

Al Ansari Financial Services P.J.S.C.

Consolidated Financial Statements

For the year ended 31 December 2024

Al Ansari Financial Services P.J.S.C.

**Directors' report and consolidated financial statements
For the year ended 31 December 2024**

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Al Ansari Financial Services P.J.S.C.

Directors' report for the year ended 31 December 2024

The Board of Directors is pleased to submit its report on the activities of Al Ansari Financial Services P.J.S.C. (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2024 together with the consolidated audited financial statements.

Board of Directors:

The Board of Directors of the Company comprises:

Mr. Mohammad Ali A. Al Ansari	Group Chairman, Non-executive Director
Mr. Fuad Ali A. Al Ansari	Group Vice Chairman, Non-executive Director
Mr. Eisa Ali A. Al Ansari	Non-executive Director
Mr. Rashed Ali A. Al Ansari	Group Chief Executive Officer, Executive Director
Mr. Nitin Khanna	Independent, Non-executive Director
Ms. Raja Al Mazrouei	Independent, Non-executive Director
Mr. Marcello Baricordi	Independent, Non-executive Director

Principal activities

The Group is engaged in the business of buying and selling of foreign currencies and travellers' cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

Financial performance

During the year ended 31 December 2024, the Group reported total income of AED 1,188.64 million (2023: AED 1,162.48 million) and net profit after-tax of AED 405.85 million (2023: AED 495.19 million).

Proposed Dividend

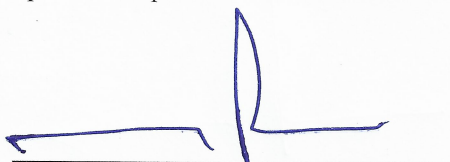
On 12 February 2025, the Board of Directors proposed to distribute a cash dividend of AED 157.50 million to the shareholders (AED 0.021 per share). The proposed dividend is subject to approval by the shareholders at the Company's General Assembly Meeting to be held in March 2025.

Auditors

The consolidated financial statements for the year ended 31 December 2024 have been audited by Deloitte & Touche (M.E.) who, being eligible, have offered themselves for re-appointment.

Outlook

The Group's strategic road map is built to unlock shareholder value by exploring various growth opportunities to broaden our customer base and gain access to new markets. The Group's strategic initiatives are designed to reinforce our market leadership in the financial services industry by fulfilling the ever-evolving customer needs and maintaining sustained growth. In turn, these strategies are anchored by customer-centricity, market insights and technological advancements. By constantly diversifying our service offerings, embracing digital transformation and enhancing profitability, the Group is well positioned to optimise its presence in the UAE and across the region.



Mohammad Ali Al Ansari
Group Chairman
On behalf of the Board of Directors
Al Ansari Financial Services P.J.S.C.
12 February 2025



INDEPENDENT AUDITOR'S REPORT

The Shareholders

Al Ansari Financial Services P.J.S.C

Dubai

United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Al Ansari Financial Services PJSC (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Ansari Financial Services PJSC (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Money exchange, remittances and other services revenue and IT systems and controls	
<p>The Group recognized revenue of AED 1,148 million from money exchange, remittances and other services. The Group provides these services to its customers through a wide network of branches digital channels and smart counters.</p> <p>The calculation and recording of money exchange and remittance services is automated and relies on complex Information Technology (IT) systems.</p> <p>We identified IT systems and controls over the Group's recording of revenue as a key audit matter due to the extensive volume and variety of transactions which are processed daily by the Group and which, therefore, rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and/or are not operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.</p> <p>Refer to notes 3 and 29 in the consolidated financial statements for more details relating to revenue recognised during the year.</p>	<p>We performed, inter alia, the following procedures in relation to this matter:</p> <p>We evaluated the design and tested the operating effectiveness of internal controls related to the money exchange and remittance revenue process.</p> <p>We involved IT professionals with specialized skills and knowledge who assisted in:</p> <ul style="list-style-type: none">• Testing IT general and automated controls over access security, program changes, data center and network operations.• Identifying the relevant systems used to calculate and record money exchange and remittance revenue transactions.• Testing the general IT controls over certain systems and Information Produced by the Entity (IPEs), including testing of user access controls, change management controls, and IT operations controls; and• Testing automated application controls including system interfaces and the calculation and recording of money exchange and remittance revenue transactions in the Group's general ledgers. <p>In addition, we performed the substantive procedures described below:</p> <ul style="list-style-type: none">• Using data enabled audit techniques, we recalculated the revenue recorded in relation to an extensive sample of transactions, and agreed these to the underlying accounting records.• We tested a sample of money exchange and remittance revenue transactions by comparing the amounts recognized to source documents. <p>We also assessed the disclosure in the financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>

Other information

The Board of Directors and management is responsible for the other information. The other information comprises the Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after the date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or the knowledge obtained during our audit, or otherwise appears to be materially misstated.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Ansari Financial Services PJSC (continued)

Other information (continued)

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

On reading the Group's Annual Report, if we conclude there is a material misstatement therein, we are required to communicate the matter with those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Al Ansari Financial Services PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021.
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the books of account of the Group;
- note 1 to the consolidated financial statements discloses purchases or investments in shares during the financial year ended 31 December 2024;
- note 9 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- note 22.1 reflects the social contribution made during the year; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has, during the year ended 31 December 2024, contravened any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No.: 5482
12 February 2025
Dubai
United Arab Emirates

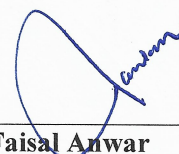
Al Ansari Financial Services P.J.S.C.
Consolidated statement of financial position
As at 31 December 2024

	Note	2024 AED'000	2023 AED'000
ASSETS			
Non-current assets			
Right-of-use assets	5	95,868	92,031
Property and equipment	6	73,946	71,926
Restricted deposits with banks	7	59,604	51,259
		<u>229,418</u>	<u>215,216</u>
Current assets			
Cash on hand and in transit	8	1,022,907	1,137,784
Due from banks	8	1,850,925	1,577,329
Due from exchange houses and agents	8	20,582	46,363
Due from related parties	9	177	22
Prepayments and other receivables	10	107,256	117,454
		<u>3,001,847</u>	<u>2,878,952</u>
Total assets		<u>3,231,265</u>	<u>3,094,168</u>
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	43,188	44,550
Provision for employees' end-of-service benefits	12	49,978	45,851
		<u>93,166</u>	<u>90,401</u>
Current liabilities			
Trade and other payables	13	992,764	742,103
Due to banks	14	13,978	20,376
Due to exchange houses and agents	14	73,760	72,560
Due to related parties	9	1,616	4,163
Bank borrowings	15	233,533	325,000
Income tax liability	25	40,983	-
Lease liabilities	11	40,876	38,146
		<u>1,397,510</u>	<u>1,202,348</u>
Total liabilities		<u>1,490,676</u>	<u>1,292,749</u>
EQUITY			
Share capital	17.1	75,000	75,000
Treasury shares	17.2	(89)	-
Share (discount) / premium	17.2	(9,090)	-
Statutory reserve	18	37,500	37,500
Acquisition reserve	19	286,143	286,143
Retained earnings		1,351,125	1,402,776
Total equity		<u>1,740,589</u>	<u>1,801,419</u>
Total liabilities and equity		<u>3,231,265</u>	<u>3,094,168</u>

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 February 2025 and signed on its behalf by:



Mohammad Ali Al Ansari
Group Chairman



Faisal Anwar
Group Chief Financial Officer

Al Ansari Financial Services P.J.S.C.

**Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024**

	Note	2024 AED'000	2023 AED'000
Income			
Net gain on currency exchange		547,819	541,678
Net commission income	20	601,157	590,424
Interest income		32,996	25,179
Other income		6,664	5,195
Total income - net		1,188,636	1,162,476
Expenses			
Salaries and benefits	21	(481,352)	(450,725)
General and administrative expenses	22	(155,173)	(116,449)
Depreciation	23	(94,377)	(85,014)
Provision for expected credit losses	8.5	(466)	(240)
Finance cost	24	(8,753)	(13,327)
Bank charges		(1,683)	(1,532)
Total expenses		741,804	667,287
Profit before tax for the year		446,832	495,189
Income tax expense	25	(40,983)	-
Profit after tax for the year		405,849	495,189
Other comprehensive income		-	-
Total comprehensive income for the year		405,849	495,189
Profit after tax attributable to the shareholders of the Company		405,849	495,189
Basic and diluted earnings per share (AED)	26	0.0542	0.0660

Al Ansari Financial Services P.J.S.C.
Consolidated statement of changes in equity
For the year ended 31 December 2024

	Share capital	Treasury shares	Share (discount)/ premium	Statutory reserve	Acquisition reserve	Retained earnings	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
As at 1 January 2023	75,000	-	-	-	286,143	1,245,087	1,606,230
Total comprehensive income for the year	-	-	-	-	-	495,189	495,189
Dividend declared and paid (note 28)	-	-	-	-	-	(300,000)	(300,000)
Transfer to statutory reserve (note 18)	-	-	-	37,500	-	(37,500)	-
As at 1 January 2024	75,000	-	-	37,500	286,143	1,402,776	1,801,419
Total comprehensive income for the year	-	-	-	-	-	405,849	405,849
Dividend declared and paid (note 28)	-	-	-	-	-	(457,500)	(457,500)
Acquisition of shares (note 17.2)	-	(89)	(9,090)	-	-	-	(9,179)
As at 31 December 2024	75,000	(89)	(9,090)	37,500	286,143	1,351,125	1,740,589

Al Ansari Financial Services P.J.S.C.
Consolidated statement of cash flows
For the year ended 31 December 2024

	Note	2024 AED'000	2023 AED'000
Operating activities			
Profit before tax for the year		446,832	495,189
Adjustments for:			
Depreciation	23	94,377	85,014
Provision for expected credit losses	8.5	466	240
Provision for employees' end-of-service benefits	12	7,901	7,189
Finance cost	24	8,753	13,327
Loss / (gain) on disposal of property and equipment		372	(379)
Operating cash flows before settlement of employees' end-of-service benefits and changes in working capital		558,701	600,580
Payment for employees' end-of-service benefits	12	(3,774)	(3,191)
Changes in working capital:			
Due from exchange houses and agents		25,625	18,500
Due from related parties		(155)	195
Prepayment and other receivables		10,198	(23,453)
Trade and other payables		250,661	97,391
Due to exchange houses and agents		1,200	19,919
Due to related parties		(2,547)	3,346
Restricted deposits with banks		(8,345)	(903)
Net cash generated from operating activities		831,564	712,384
Investing activities			
Payment for purchase of property and equipment		(32,069)	(45,193)
Fixed deposits having maturities longer than three months		26,730	165,195
Proceeds from sale of property and equipment		403	1,331
Net cash (used in) / generated from investing activities		(4,936)	121,333
Financing activities			
Acquisition of treasury shares	17.2	(9,179)	-
Dividends paid	28	(457,500)	(300,000)
Lease liabilities paid	11	(72,189)	(62,963)
Proceeds from bank borrowings	15	233,533	325,000
Repayment of bank borrowings		(329,136)	(358,132)
Net cash used in financing activities		(634,471)	(396,095)
Net increase in cash and cash equivalents		192,157	437,622
Cash and cash equivalents at the beginning of the year		2,664,247	2,226,625
Cash and cash equivalents at the end of the year	27	2,856,404	2,664,247

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024

1 Legal status and principal activities

Al Ansari Financial Services P.J.S.C. (the “Company”) is a public joint stock company with trade license number 758204 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 9 May 2016. The legal status of the Company was converted to a public joint stock company on 3 April 2023 by virtue of a resolution of the Company’s shareholders.

Pursuant to a resolution dated 8 March 2023, the shareholders approved the listing of the Company’s shares on Dubai Financial Market whereby 10% of its shares were offered to the general public in an Initial Public Offering (“IPO”). The shares of the Company were listed on Dubai Financial Market on 6 April 2023.

As of the reporting date, Al Ansari Holding L.L.C (the “Parent Company”) held 90% of the issued share capital.

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (together referred to as the “Group”).

Name of the subsidiary	Place of incorporation	Percentage holding	
		2024	2023
Al Ansari Exchange L.L.C.	United Arab Emirates	100%	100%
Blue Remit Limited (Formerly, Worldwide Cash Express Limited)	United Arab Emirates	100%	100%
Cash Trans Money & Valuables Transport Services L.L.C.	United Arab Emirates	100%	100%
Al Ansari Digital Pay LLC ¹	United Arab Emirates	100%	-
Al Ansari Global Holdings Limited ²	United Arab Emirates	100%	-
Al Ansari Financial Services Business Solutions Private Limited, India	India	100%	-
Blue Horizon on Demand Labours Supply Services L.L.C. ³	United Arab Emirates	100%	100%

The Group is engaged in the business of buying and selling of foreign currencies and travellers’ cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of “wages protection” (WPS), providing special financial products (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

On 30 July 2024, the Group, based on the approval of the Board, has signed a Sales Purchase Agreement with BFC Group Holding Limited for the acquisition of 100% shares in BFC Group Holdings W.L.L. and its subsidiaries for US\$ 200 million. The acquisition is subject to regulatory approvals and satisfaction of certain conditions precedent agreed between the parties.

¹ Al Ansari Digital Pay LLC was incorporated in February 2024 and is awaiting final approval from the Central Bank of UAE (“CBUAE”) to commence operations in respect of stored value facilities and retail payment services to its customers.

² Al Ansari Global Holdings Limited is created solely for the potential acquisitions outside UAE.

³ The Board in their meeting held on 6 November 2024 decided to liquidate Blue Horizon on Demand Labours Supply Services L.L.C. and accordingly the liquidation formalities are under process.

The registered office of the Group is at P.O. Box 6176, Dubai, UAE.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS Accounting Standards), as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of laws of the United Arab Emirates.

2 Basis of preparation (continued)

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for derivatives measured at fair value, and on a going concern basis.

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying IFRS Accounting Standards. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Certain comparative information has been reclassified to conform with the current year’s presentation. The restatements did not have any impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023.

