122)	
Gains from Fair Value increases - VISA	(-)	6	(82 889 841)	(7 489 829)	
Decrease in Inventories	(+)		45 184 793	-	
Increase in Inventories	(+)	7	-	(39 407 019)	
Increase in accounts receivable		11	(270 347 021)	(151 569 421)	
Increases in deferred costs	(-)	8	(15 388 921)	(3 935 238)	
Decreases in deferred income	(+)		(33 226 724)	-	
Increase in accounts payable	(+)	11	418 928 587	132 969 320	
Decrease in accounts payable	(-)	11	(86 863 910)	(64 841 273)	
Increase in accrued costs	(+)	8	-	8 975 765	
Decrease in accrued costs	(-)		(540 163)	-	
<i>Cash flows of operating activities (1)</i>			504 583 449		289 925 525
<b>Cash flows of investment activities:</b>					
<b>Payments related to:</b>					
Other financial assets			-	-	
Tangible fixed assets		5	(98 615 978)	(72 829 671)	
Intangible assets		5	(48 131 671)	(43 475 402)	
			(146 747 649)		(116 305 073)
<b>Receipts related to:</b>					
Tangible fixed assets		17	1 296 563	618 122	
Interest and similar income		18	1 100 694	964 030	
Dividends		17	2 517 191	2 258 326	
....			4 914 448	3 840 478	
<i>Cash flows of investment activities (2)</i>			(141 833 201)		(112 464 595)
<b>Financing activities:</b>					
<b>Receipts from:</b>					
Sale of own shares			158 700 000		
<b>Payments related to:</b>					
Interest and similar cost		18	(7 123 379)	(10 090 242)	
Dividends		9	(204 545 609)	(99 804 038)	
<i>Cash flows of financing activities (3)</i>			(52 968 988)		(109 894 280)
<b>Changes in cash and cash equivalents (4) = (1) + (2) + (3)</b>					
			309 781 261		67 566 650
Cash and cash equivalents in the beginning of the year		4	749 696 189		682 129 539
Cash and cash equivalents at the end of the year		4	1 059 477 449		749 696 189

Statement of Changes in Owner Equity as at December 31, 2023

(Amounts expressed in Cabo Verdean Escudos)

Description	Notes	Paid-In Capital	Issuance Premiums	Legal Reserves	Free Reserves	Other Reserves	Retained Earnings	Net Profit for the Year	Total
<b>POSITION AT BEGINNING OF PERIOD 2022</b>		100 000 000	-	105 727 853	14 401 872	709 462 600	54 766 324	199 608 078	1 183 966 727
<b>CHANGES RELATED TO INCOME AND COSTS RECOGNIZED IN THE PERIOD</b>									
Net Earnings for the Year	9	-	-	-	-	-	-	292 208 013	292 208 013
Appropriation of Net Income		-	-	19 960 808	-	79 843 231	-	(99 804 039)	-
<b>Extensive Results</b>		100 000 000	-	125 688 661	14 401 872	789 305 831	54 766 324	392 012 052	1 476 174 739
<b>TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD</b>									
Dividend Distribution		-	-	-	-	-	-	(99 804 039)	(99 804 039)
<b>POSITION AT BEGINNING OF PERIOD 2023</b>		100 000 000	-	125 688 661	14 401 872	789 305 831	54 766 324	292 208 013	1 376 370 701
<b>CHANGES RELATED TO INCOME AND COSTS RECOGNIZED IN THE PERIOD</b>									
Net Earnings for the Year	9	-	-	-	-	-	-	416 001 405	416 001 405
Appropriation of Net Income		-	-	-	87 662 404	-	-	(87 662 404)	-
		100 000 000	-	125 688 661	102 064 276	789 305 831	54 766 324	620 547 015	1 792 372 106
<b>TRANSACTIONS WITH EQUITY HOLDERS IN THE PERIOD</b>									
Capital Contributions		5 000 000	-	-	-	-	-	-	5 000 000
Issuance Premiums		-	153 700 000	-	-	-	-	-	153 700 000
Dividend Distribution		-	-	-	-	-	-	(204 545 609)	(204 545 609)
<b>OTHER TRANSACTIONS</b>									
<b>POSITION AT YEAR-END</b>		105 000 000	153 700 000	125 688 661	102 064 276	789 305 831	54 766 324	416 001 406	1 746 526 498

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER, 2023

Notes to the financial statements as at 31 December, 2023  
(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., the Caixa Económica de Cabo Verde, S.A., and the Banco BAI 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, 2023 were approved by the Board of Directors at its meeting held on February 28, 2024.