(c) Functional and presentation currency

The functional currency of the Company and presentation currency of the Group is UAE Dirham (“AED”), the currency of the primary economic environment in which the Group operates.

All values have been rounded to the nearest thousand (“000”), unless otherwise disclosed.

(d) Basis of consolidation

Subsidiary

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The stand-alone financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any realised or unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

3. Summary of material accounting policy information

3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements

During the year, the Group has adopted the following amendments to IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	Summary
Amendments to IFRS 16 <i>Leases</i> relating to Lease Liability in a Sale and Leaseback	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Classification of Liabilities as Current or Non-Current	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

3 Summary of material accounting policy information (continued)

3.1 New and revised IFRS Accounting Standards applied on the consolidated financial statements (continued)

New and revised IFRS	Summary
Amendments to IAS 1 <i>Presentation of Financial Statements</i> relating to Non-current Liabilities with Covenants	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> relating to Supplier Finance arrangements	The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

3.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> regarding the classification and measurement of financial instruments. The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. Annual improvements to IFRS Accounting Standards - Volume 11 The pronouncement comprises the following amendments: <ul style="list-style-type: none"> • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a “de facto agent” • IAS 7: Cost method 	1 January 2026

3 Summary material accounting policy information (continued)

3.2 New and revised IFRS Accounting Standards in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Effective for annual periods beginning on or after
<p>IFRS 18 <i>Presentation and Disclosures in Financial Statements</i></p> <p>IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p>	<p>1 January 2027</p>
<p>IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i></p> <p>IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.</p>	<p>1 January 2027</p>
<p>Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i></p> <p>The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture</p>	<p>Effective date deferred indefinitely. Adoption is still permitted.</p>

The Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.

3.3 Revenue recognition

Income mainly comprises of net commissions and / or net gain on currency exchange earned on remittances, sale and purchase of bank notes and issuance and reload of prepaid cards and fees generated from provision of other services (wages protection, bill payments, cash collections, and transportation of cash and valuables) offered by the Group.

Sale or purchase of a currency contract has only one performance obligation. Net gain on currency exchange is recognised when the transaction is executed.

Commission income is earned primarily from fees charged to customers for each transaction and includes only one performance obligation that is satisfied at a point in time when the related services are performed, and instruments are issued / accepted. Commission expense is recognised when the remittances are processed.

For all transactions originated by the Group, the Group recognizes revenues on gross basis whereas for third party transactions, the Group recognizes revenue on net basis as it is considered as agent in these transactions.

3 Summary material accounting policy information (continued)

3.4 Interest income / expense

Interest income and expense for all interest-bearing financial instruments are recognized in the consolidated statement of profit or loss and other comprehensive income on an accrual basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

When calculating effective interest rates, the Group estimates cash flows after considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

3.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis to write off cost of furniture & equipment over their estimated useful lives as follows:

Class of assets	Life (years)
Furniture	4
Fixtures	5 years or lease term (whichever is lower)
Computers, software, and office equipment	4
Motor vehicles	3 - 5

Useful life, residual values and depreciation method are reassessed at each reporting date with the effect of any change in the estimate, accounted for prospectively.

The cost of replacing part of an item of furniture and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing and maintenance of property and equipment are recognized in the consolidated statement of profit or loss and other comprehensive income as incurred.

3.6 Capital work in progress (CWIP)

Capital work in progress, representing expenditure incurred in respect of renovation and setting up of new branches, is stated at cost less impairment loss, if any. CWIP is transferred to property and equipment once set up is completed.

3 Summary material accounting policy information (continued)

3.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are measured at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets (except goodwill) that incurred impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Group's financial assets include restricted deposits with banks, cheques on hand, cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Summary material accounting policy information (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method, of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income.

3 Summary material accounting policy information (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as measured at FVTPL. In addition, debt instruments that meet either the amortised cost or the FVTOCI criteria may be designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments that are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the consolidated statement of profit or loss.

The Group does not have financial assets classified as measured at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on due from banks, due from exchange houses and agents, due from related parties and other receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The management has used the forward-adjusted loss rate associated with the credit default swap (CDS) spread which is a market indication of credit risk to determine the expected credit loss provision.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3 Summary material accounting policy information (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

For financial guarantee contracts, the date that the Group becomes a party to an irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies in which the Group operates.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3 Summary material accounting policy information (continued)

3.8 Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is strong evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as measured at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the consolidated statement of profit or loss and other comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the consolidated statement of profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3 Summary material accounting policy information (continued)

3.8 Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as measured at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in the consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognised in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in the consolidated statement of other comprehensive income are not subsequently reclassified to the consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as measured at FVTPL are recognised in the consolidated statement of profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as measured at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of profit or loss .

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Summary material accounting policy information (continued)

3.9 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash in transit, due from banks and fixed deposits having original maturity of less than three months, less amount due to banks.

Restricted deposits with banks are not considered to be a part of cash and cash equivalents as these are the funds placed by the Group in accordance with the correspondence arrangements with various corresponding banks and are not available to the Group for its day-to-day operations.

3.10 Deposit with tax authorities

Other receivables include deposit with tax authorities related to taxes other than income tax. This is recognised as an asset in the consolidated statement of financial position and is measured at amortised cost. The deposit is a right to obtain future economic benefits, either by receiving a refund or by utilising the deposit to settle a tax liability.

3.11 Foreign currencies

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to AED at the foreign exchange rates prevailing at the date of the transaction. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

3.12 Provision for employees' end-of-service benefits

A provision is made for the full amount of end-of-service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The provision for end of service benefits is disclosed as a non-current liability.

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of profit or loss, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

3.13 Value Added Tax (VAT)

The Group recorded a VAT payable net of payments in the accompanying consolidated financial statements at the applicable rate of 5%. Sales revenue represents the invoiced value of services, net of VAT. All the VAT returns of the Group remain subject to examination by the tax authorities for five years from the date of filing.

3 Summary material accounting policy information (continued)

3.14 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if the amount of the receivable can be measured reliably.

In all those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

3.15 Related party transactions

Related party transactions are transfers of resources, services or obligations between the Group and a related party, regardless of whether a price is charged. They include commitments to do something if a particular event occurs (or does not occur) in the future and executory contracts (recognised or unrecognised). All the related party information required by IAS 24 that is relevant to the Group has been presented in note 9.

3.16 Leases

The Group's leasing activities and the basis of accounting

The Group leases mainly offices and branch locations. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Rental contracts may contain both lease and non-lease components.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- i. fixed payments of lease and non-lease components (including in-substance fixed payments), less any lease incentives receivable
- ii. variable lease payment that are based on an index or a rate
- iii. amounts expected to be payable by the lessee under residual value guarantees
- iv. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- v. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted based on the incremental borrowing rate determined by the Group, being the rate at which the lessee would have to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Future cash outflows to which the Group is potentially exposed to and that are not reflected in the measurement of lease liabilities includes the following:

- i. variable lease payments;
- ii. extension options and termination options;
- iii. leases not yet commenced to which the lessee is committed;

3 Summary material accounting policy information (continued)

3.16 Leases (continued)

The Group's leasing activities and the basis of accounting (continued)

Right-of-use assets are measured at cost comprising the following:

- i. the amount of the initial measurement of lease liability
- ii. as applicable, any lease payments made at or before the commencement date less any lease incentives received, and
- iii. as applicable, any initial direct costs.

Leases of low value assets mainly comprise office equipment (scanner and printer machines). Other short-term leases include vehicles rented for business purpose.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in note 3.7 ('Impairment of non-financial assets').

Variable lease payments

Impact of leases containing variable payment terms that are linked to sales generated or any other type of variable aspects are found to be immaterial with the Group.

Extension and termination options

Extension and termination options are included in a number of leases. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Some extension and termination options held are exercisable by the Group, others require both the lessee and the lessor to mutually agree before an option to extend or early terminate is exercised. Approximately, AED 6.71 million (2023: AED 6.94 million) of the total lease payments included in the calculation of the lease liability in 2024 were subject to auto renewal.

3.17 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs which are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities in case settlement is due within 12 months. Otherwise, they are classified as non-current liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. The future cash payment is estimated taking into account all the contractual terms of the instrument.

3 Summary material accounting policy information (continued)

3.18 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by dividing the consolidated profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.19 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are approved by the Directors or the shareholders, as the case may be.

3.20 Segment reporting

Reportable segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Senior Management Committee.

3.21 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

3 Summary material accounting policy information (continued)

3.22 Income taxes

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4 Significant accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are described below.

4 Significant accounting estimates and judgments (continued)

4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Management has made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in these consolidated financial statements.

(i) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows of AED 54.23 million (2023: AED 44.22 million) have not been included in the lease liability because the Group is not reasonably certain that the leases will be extended. The assessment is reviewed at each reporting period if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Expected Credit Loss (ECL) on financial assets

Financial assets accounted for at amortised cost are evaluated for impairment on a basis described in note 3.8. The Group reviews its financial assets to assess impairment on a regular basis.

(ii) Useful lives of property and equipment

The cost of property and equipment is depreciated over its estimated useful lives. Depreciation is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. Management has not considered any residual value as it is deemed immaterial. The estimated useful life is monitored, and adjustments are made in future periods, if future factors indicate that such adjustments are appropriate.

(iii) Tax positions

The income tax positions taken are considered by the Group to be supportable and are intended to withstand challenge from tax authorities. However, it is acknowledged that these positions are uncertain and include interpretations of complex tax laws which could be disputed by tax authorities.

The Group judges these positions on their technical merits on a regular basis using all the information available (legislation, case law, regulations, established practice, authoritative doctrine as well as the current state of discussions with tax authorities, where appropriate). A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities, based on all relevant information. The liability is calculated taking into account the most likely outcome or the expected value, depending on which is thought to give a better prediction of the resolution of each uncertain tax position in view of reflecting the likelihood of an adjustment being recognised upon examination. These estimates are based on facts and circumstances existing at the end of the reporting period. The tax liability and income tax expense include expected penalties and late payment interests arising from tax disputes.

Management has used its best estimate of the correct value of liability to recognise in each case, which includes a judgement on the length of the future time period to use in such assessments.

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

5 Right-of-use assets

	2024 AED'000	2023 AED'000
Right-of-use assets – Properties	95,868	92,031

The movement of right-of-use assets is as follows:

	2024 AED'000	2023 AED'000
As at 1 January	92,031	67,235
Additions – new leases (5.1)	68,940	84,091
Depreciation expenses (note 23)	(65,103)	(59,295)
As at 31 December	95,868	92,031

5.1 Additions include AED 1.98 million (2023: AED 20.03 million) in respect of a lease agreement entered into with a related party, Al Ansari Real Estate LLC, for a fixed term of three years (2023: six years) in relation to renting the office premises of the Group.

6 Property and equipment

	Furniture and fixtures AED'000	Computers and office equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost					
As at 1 January 2023	111,395	76,139	9,623	4,337	201,494
Additions	13,901	16,802	6,224	8,266	45,193
Transfers	11,031	-	-	(11,031)	-
Reclassification	(1,498)	1,498	-	-	-
Disposals	(5,266)	(6,643)	(2,600)	-	(14,509)
As at 31 December 2023	129,563	87,796	13,247	1,572	232,178
Additions	5,691	9,715	1,650	15,013	32,069
Transfers	12,777	-	-	(12,777)	-
Disposals	(5,369)	(6,076)	-	-	(11,445)
As at 31 December 2024	142,662	91,435	14,897	3,808	252,802
Accumulated depreciation					
As at 1 January 2023	86,691	54,952	6,447	-	148,090
Charge for the year (note 23)	13,408	10,744	1,567	-	25,719
Reclassification	(1,273)	1,273	-	-	-
Disposals	(4,392)	(6,565)	(2,600)	-	(13,557)
As at 31 December 2023	94,434	60,404	5,414	-	160,252
Charge for the year (note 23)	14,390	12,477	2,407	-	29,274
Disposals	(4,716)	(5,954)	-	-	(10,670)
As at 31 December 2024	104,108	66,927	7,821	-	178,856
Net book amount					
As at 31 December 2023	35,129	27,392	7,833	1,572	71,926
As at 31 December 2024	38,554	24,508	7,076	3,808	73,946

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

7 Restricted deposits with banks – non-current

	2024	2023
	AED'000	AED'000
Restricted deposits with banks inside UAE (note 7.1)	47,057	41,342
Restricted deposits with banks outside UAE (note 7.2)	12,547	9,917
	59,604	51,259

7.1 These deposits are held as margins with banks against bank guarantee arrangements.

7.2 These deposits are held as margins held against remittance arrangements and multi-currency travel card program.

8 Cash on hand and in transit, due from banks, exchange houses and agents

	2024	2023
	AED'000	AED'000
<i>Cash on hand and in transit</i>		
Cash on hand	976,568	1,099,158
Cheques on hand	12,573	26,175
Cash in transit	33,766	12,451
Total amount of cash on hand and in transit	1,022,907	1,137,784

Due from banks

Balances with banks inside UAE		
- Current accounts (note 8.1)	544,235	496,528
- Balances held for WPS transactions (note 8.2)	313,898	175,955
- Balances held for travel card transactions (note 8.2)	268,200	222,623
- Fixed deposits (note 8.3)	415,000	336,730
- Advances to banks against credit card collections	9,847	7,739
- Credit card receivables	22,066	31,228
	1,573,246	1,270,803

Balances with banks outside UAE - Nostro accounts	284,229	312,766
Less: Provision for expected credit losses (note 8.5)	(6,550)	(6,240)
	277,679	306,526
Total amount due from banks	1,850,925	1,577,329

Due from exchange houses and agents

Balances with exchange houses and agents inside UAE	218	99
Balances with exchange houses and agents outside UAE	20,364	46,264
Total amount due from exchange houses and agents	20,582	46,363
	2,894,414	2,761,476

8.1 Current accounts include AED 132 million (2023: AED 250 million) placed in interest bearing call account with the Central Bank of UAE.