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”).

On November 21, 2023, Banco de Cabo Verde again stated that SISP remains exempt from using the analytical situation applicable to credit institutions, and therefore the company must continue to use the chart of accounts in accordance with the National Accounting and Financial Reporting System (SNCRF) until new guidelines are issued by that Central Bank.

### 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:

<b>Item of Tangible Fixed Assets</b>	<b>Years</b>
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:

<b>Item of Intangible Assets</b>	<b>Years</b>
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”.

**v. 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.

#### **vi. 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 value 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 Accruals

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 2023, 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 2023, 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, 2023 and 2022, the items “Cash and cash equivalents” and “Bank Deposits” are as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Immediately available bank deposits		
. At national banks	881 713 750	430 417 867
. At foreign banks	137 477 699	280 393 322
Cash and cash equivalents	<u>1 019 191 449</u>	<u>710 811 189</u>
Term deposits	<u>40 286 000</u>	<u>38 885 000</u>
Bank deposits and cash	<u>1 059 477 449</u>	<u>749 696 189</u>

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

On December 31, 2023 and 2022, 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 2023 and 2022, changes in the items of tangible fixed assets and intangible assets were as follows:





In 2022, SISP proceeded to write off 4,631 POS acquired between 2009 and 2021 with a total gross value of CVE 150,829,680, which were fully depreciated and do not generate invoicing.

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 favorable feedback.

## 6. FINANCIAL INVESTMENT

On December 31, 2023 and 2022, the Company's financial investments comprised the following:

	Number of Shares	Unit Value	Purchase Value	12/31/2023 Balance Sheet Value	12/31/2022 Balance Sheet Value
Visa Inc. - Class C	19 256	21 552	14 401 872	497 890 837	415 000 996

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

Balance as at December 31, 2021	407 511 167
Gains from fair value increases	7 489 829
Balance as at December 31, 2022	415 000 996
Gains from fair value increases	82 889 841
Balance as at December 31, 2023	497 890 837

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. that are listed on the New York Stock Exchange.

On December 31, 2023 and 2022, the price quotation of Class A shares amounted to USD 260.35 (CVE 25,856) and USD 207.76 (CVE 21,552) respectively, which resulted in a gain of CVE 82,889,841 with a tax impact of CVE 18,600,480. This surplus value was recorded under the SISP income category.

## 7. INVENTORIES

On December 31, 2023 and 2022, this caption presented the following situation:

	12/31/2023			12/31/2022		
	Gross Amount	Impairment losses (Note 10)	Net Amount	Gross Amount	Impairment losses (Note 10)	Net Amount
Goods						
Advances for purchases						
Domestic market	-	-	-	-	-	-
External market	4 869 996	-	4 869 996	43 356 243	-	43 356 243
	4 869 996	-	4 869 996	43 356 243	-	43 356 243
Pin Letters	2 726 207	(1 990 714)	735 493	3 167 207	-	3 167 207
White PVC Cards	22 023	-	22 023	22 023	-	22 023
White RFID Plastic Cards	82 214	-	82 214	82 214	-	82 214
	2 830 444	(1 990 714)	839 730	3 271 444	-	3 271 444
Subtotal Goods	7 700 440	(1 990 714)	5 709 726	46 627 687	-	46 627 687
Raw materials, secondary and consumables						
Advances for purchases						
External market	890 627	-	890 627	2 987 585	-	2 987 585
	890 627	-	890 627	2 987 585	-	2 987 585
POS Parts	6 138 582	(3 412 842)	2 725 740	4 885 154	(3 412 842)	1 472 312
ATM Parts	35 406 076	(2 725 342)	32 680 734	36 310 149	-	36 310 149
Card Consumables	-	-	-	-	-	-
PKI Card Consumables	469 955	-	469 955	263 842	-	263 842
	42 014 613	(6 138 184)	35 876 429	41 459 145	(3 412 842)	38 046 303
Subtotal Raw materials, sec. and consumables	42 905 240	(6 138 184)	36 767 056	44 446 730	(3 412 842)	41 033 888
Total Inventories	50 605 680	(8 128 898)	42 476 782	91 074 417	(3 412 842)	87 661 575

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, 2023 and 2022, 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, 2023 and 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, 2023 and 2022 are detailed as follows:

	12/31/2023			12/31/2022		
	Goods	Raw materials, secondary & consumables	Total	Goods	Raw materials, secondary & consumables	Total
Start up balances	3 271 444	41 459 145	44 730 589	3 707 036	45 416 929	49 123 965
Transfers	43 356 243	2 987 585	46 343 828	43 356 243	2 987 585	46 343 828
Purchases	15 445 707	10 337 569	25 783 276	(43 097 480)	8 090 226	(35 007 254)
Ending balance*	(503 729)	42 014 613	41 510 884	3 271 444	41 459 145	44 730 589
<b>Costs with goods sold and materials consumed</b>	<b>62 577 123</b>	<b>12 769 686</b>	<b>75 346 809</b>	<b>694 355</b>	<b>15 035 595</b>	<b>15 729 950</b>

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

On December 31, 2023 and 2022, deferred asset items are as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
<u>Current assets</u>		
Maintenance contracts:		
Hardsecure	10 185 270	2 033 576
Ascertia	5 490 548	
Oracle	3 256 496	2 790 158
Paylogic	2 310 029	-
Utimaco	2 010 634	1 984 593
Bizfrist	1 823 129	1 823 127
Adobe	332 195	344 613
Helpsystem	247 302	238 438
Trustwave	-	484 441
RIS2048	-	1 690 840
Other	1 923 698	1 891 629
	<u>27 579 301</u>	<u>14 616 720</u>
Agreement with VISA International	13 217 249	12 697 150
Insurance	4 150 274	3 620 632
Other	1 468 403	91 804
	<u>46 415 227</u>	<u>31 026 306</u>

On December 31, 2023 and 2022, the item “Deferrals” included amounts regarding several maintenance contracts totaling CVE 27,579,301 and CVE 14,616,720, respectively, which are deferred in accordance with the period covered by those services.

On December 31, 2023 and 2022, the item “Agreement with Visa International” refers to a maintenance agreement renewed on an annual basis with Visa International.

On December 31, 2023 and 2022, the items of accrued liability expenses and deferred income presented the following balances:

	<u>12/31/2023</u>	<u>12/31/2022</u>
<u>Current liabilities</u>		
Accrued expenses		
. Performance bonus	6 213 820	5 600 004
. Visa	8 417 714	6 792 492
. MasterCard	2 587 887	3 914 250
Other	<u>10 727 232</u>	<u>12 180 070</u>
	<u>27 946 653</u>	<u>28 486 816</u>
Deferred income		
Provision of services	<u>5 544 080</u>	<u>38 770 804</u>
	<u>5 544 080</u>	<u>38 770 804</u>
	<u>5 544 080</u>	<u>38 770 804</u>
	<u>33 490 733</u>	<u>67 257 620</u>

On December 31, 2023 and 2022, 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, 2023, the item “Accrued expenses – Other” includes the amount of CVE 8,828,006 related with POS fees payable to banks, settlement to be made to customers in the amount of CVE 1,790,390.

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

On December 31, 2023 and 2022, the item "Deferred income" includes the amount of CVE 3.3 million and CVE 38.3 million, respectively, referring to advance payments for the purchase of ATMs by banks.