Current accounts also include funds received from prepaid travel card customers, where the use of associated cash is restricted solely to the settlement of the related liabilities. (note 13.1)

8.2 These represent funds received from prepaid travel card and WPS customers against the settlement of related liabilities. (note 13)

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

8 Cash on hand and in transit, due from banks, exchange houses and agents (continued)

8.3 The Group has placed certain fixed deposits, at commercial market interest rates, with banks in the UAE for a tenure of 3 months to 12 months. (2023: 3 months to 6 months).

Fixed deposits also include short-term three-month deposit amounting to AED 110 million (2023: nil) placed with the Commercial Bank International to meet obligation against unclaimed funds in line with CBUAE requirements.

8.4 Due from banks, due from exchange houses and agents are regularly assessed for credit quality considering the credit rating assigned to them by international or respective country's rating agencies and the country risk.

	2024	2023
	AED'000	AED'000
Assessed high rated externally (A1-Baa3)	1,645,198	1,391,871
Assessed medium to low rated externally (Ba1-B3)	34,407	19,305
Assessed very low rated externally (Caa1-C)	29,790	38,546
Unrated externally, assessed high rated internally	91,289	78,045
Unrated - others	77,373	102,165
	<u>1,878,057</u>	<u>1,629,932</u>

8.5 None of the balances with banks and exchange houses and agents as on the reporting date are past due and taking into account the historical default experience and the current credit ratings of the banks and exchange houses, Management have assessed that the expected credit losses on these balances is AED 6.55 million (2023: AED 6.24 million).

The movement of provision for expected credit losses is as follows:

	Due from banks	Due from exchange houses and agents	Total
	AED'000	AED'000	AED'000
As at 1 January 2023	6,000	-	6,000
Provision for the year	240	-	240
As at 31 December 2023	<u>6,240</u>	<u>-</u>	<u>6,240</u>
Provision for the year	310	156	466
Write-offs	-	(156)	(156)
As at 31 December 2024	<u>6,550</u>	<u>-</u>	<u>6,550</u>

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

8 Cash on hand and in transit, due from banks, exchange houses and agents (continued)

8.6 Concentration of balance of cash on hand and in transit, due from banks, exchange houses and agents by geographical area:

	2024 AED'000	2023 AED'000
United Arab Emirates (UAE)	1,569,914	1,264,662
Middle East countries	79,914	63,134
Philippines	72,357	99,446
Pakistan	57,888	47,513
India	52,075	67,552
Bangladesh	3,054	17,769
United States of America	2,106	4,060
Europe	2,598	2,910
Other locations	31,601	56,646
	<u>1,871,507</u>	<u>1,623,692</u>
Cash on hand - UAE	976,568	1,099,158
Cheques on hand – UAE	12,573	26,175
Cash in transit - UAE	33,766	12,451
	<u>2,894,414</u>	<u>2,761,476</u>

The geographical information shown above has been classified by location of cash and cheques on hand and cash in transit, the respective branches of the banks, exchange houses and agents.

8.7 Currency wise composition of cash and cheques on hand and in transit, balance due from banks, exchange houses and agents:

	2024 AED'000	2023 AED'000
Local currency	1,665,612	1,367,577
Foreign currency	1,228,802	1,393,899
	<u>2,894,414</u>	<u>2,761,476</u>

9 Related party disclosures

The Group enters into transactions with other entities that fall within the definition of a related party as defined in the International Accounting Standard 24: *Related Party Disclosures*.

Related parties comprise parent company, jointly controlled, or significantly influenced entities (together referred as "Group entities"), shareholders, directors, key management personnel and their associated entities.

These transactions are entered into in the normal course of business and mainly include foreign exchange and remittance arrangements and rental of premises. Management decides on the terms and conditions of the transactions and services received or rendered from / to related parties based on arm's length principle.

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

9 Related party disclosures (continued)

9.1 Transactions with related parties (Group entities)

The significant transactions included in these consolidated financial statements are as follows:

	2024 AED'000	2023 AED'000
Commission and exchange income earned – Al Ansari Exchange Kuwait	<u>2,760</u>	2,401
Recharge of shared corporate services to Group entities	<u>551</u>	-
Lease rental paid - Al Ansari Real Estate LLC	<u>4,640</u>	4,467

9.2 Due from / to related parties – Group entities

	2024 AED'000	2023 AED'000
Due from related parties	<u>177</u>	22
Due to related parties	<u>1,616</u>	4,163

Due from / to related parties represent unsecured interest-free current accounts which have arisen in the normal course of business. The expected credit loss on amounts due from related parties is insignificant.

9.3 Remuneration to Board of Directors

During the year, the Group, based on shareholders' approval in the general assembly meeting held on 19 March 2024, has paid AED 0.623 million (2023: nil) in respect of Directors' remuneration and fees for attending meetings in 2023.

The remuneration payable to Board of Directors for the year 2024 shall be presented to the shareholders for approval in the next Annual General Meeting.

9.4 Key management personnel

The total amount of compensation paid to key management personnel during the year is as follows:

	2024 AED'000	2023 AED'000
Salaries and other benefits	<u>15,478</u>	13,352

Key management personnel include the Group's Chief Executive Officer, Group's Deputy Chief Executive Officer, Group's Chief Financial Officer, Group's other C-Suite officers, and department heads.

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

10 Prepayments and other receivables

	2024	2023
	AED'000	AED'000
Commissions and incentives receivables	25,256	28,782
Security deposits	18,127	17,966
Positive value of overnight foreign currency forwards (note 30)	15,850	12,053
Deposit with tax authorities (note 10.1)	11,827	12,801
Bills receivables	9,885	22,363
Prepaid expenses	9,043	8,722
Due from liquidity provider (note 17.2)	558	-
Commission income receivable in relation to WPS	329	161
Other receivables (note 10.2)	16,381	14,606
	107,256	117,454

10.1 Deposit with tax authorities**Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million**

During the year 2020, the Federal Tax Authority (“FTA”) had assessed that the share of income received from sending agents in relation to inward remittances is subject to standard rate of value added tax (“VAT”) and, accordingly, FTA had assessed short payment of VAT and related penalties amounting to AED 9.43 million (subsequently reduced to AED 6.53 million). The Group is of the view that receipt of such income should be zero rated and filed an appeal with the Federal Court.

On 22 November 2023, the Federal Supreme Court decided the matter in favour of the Group and, accordingly, the Group has filed an execution writ with the Federal Court pending decision as on the reporting date.

Voluntary disclosures filed for tax periods from February 2019 to October 2020 – AED 5.30 million

In view of the above-mentioned tax assessment, the Group had filed voluntary disclosures for tax periods from February 2019 to October 2020 and additionally paid AED 5.30 million. Following the verdict in its favour, the Group is currently considering its legal position in relation to filing the case for recovery of the said amount.

10.2 Other receivables

Other receivables include interest receivable on bank deposits, advances to suppliers and landlords. These are primarily related to counterparties in the UAE.

The expected credit loss on other receivables is considered to be immaterial.