## 9. EQUITY INSTRUMENTS

### Share Capital

On December 31, 2023 and 2022, the Company's share capital was fully underwritten and paid up, being composed of 105,000 book-entry shares with a face value of one thousand Cabo Verdean Escudos each. In 2023, the bank BAI Cabo Verde joined SISP with a total of 5,000 shares at a nominal price of 1,000 Cape Verde escudos.

### Reserves

On December 31, 2023 and 2022, the Company's reserves comprised the following:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Legal Reserves	125 688 661	125 688 661
Free Reserves	102 064 276	14 401 872
Other Reserves	789 305 831	789 305 831
	<u>1 017 058 768</u>	<u>929 396 364</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 calculated in each financial year 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 2023, dividends for the year ended December 31, 2022 attributed to the shareholders amounted to CVE 204,545,609 (equivalent to CVE 2,045.45 per share).

As per the decision taken by the General Meeting of Shareholders in April 2022, the 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).

## 10. PROVISIONS, IMPAIRMENT AND CONTINGENT LIABILITIES

In the years 2023 and 2022, the movement in provisions and impairment are those below indicated:

	<u>12/31/2022</u>	<u>Reinforcement</u>	<u>Uses</u>	<u>Reversals</u>	<u>12/31/2023</u>
<b>Provisions</b>					
- Tax contingencies	-	-	-	-	-
<b>Impairment</b>					
- Customers - Amounts in transit/Customers (Note 6)	49 284 292	7 866 799	-	-	57 151 091
- Other accounts receivable (Note 11):					
. International Settlement VISA/MasterCard	-	-	-	-	-
. Settlement of vinti4	979 146	-	-	(313 757)	665 389
. Chargeback	42 984 673	-	-	(1 255 090)	41 729 583
- Assets under construction (Note 5)	-	-	-	-	-
- Sundry debtors (Note 11)	278 178	-	-	-	278 178
- Goods (Note 7)	-	1 990 714	(1 990 714)	-	-
- Stock (Note 7)	3 412 842	3 680 788	(955 446)	-	6 138 184
	<u>96 939 131</u>	<u>13 538 301</u>	<u>(2 946 160)</u>	<u>(1 568 847)</u>	<u>105 962 425</u>

	<u>12/31/2021</u>	<u>Reinforcement</u>	<u>Uses</u>	<u>Reversals</u>	<u>12/31/2022</u>
<b>Provisions</b>					
- Tax contingencies	-	-	-	-	-
<b>Impairment</b>					
- Customers - Amounts in transit/Customers (Note 6)	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>



## 11. FINANCIAL ASSETS / LIABILITIES

### a. Customers and other receivables

On December 31, 2023 and 2022, these items were as follows:

	12/31/2023			12/31/2022		
	Gross Amount	Accumulated impairment losses (Note 10)	Net Amount	Gross Amount	Accumulated impairment losses (Note 10)	Net Amount
Customers						
Customers, current account	554 749 639	(57 151 091)	497 598 548	368 903 444	(49 284 292)	319 619 152
Other accounts receivable	234 088 099	(42 673 150)	191 414 949	143 289 321	(44 241 997)	99 047 324
	788 837 738	(99 824 241)	689 013 497	512 192 765	(93 526 289)	418 666 476

On December 31, 2023 and 2022 the item “Other receivables” includes the amounts of CVE 185,944,487 and CVE 86,306,671, 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 be explained with the delay in sending and processing some MasterCard POS files with respect to the months of November and December.

Additionally, on December 31, 2023 and 2022, this caption includes chargeback amounts of CVE 41,729,583 and CVE 42.984.673, respectively, for which a 100 percent accumulated impairment loss has been recorded (Note 10). The chargeback amount 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 at the courts.

On December 31, 2023 and 2022, the above-mentioned caption also includes amounts receivable from other debtors, net of impairment, of CVE 4,264,158 and CVE 10,507,696, respectively, for which impairment of CVE 278,178 has been recorded (Note 10). These

amounts refer to VISA and 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, 2023 and 2022, these headings are as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Suppliers		
Suppliers - Investments	2 960 106	910 550
Suppliers, current account		
In national currency	10 935 643	6 846 159
In foreign currency	32 542 392	10 132 072
Suppliers for accrued costs		
In foreign currency	5 792 612	4 013 100
	<u>49 270 647</u>	<u>20 991 331</u>
Other accounts payable	92 868 954	179 732 864
	<u>145 099 707</u>	<u>201 634 745</u>

On December 31, 2023 and 2022, the item "Other accounts payable" encompasses the amounts of CVE 93,006,905 and CVE 174,193,286, 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.

#### **12. VISA/MASTERCARD CLEARING**

On December 31, 2023 and 2022, 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 cards, while maintaining in its financial statements various balances associated with these operations (Notes 4 and 11).

On December 31, 2023 and 2022, the outstanding amount is, respectively, CVE 593,464,858 and CVE 220,783,473. The increase recorded in the amount payable is explained by the greater number of clearing days pending reimbursement on 12/31/2023, as it coincides with a weekend, coupled with the growth in the volume traded in that period compared to the same period last year.

### 13. STATE AND OTHER PUBLIC BODIES

On December 31, 2023 and 2022, these captions were as follows:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Corporate income tax (Note 19)	119 297 787	85 077 527
Payment on account	(58 598 824)	(35 235 933)
Prior period tax credit	-	-
Valued added tax	24 068 216	19 807 466
Social Security contributions	3 404 326	3 529 468
Deductions to third-parties	1 880 489	1 971 923
Separate Taxation	8 572	5 781
Other tax - Stamp duties	3 126 320	2 112 324
	<u>93 186 887</u>	<u>77 268 557</u>

On December 31, 2023 and 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 previous year.

### 14. PROVISION OF SERVICES AND SALES

Sales and provision of services recognized by the Company in 2023 and 2022 are detailed below:

	2023	2022
<u>Sales</u>		
PIN Letters	510 000	375 000
ATM Machines	69 648 640	-
<u>Services to banks</u>		
Processing		
Vinti4	171 758 300	170 656 404
Visa	9 506 663	9 819 563
MasterCard	8 366 756	8 359 985
TEF	14 733 688	17 792 506
Automated Clearing	1 425 480	1 504 420
On-us cards, other networks	10 859 134	7 497 704
Terminal management	47 196 894	47 780 500
Card management	40 530 680	40 072 359
Connection to the network		
CPD	7 200 000	7 200 000
SWIFT	16 320 000	16 320 000
Card production	11 125 425	11 282 915
Other Services	9 796 596	7 799 856
<u>Services to non-bank customers</u>		
Automatic payment	850 042 507	730 218 852
Access Fee	134 232 250	123 976 750
Dynamic Currency Conversion	132 708 995	95 308 255
Service payment	42 352 440	35 404 273
Electronic Certificates	25 796 833	15 173 128
Other Services	2 725 018	3 072 990
<u>Discounts and rebates</u>	(191 142)	(168 405)
	<u>1 606 645 157</u>	<u>1 349 447 055</u>

In 2023, the balance of the item "Sales – ATM Machines" concerns the sale of 74 (seventy-four) ATM equipment to a number of banks, in the amount of CVE 69,648,640.

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 2023 and 2022, this caption was as follows:

	<u>2023</u>	<u>2022</u>
Visa Acquiring Fees	241 341 184	187 362 015
MasterCard Acquiring Fees	241 723 336	204 550 800
Maintenance and repair	94 723 422	79 955 748
Communications	65 316 992	61 806 223
Vinti4 related fees	86 744 426	73 571 164
Monthly advances	21 335 961	29 060 236
Electricity	11 914 225	9 844 454
Business trips	4 530 927	2 556 266
Rents and rentals	5 895 168	5 229 668
Insurance	2 600 304	2 557 038
Fuel	2 954 944	2 967 539
Security and surveillance	1 252 994	1 246 732
Consumables	2 013 556	2 870 334
Outsourcing	194 400	690 979
Other external supplies and services	13 763 343	11 373 127
	<u>796 305 182</u>	<u>675 642 323</u>

In 2023, the increase observed in the items “Visa Acquiring Fees” and “MasterCard Acquiring Fees” is mostly explained by the increase in transactions made with international cards upon which these commissions are charged.