11 Lease liabilities

	2024	2023
	AED'000	AED'000
Non-current	43,188	44,550
Current	40,876	38,146
	84,064	82,696

Al Ansari Financial Services P.J.S.C.**Notes to the consolidated financial statements for the year ended 31 December 2024** (continued)**11 Lease liabilities** (continued)

The movement in lease liabilities is as follows:

	2024	2023
	AED'000	AED'000
As at 1 January	82,696	57,623
Additions	68,940	84,091
Finance cost on lease liability (note 24)	4,617	3,945
Payments	(72,189)	(62,963)
As at 31 December	84,064	82,696

The maturity of leased liabilities based on contractual payments is explained in note 30.1(c).

12 Provision for employees' end-of-service benefits

	2024	2023
	AED'000	AED'000
As at 1 January	45,851	41,853
Charge for the year (note 21)	7,901	7,189
Payments during the year	(3,774)	(3,191)
As at 31 December	49,978	45,851

13 Trade and other payables

	2024	2023
	AED'000	AED'000
Travel card payables (note 13.1)	275,666	213,044
Payable balances in relation to WPS	324,740	167,667
Remittances payable (note 13.2)	101,977	122,500
Bills payable	35,529	32,373
Unclaimed funds (note 13.2)	103,703	101,179
Accrued expenses	80,617	59,795
Other payables (note 13.3)	70,532	45,545
	992,764	742,103

13.1 Travel card payables represent money loads from customers which are placed with Abu Dhabi Islamic Bank and exclusively used for settlements to Visa International upon spending by the customers.

13.2 Represents pending settlements to beneficiaries for the remittances made by the customers.

13.3 Other payables include a provision of AED 28 million (2023: AED 4.20 million) against a charge imposed by Federal Authority for Identity, Citizenship, Customs and Port Security (ICP) for the services related to validating the customers' identification at the time of onboarding / transaction processing mandated by the regulator, CBUAE.

Included in the above, AED 23 million is mandated charge for the back-dated period of 2020 to 2022. The Group is contesting this back-dated charge on the basis that it not raised on timely basis, however, the Group has made the provision on conservative basis. In addition, the Group is also seeking clarity on the payment mechanism upon resolution of this matter.

14 Due to banks, exchange houses and agents

	2024	2023
	AED'000	AED'000
<i>Due to banks</i>		
Balances with local banks	8,233	3,640
Balances with foreign banks	5,745	16,736
Total amount due to banks	13,978	20,376
<i>Due to exchange houses and agents</i>		
Balances with local exchange houses and agents	530	254
Balances with foreign exchange houses and agents (note 14.1)	73,230	72,306
Total amount due to exchange houses and agents	73,760	72,560
	87,738	92,936

14.1 Due to exchange houses and agents include AED 11.41 million (2023: AED 16.15 million) payable to Western Union in lieu of remittance funding.

14.2 Currency wise composition of balances due to banks, exchange houses and agents:

	2024	2023
	AED'000	AED'000
Local currency	37,233	20,039
Foreign currency	50,505	72,897
	87,738	92,936

15 Bank borrowings

	2024	2023
	AED'000	AED'000
Bank overdraft – secured	100,000	325,000
Bank overdraft – unsecured	133,533	-
	233,533	325,000

The Group has arranged secured and unsecured bank overdraft facilities with various banks for AED 350 million (2023: AED 350 million) and AED 400 million (2023: AED 350 million) respectively to meet the working capital requirements of the Group. These facilities carry variable interest rates, repayable on demand and secured by way of account pledge over margin deposits placed by the Group or the Parent Company.

As on the reporting date, the Group had un-utilised bank overdraft facilities of AED 516.47 million (2023: AED 375 million) and was compliant with the covenant requirements of these bank overdraft facilities.

16 Contingencies and commitments

	2024	2023
	AED'000	AED'000
Contingent liabilities		
Guarantees issued by banks in favour of		
- CBUAE	255,000	235,000
- Others (note 16.1)	11,450	11,826
Total guarantees arranged and issued	266,450	246,826

16.1 The Group has arranged guarantees from local commercial banks, drawn in favour of certain correspondent banks, business and other partners as required under the terms of the respective correspondent arrangements.

16.2 The commitment in respect of capital expenditure incurred as at 31 December 2024 amounts to AED 1.97 million (2023: AED 1.33 million).

17 Share capital and Treasury shares

17.1 Share capital

As at 31 December 2024, the authorised issued and fully paid share capital of the Company comprised 7,500,000,000 ordinary shares of AED 0.01 each (2023: 7,500,000,000 ordinary shares of AED 0.01 each).

17.2 Treasury shares

The Company engaged a third-party licensed liquidity provider on the DFM, to place buy and sell orders for the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility. As on the reporting date, the liquidity provider held 8,900,447 shares (2023: nil) on behalf of the Company, which are classified under equity as treasury shares at par value. At the end of the contract term with the liquidity provider, the Company will have the option to either transfer the outstanding shares under its name or dispose of the shares in the market.

During the year, AED 9.52 million has been utilised from share premium reserve to account for the premium paid on acquisition of treasury shares, net of realized gains/losses upon disposal of shares.

In addition, the Company has an amount receivable from liquidity provider of AED 0.558 million (2023: nil) in respect of advance payment against the above-mentioned arrangement. (note 10)

18 Statutory reserve

In accordance with UAE Federal Law No. (32) of 2021 and Articles of Association of the Company, 10% of net profit of the Company is to be allocated every year to statutory reserve. This statutory reserve, as per the Articles of Association, is subject to maximum of 50% of the Company's issued share capital. This reserve is not available for distribution except as stipulated by the law.

During the year, no additional transfer has been made from retained earnings to statutory reserve (2023: AED 37.50 million).

Al Ansari Financial Services P.J.S.C.**Notes to the consolidated financial statements for the year ended 31 December 2024** (continued)**19 Acquisition reserve**

On 1 January 2018, the Company had entered into an equity acquisition arrangement with its shareholders whereby all the shareholders transferred their individual equity interest in the Group entities to the Company.

The fair value of the net assets, acquired at the effective date of control, were treated as acquisition reserve, a reserve distributable to the shareholders, as there was no consideration paid to the shareholders.

20 Net commission income

	2024	2023
	AED'000	AED'000
Commission income		
Commission on remittances	488,521	483,433
Commission on collections	94,604	89,994
Bank notes and travel cards	31,377	27,511
	<u>614,502</u>	<u>600,938</u>
Commission expense and discount	(13,345)	(10,514)
Net commission income	<u>601,157</u>	<u>590,424</u>

21 Salaries and benefits

	2024	2023
	AED'000	AED'000
Salaries and wages	349,909	325,212
Leave salary and air tickets	41,939	37,155
Staff bonuses and incentives	25,608	28,577
Employees' end-of-service benefits (note 12)	7,901	7,189
Other benefits	55,995	52,592
	<u>481,352</u>	<u>450,725</u>

22 General and administrative expenses

	2024	2023
	AED'000	AED'000
Communication	23,459	20,632
Premises utilities, security, and maintenance	23,518	19,481
Marketing and promotions	15,203	17,193
VAT incurred but not recovered	11,755	11,646
IT related expenses	12,913	9,740
Cash transportation	6,746	7,541
License fees	6,587	5,854
Emirates ID validation costs (note 13.3)	24,646	4,200
Reversal of VAT provision against tax assessment (note 10.1)	(6,530)	-
Social contribution (note 22.1)	8,290	-
Other expenses	28,586	20,162
	<u>155,173</u>	<u>116,449</u>

22.1 The Group, based on shareholders' approval in annual general meeting, has allocated 2% of net profit after-tax as social contribution for the year (2023: nil).