In 2023, 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 2023, according to the tariff approved at the beginning of the period.

## 16. PERSONNEL COSTS

In the years 2023 and 2022, this caption is as follows:

	<u>2023</u>	<u>2022</u>
Payroll		
Corporate bodies	3 054 192	2 997 932
Staff	104 085 814	99 786 682
Social security contributions	15 016 183	15 775 710
Training	6 970 519	2 980 268
Performance bonus	6 204 106	6 664 481
Insurance	1 651 386	1 619 971
Other personnel costs	1 648 675	1 215 681
	<u>138 630 875</u>	<u>131 040 725</u>

On December 31, 2023, the number of employees totaled 59, four more than in the previous year. Nine new employees were hired, six resignations took place and one intern was accommodated as a company employee. The increase in relation to the previous year is related to progressions, salary updates, bonuses, reclassifications, and greater commitment to training.

#### 17. OTHER INCOME AND GAINS AND OTHER EXPENSES AND LOSSES

These headings display the following balances in the financial years 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Other income and gains		
Other	<u>7 539 453</u>	<u>813 087</u>
Other costs and losses		
Tax		
Stamp duties	21 099 124	16 940 297
Motor vehicle circulation tax	1 850	11 755
Separate taxation	8 572	5 781
Final pro rata annual adjustment	828 441	1 539 717
Capital tax (Note 19)	<u>350 422</u>	-
	<u>22 293 409</u>	<u>18 497 550</u>
Loss coverage -associates	486 511	6 478 195
Tax shortfall	-	57 769
Donations (Note 8)	1 070 000	1 070 000
Contributions	88 200	44 240
Other costs and losses	<u>562 737</u>	<u>27 778</u>
	<u>2 207 448</u>	<u>7 677 982</u>
	<u>24 500 857</u>	<u>26 175 532</u>

In 2023, the balance under "Other income and gains - Other" includes corrections for MasterCard clearing in the amount of CVE 4,147,341 and VISA clearing in the amount of CVE 1,792,535, and also the amount of CVE 1,073,913 relating to the sale of a vehicle.

On December 31, 2023 and 2022, the item "Stamp Duties" includes the amounts of CVE 21,099,124 and CVE 16,940,297 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, 2023 and 2022, the item "loss coverage" is associated with operating costs derived from fraudulent transactions in the total amount of CVE 481,596 and CVE 6,478,195, respectively.

At December 31, 2023, the caption "Capital tax" includes the amount of CVE 350,422 related to the withholding tax on interest earned on term deposits matured during the financial year of 2023.

## 18. INTEREST AND GAINS RECEIVED AND INTEREST AND LOSS PAID

In the financial years 2023 and 2022, these headings comprise the following:

	<u>2023</u>	<u>2022</u>
Interest and gains received		
Income from capital shares in Visa Inc.	2 517 191	2 258 326
Interest earned on short-term investment	882 458	874 908
Other financing gains	<u>218 236</u>	<u>89 122</u>
	<u>3 617 885</u>	<u>3 222 356</u>
Interest and losses paid		
Interest paid	(1 961 974)	(3 407 482)
Other financing losses	<u>(5 161 405)</u>	<u>(6 682 760)</u>
	<u>(7 123 379)</u>	<u>(10 090 242)</u>
	<u>(3 505 494)</u>	<u>(6 867 886)</u>

On December 31, 2023 and 2022, the item "Interest paid" corresponds to the fees from bank guarantees provided to VISA, MasterCard, and AMEX.

As of December 31, 2023 and 2022, "Other Financing Losses" essentially embraces foreign exchange difference costs associated with the settlement service of Visa and MasterCard's DCC (Dynamic Currency Conversion) transactions.

## 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 2019 to 2023 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, 2023.



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, 2023 and 2022, 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, 2023 and 2022 is detailed below:

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current Tax for the Year	119 297 787	85 077 527

Reconciliation between the nominal tax rate and the effective tax rate observed in the years 2023 and 2022 can be evidenced as follows:

	<u>2023</u>		<u>2022</u>	
	Rate	Tax	Rate	Tax
Income before tax		<u>535 299 193</u>		<u>377 285 540</u>
Nominal rate-based tax	22,44%	120 121 139	22,44%	84 662 875
Impairment losses beyond the limits	0,18%	(592 840)	0,18%	665 000
Tax shortfall (Corporate tax and VAT)	0,00%	(21 105)	0,00%	12 963
Separate taxation	0,00%	1 923	0,00%	1 297
Withholding tax - Flat Rate for Term Deposits	-0,01%	(78 635)	0,00%	-
Depreciation outside the legal limits - Vehicles	0,05%	276 571	0,09%	356 063
30% for costs with passenger vehicles and mixed vehicles	0,07%	359 157	0,06%	237 209
50% for representation expenses	0,00%	9 617	0,00%	6 486
Depreciation from passenger vehicles not accepted in the previous year	-0,15%	(794 366)	-0,23%	(856 156)
Tax Benefits (Training, Internships & Scholarships - CBF art. 33)	-0,01%	(47 286)	0,00%	(13 955)
Tax Benefits (Job Creation - CBF art. 32)	-0,01%	(62 667)	0,00%	-
Other Costs	0,02%	126 278	0,00%	5 744
	<u>22,29%</u>	<u>119 297 787</u>	<u>22,55%</u>	<u>85 077 527</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 policy and management 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 Caboverdiano de Negócios
- Banco Interatlântico
- Cabo Verde Telecom
- State of Cabo Verde – Treasury
- Banco BAI Cabo Verde

### b) Details of the balances with related entities:

	12/31/2023					
	Bank deposits	Customers	Other accounts receivable	Suppliers	VISA/MasterCard Clearing	Other accounts payable
	(Note 4)	(Note 11)	(Note 11)	(Note 11)	(Note 12)	
Banco de Cabo Verde	540 941 748	833 748	-	-	(593 464 858)	-
Banco Comercial do Atlântico	18 069 882	17 524 911	1 730 228	-	-	(535 840)
Caixa Económica de Cabo Verde	54 307 879	14 098 310	-	-	-	(764 850)
Banco Caboverdeano de Negócios	122 407 522	3 942 734	1 057 645	-	-	(118 016)
Banco Interatlântico	91 727 640	4 346 587	-	-	-	(169 210)
Cabo Verde Telecom	-	1 856 963	-	(5 732 926)	-	-
State - Treasury	-	3 787 972	-	-	-	-
Banco BAI CV	59 874 171	3 400 154	1 056 734	-	-	(107 623)
	<u>887 328 842</u>	<u>49 791 379</u>	<u>3 844 607</u>	<u>(5 732 926)</u>	<u>(593 464 858)</u>	<u>(1 695 539)</u>

	12/31/2022					
	Bank deposits	Customers	Other accounts receivable	Suppliers	VISA/MasterCard Clearing	Other accounts payable
	(Note 4)	(Note 11)	(Note 11)	(Note 11)	(Note 12)	
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	-	-	-	-
Banco BAI CV						
	<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>

c) Details of the transactions with the related entities

	12/31/2023				
	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	(1 704)	-	-	-	7 580 293
Banco Comercial do Atlântico	(30 009 101)	(1 097 563)	(2 588)	-	106 992 554
Caixa Económica de Cabo Verde	(26 851 281)	(212 553)	(12 415)	-	133 095 702
Banco Caboverdeano de Negócios	(11 047 612)	-	(3 653)	881 768	52 648 541
Banco Interatlântico	(11 710 195)	(695 145)	(2 070)	-	44 425 803
State - Treasury	-	-	-	-	19 699 323
Cabo Verde Telecom	(3 131 842)	-	-	-	11 236 310
Banco BAI CV	(11 353 785)		(3 888)		33 709 835
	<u>(94 105 520)</u>	<u>(2 005 261)</u>	<u>(24 614)</u>	<u>881 768</u>	<u>409 388 361</u>

	12/31/2022				
	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	(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>

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

## 21. SUBSEQUENT EVENTS

There were no confirmed events subsequent to December 31, 2023 that could be disclosed or that required adjustment.