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

23 Depreciation

	2024	2023
	AED'000	AED'000
Depreciation on:		
- Right-of-use assets (note 5)	65,103	59,295
- Property and equipment (note 6)	29,274	25,719
	<u>94,377</u>	<u>85,014</u>

24 Finance cost

	2024	2023
	AED'000	AED'000
Finance cost on bank borrowings	4,136	9,382
Finance cost on lease liabilities (note 11)	4,617	3,945
	<u>8,753</u>	<u>13,327</u>

25 Income Tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group’s accounting year ends on 31 December, the first tax period is from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax for mainland entities and where conditions are met, 0% for freezones.

The tax charge for the year ended 31 December 2024 is AED 40.98 million (2023: nil), representing an Effective Tax Rate (“ETR”) of 9.17% (2023: nil). The deviation from the UAE statutory tax rate (i.e. 9%) is primarily driven by certain expenses non-deductible in line with CT Law.

The component of income tax expense in the consolidated statement of profit or loss is as follows:

	2024	2023
	AED'000	AED'000
Income tax expense	<u>40,983</u>	<u>-</u>

Following is the reconciliation of current income tax expense and accounting profit during the year:

The Group has recognized corporate Income tax expense @ 9% (2023: nil) on the taxable profits subject to adjustment due to non-deductible expenses as per below reconciliation.

	2024	2023
	AED'000	AED'000
Accounting profit before tax for the year	<u>446,832</u>	<u>495,189</u>
Income tax at UAE statutory rate of 9% (2023: nil)	40,215	-
Tax effect of amounts which are not deductible in calculating taxable income	746	-
Others	22	-
Total income tax charge for the year	<u>40,983</u>	<u>-</u>
Effective tax rate	<u>9.17%</u>	<u>-</u>

Further, the management has concluded that there is no deferred tax impact on the reporting date.

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

25 Income Tax (continued)

Pillar 2

On 24 November 2023, the Ministry of Finance (“MOF”) published Federal Decree Law No. (60) of 2023, amending specific provisions of the CT Law to facilitate the future introduction of domestic minimum taxes under Organisation for Economic Cooperation and Development (OECD) Pillar 2 rules. On Friday 15 March 2024, MOF issued a public consultation document on the potential framework that the UAE will introduce to implement Pillar 2. As of 31 December 2024, the effective date of application of the new Pillar 2 is yet to be substantively enacted.

The Group is mainly domiciled in UAE domiciled and is not expected to be captured within the Pillar 2 rules. The Group is closely monitoring legislative developments and will provide the necessary disclosures after further announcements are released.

26 Earnings per share - basic and diluted

The basic and diluted earnings per share is calculated by dividing the net profit attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted in the case of diluted earnings by dilutive potential ordinary shares.

	2024	2023
Profit for the year attributable to the shareholders (AED ‘000)	<u>405,849</u>	495,189
Weighted average number of ordinary shares (‘000)	<u>7,489,539</u>	7,500,000
Basic and diluted earnings per share (AED)	<u><u>0.0542</u></u>	<u>0.0660</u>

27 Cash and cash equivalents

	2024	2023
	AED’000	AED’000
Cash on hand and in transit	1,022,907	1,137,784
Due from banks – gross	1,857,475	1,583,569
Due to banks	(13,978)	(20,376)
	<u>2,866,404</u>	2,700,977
Less: Fixed deposits having original maturity longer than three months	(10,000)	(36,730)
	<u><u>2,856,404</u></u>	<u>2,664,247</u>

28 Dividend

The Board of Directors has proposed a cash dividend of AED 0.021 per share amounting to AED 157.50 million at its meeting held on 12 February 2025. The proposed dividend is subject to approval by the shareholders at the Company’s General Assembly Meeting to be held in March 2025.

During the year, the Company has paid cash dividend of AED 0.061 per share amounting to AED 457.50 million (2023: AED 0.04 per share amounting to AED 300 million) based on the shareholders’ / Directors’ approval.

29 Reporting Segments

For management purposes, the Group is organised into business units based on relevant business activity and accordingly, there is only one reportable segment as of 31 December 2024:

- **Money Exchange and Remittances:** The Group primarily provides cross-border and domestic remittances, purchase and sale of foreign currencies, processing of salaries, bill collections and sale of prepaid travel cards. The Group provides these services to its customers through a wide branch network, digital channels and smart counters.

The Senior Management Committee is the Chief Operating Decision Maker (“CODM”) and monitors the segment results for the purposes of making decisions in relation to resource allocation and performance assessment.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue and profitability is given. No single customer contributed 10% or more to the Group’s revenue.

Geographical concentration of financial assets is explained in note 8.6 and note 30.1.

For the year ended 31 December 2024

	Money exchange and remittances AED’000	Others AED’000	Segment Total AED’000
Income	1,167,129	21,507	1,188,636
Expenses			
Salaries and benefits, general, administrative and other expenses	(724,285)	(17,521)	(741,806)
Segment profit before tax for the year	442,844	3,986	446,830
Income tax expense	(40,604)	(377)	(40,981)
Segment profit after tax for the year	402,240	3,609	405,849

For the year ended 31 December 2023

	Money exchange and remittances AED’000	Others AED’000	Segment Total AED’000
Income	1,149,471	13,005	1,162,476
Expenses			
Salaries and benefits, general, administrative and other expenses	(659,410)	(7,877)	(667,287)
Segment profit before tax for the year	490,061	5,128	495,189
Income tax expense	-	-	-
Segment profit after tax for the year	490,061	5,128	495,189

30 Financial risk management

The Group has exposure to the following risks from its use of financial instruments and operations:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk management

30 Financial risk management (continued)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risk, and the management of the Group's capital.

30.1 Risk management framework

Management sets out the principles for overall financial risk management. Periodic reviews are undertaken to ensure that Group's policy guidelines are complied with. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures risk.

(a) *Credit risk*

Credit risk is the risk that a counter party to a financial asset fails to meet its contractual obligation and causes the Group to incur a financial loss. The Group is exposed to credit risk through restricted deposits with banks, cheques on hand, cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables (excluding prepayments). The Group is not involved in extending any credit facility to its customers.

Credit risk is managed by the Group by dealing with reputable counter parties approved after a thorough due diligence by the management of the Group and monitoring exposure with each counterparty and average balances held with banks and intermediaries on a daily basis.

The Group monitors the split of due from banks and exchange houses across the counterparties against their risk profile to ensure that the counterparty credit risk is managed. The Group's funds are placed with various international and local banks of which 61% (2023: 64%) is placed with three local banks in the UAE.