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 compliance with their legal and statutory obligations and the assignment thereon, the members of the Supervisory Board (SB) hereby present the Report on their supervisory activities, as well as their Opinion on the Management Report, Financial Statements and other accountability elements submitted by the Board of Directors of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. – SISP for the year ended December 31, 2023.

### **2. Monitoring Activities**

During the financial year of 2023, the SB monitored, at the intervals and to the extent it considered appropriate to the Company's activity, the frequency of the accounting records and the compliance with the applicable legal and statutory rules, and obtained the clarifications and information requested from the management body and the Company's various departments. The SB also followed up SISP's activities and management, namely:

- the main decisions of the Board of Directors transposed into the minutes taken of all meetings held by the latter;
- the compliance of the accounting records and financial statements on a regular basis;
- the reasonability and effectiveness of the relevant internal control system.

### **3. Statement of Compliance and Conformity**

As part of its duties, the Supervisory Board examined the financial statements as of December 31, 2023, which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Owner Equity and the Statement of Cash Flows, as well as the accompanying Notes to the Financial Statements, which include the accounting policies and recognition criteria.

In addition, the SB reviewed the Management Report - which clearly and objectively sets out the evolution of the business and the company's performance - and the Proposal for the Appropriation of Net Income.

The SB also obtained additional information on various matters, mainly related to the control and management of the Company's operational risk. In this regard, a number of meetings were held with the relevant officials apart from reading the minutes of the Board of Directors.

From the meeting with the external auditor Ernst & Young, the SB obtained the clarifications required to understand the Financial Statements as at December 31, 2023, and thereafter appraised the Audit Report, which was presented without reservations or emphasis, containing, however, a relevant matter whose content deserved the full agreement of the Supervisory Board.

#### **4. OPINION**

In light of the foregoing and subsequent to the work developed, the SB proposes that the General Meeting of Shareholders approve:

- a) the Management Report for the financial year 2023;
- b) the Financial Statements of the Sociedade Interbancária e Sistemas de Pagamentos, S.A. for the year ended on December 31, 2023;
- c) the proposal for the Appropriation of Net Income as submitted by the Board of Directors;
- d) a vote of thanks to the Board of Directors and the General Manager, and to all the company's employees.

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 6, 2024.

THE SUPERVISORY BOARD,

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Manuel Sanches Tavares Júnior

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Mónica Vitória do Espírito Santo Correia Garcia

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Ana Elizabeth Pires Carvalho Vicente



## **Independent Auditor's Report and Opinion**



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## 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, 2023, (evidencing a total of CVE 2,611,768,682 and owner equity of CVE 1,746,526,497, including net earnings of CVE 416,001,405), 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 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the Accounting and Financial Reporting System Standards System in force in Cabo Verde.

#### Bases for the Opinion

Our audit has been conducted 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 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, we do not express a separate opinion on those 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
<p>The item Provision of Services and Sales totals on December 31, 2023 the amount of CVE 1,606,645,157.</p> <p>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).</p> <p>The recognition of revenue relative to commissions charged to customers 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.</p>	<p>Our audit approach included, among others, the execution of the following procedures:</p> <ul style="list-style-type: none"><li>• 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;</li><li>• 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</li><li>• tests to the appropriation of revenue recognized in the fiscal year.</li></ul>

### 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 as a whole 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 taken by the users on the basis of those financial statements.

As part of an 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; and

- 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.

We communicate and exchange views with those in charge, among other matters, about the planned scope and timeframe of the audit, as well as significant audit matters, including any significant internal control deficiencies identified during the audit works.

## **OTHER INFORMATION**

### **On the management report**

The managing body is responsible for preparing other 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, February 29, 2024

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

Ana Rosa Ribeiro Salcedas Montes Pinto  
Director-General

Filipe Brás  
Partner



# Annual Report **2023**

**SISP, S.A.**

Sociedade Interbancária e Sistemas Pagamentos, S.A.