Maximum exposure to credit risk

Credit risk exposure is limited to the carrying amount of the Group's financial assets as follows:

	2024	2023
	AED'000	AED'000
Restricted deposits with banks (note 7)	59,604	51,259
Cheques on hand (note 8)	12,573	26,175
Cash in transit (note 8)	33,766	12,451
Due from banks (note 8)	1,857,475	1,583,569
Due from exchange houses and agents (note 8)	20,582	46,363
Due from related parties (note 9.1)	177	22
Other receivables	98,213	108,732
	2,082,390	1,828,571

The credit quality analysis of Group's financial assets is as follows :

	2024	2023
	AED'000	AED'000
Financial assets – gross	2,082,390	1,828,571
Less: Provision for expected credit losses (note 8.5)	(6,550)	(6,240)
Financial assets – net	2,075,840	1,822,331

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial risk management (continued)

30.1 Risk management framework (continued)

Due to the nature of the Group's business, ageing analysis is not considered relevant and hence not provided. The geographical distribution of other receivables is as follows:

	2024 AED'000	2023 AED'000
Inside the UAE	82,363	96,679
Outside the UAE	15,850	12,053
	<u>98,213</u>	<u>108,732</u>

Geographical distribution of due from banks, exchange houses and agents is provided in note 8.6.

(b) Market risk

The Group recognises market risk as the exposure created by potential changes in market prices and rates. The Group is exposed to market risk arising principally from customer driven transactions including foreign exchange positions. The objective of the Group's market risk policies and processes is to obtain the best balance of risk and return while meeting its customers' requirements.

(i) Interest rate risk

The Group is exposed to the risk that changes in interest rates would have an adverse effect on the value of its financial assets and liabilities.

To mitigate this risk, the Group manages its exposure through managing the duration of its interest-bearing portfolio. The substantial portion of the Group's assets and liabilities are repriced within one year.

(ii) Interest rate sensitivity of assets and liabilities

Interest rate risk is also assessed by measuring the impact of reasonable potential change in interest rates. A movement in interest rates of 100 basis points will have the following impact on the net profit for the year and net assets at that date:

	Net profit for the year AED'000	Equity AED'000
2024		
Fluctuation in yield by 100 bps	<u>±3,730</u>	<u>±3,730</u>
2023		
Fluctuation in yield by 100 bps	<u>±3,143</u>	<u>±3,143</u>

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. They are based on AED 606.60 million of interest-bearing assets (2023: AED 639.32 million) and interest-bearing liabilities of AED 233.53 million as at 31 December 2024 (2023: AED 325 million).

The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group manages its currency risk by monitoring its daily foreign currency exposure. As the AED is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

Al Ansari Financial Services P.J.S.C.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(b) *Market risk (continued)*

(iii) *Currency risk (continued)*

The Group has the following significant net exposures denominated in foreign currencies:

	Long/(short) 2024 AED'000	Long/(short) 2023 AED'000
United States Dollar	828,857	948,772
Saudi Riyal	36,119	88,030
Philippines Peso	26,902	30,360
Pakistani Rupee	16,004	13,055
Omani Riyal	23,377	30,127
Egyptian Pound	3,550	(603)
Bangladesh Taka	1,686	1,530
Indian Rupee	(74)	(4,345)
Others	41,451	40,267
	977,872	1,147,193

The table below calculates the effect of a reasonable potential movement of the AED currency rate against the various currencies, with all other variables held constant, on the statement of profit or loss and other comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

	<i>Saudi Riyal</i>	<i>Philippines Peso</i>	<i>Pakistani Rupee</i>	<i>Omani Riyal</i>	<i>Egyptian Pound</i>	<i>Bangladesh Taka</i>	<i>Indian Rupee</i>	<i>Others</i>	<i>Profit impact</i>
Sensitivity Percentage	1%	1%	1%	1%	1%	1%	1%	1%	1%
2024									
AED'000 ±	361	269	160	234	36	17	(1)	415	1,491
2023									
AED'000 ±	880	304	130	301	(6)	15	(43)	403	1,984

Foreign currency forwards – overnight

	2024 AED'000	2023 AED'000
Notional amount (short position)	96,977	200,816
Positive fair value of overnight forwards	15,850	12,053

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Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(b) *Market risk (continued)*

(iv) Price risk

Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to any significant price risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining sufficient balance of cash and cash equivalents to meet the Group's financial obligations. Daily cash flow statements are prepared on the basis of projected purchases and sales of currencies, the maturity profile and interest flows from bank deposits. These are used by the Group to monitor and manage the liquidity structure of its assets and liabilities to ensure that an appropriate balance of cash and cash equivalents is maintained to meet liquidity requirements. Most of the Group's transactions are made on a back-to-back basis and its bank accounts are adequately managed and funded to meet commitments.

Treasury and finance departments work in close coordination to avoid any liquidity issues that can impact the operations of the Group. To avoid any liquidity concerns, the Group has also arranged bank overdraft facilities with banks (note 15).

The table below summarises the maturity profiles of the Group's undiscounted financial liabilities at 31 December 2024, based on contractual payment dates and current market interest rates.

	On demand	Less than 1 year	Between 2 to 3 years	Over 3 years
	AED'000	AED'000	AED'000	AED'000
31 December 2024				
Trade and other payables	992,764	-	-	-
Due to banks	13,978	-	-	-
Due to exchange houses and agents	73,760	-	-	-
Due to related parties	1,616	-	-	-
Bank borrowings	233,533	-	-	-
Income tax liability	-	40,983	-	-
Lease liabilities	-	44,216	36,165	9,272
Total	1,315,651	85,199	36,165	9,272
	On demand	Less than	Between	Over 3 years
	AED'000	1 year	2 to 3 years	AED'000
		AED'000	AED'000	
31 December 2023				
Trade and other payables	742,103	-	-	-
Due to banks	20,376	-	-	-
Due to exchange houses and agents	72,560	-	-	-
Due to related parties	4,163	-	-	-
Bank borrowings	325,000	-	-	-
Lease liabilities	-	39,182	32,991	10,403
Total	1,164,202	39,182	32,991	10,403

30 Financial risk management (continued)

30.1 Risk management framework (continued)

(d) Operational risk management

Operational risk is the risk of a direct or indirect loss being incurred due to an event or action arising from the failure of technology, processes, infrastructure, personnel and other factors having an operational risk impact.

Management of the Group closely monitors the operations. A formal budgeting process is in place to monitor the performance of the Group.

Monthly branch wise profit or loss is prepared by the finance department for management's review.

IT Disaster recovery procedures, risk and compliance audits and internal audits also form an integral part of the operational risk management process.

30.2 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize its value.

The Group manages its capital structure and adjusts it, in light of changes in the economic conditions and in compliance with regulatory capital requirements. No changes were made to the objectives, policies or processes during the year. As at 31 December 2024, the Group's capital is AED 1,740.59 million (2023: AED 1,801.42 million) and comprises paid up capital, reserves and retained earnings.

31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables. Financial liabilities consist of trade and other payables, due to banks, due to exchange houses and agents, due to related parties, bank borrowings and lease liabilities. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

31 Fair value measurement (continued)

The carrying amount of financial assets and financial liabilities approximates their fair values.

Other receivables include forward contracts which are valued based on the difference between the contractual forward rate and the forward rate determined on the reporting date. Forward contracts are considered at level 2 of the fair value hierarchy.