MBME Group P.J.S.C.

Abu Dhabi - United Arab Emirates

Auditor's review report on condensed interim financial information
For the period ended 30 June 2024

MBME Group P.J.S.C.
Abu Dhabi - UAE

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MBME Group P.J.S.C.
Abu Dhabi - UAE

General Information

Principal office address	:	Office 3303 & 3304 Landmark Tower, Abu Dhabi P.O. Box: 26448, Abu Dhabi, UAE T: +971 2 57 50 504
The Directors	:	Ali Mohamed Saeed Albadi Al Dhaheri Saeed Mohamed Saeed Albadi Al Dhaheri Abdelhadi Mustafa Mohamed Abdelgadir Faisal Al Jahani Majd Maaitah
The Auditor	:	Crowe Mak Dubai - UAE
The Bank:	:	Abu Dhabi Commercial Bank Emirates Islamic Bank First Abu Dhabi Bank

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Ref: 006/062024/005614

Report on review of the condensed interim financial information

To,
The Board of Directors,
MBME Group P.J.S.C.
AbuDhabi - UAE

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MBME Group P.J.S.C. (the Entity) as of June 30, 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes for the six month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS-34"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Crowe Mak

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P.O.Box : 6747
DUBAI -U.A.E.
CROWE MAK

Saad Maniar
Senior Partner
Registered Auditor Number: 574
05 August 2024

MBME Group P.J.S.C.
Abu Dhabi - UAE

Condensed interim statement of financial position as at June 30, 2024
(In AED)

	Notes	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Assets			
Non-current assets			
Property and equipment		**1,528,317**	1,122,736
Investments at fair value through profit or loss	4	**6,933,365,145**	6,836,476,000
Right of use assets		**1,407,761**	1,759,701
Total non-current assets		**6,936,301,223**	6,839,358,437
Current assets			
Other receivables		**12,363,960**	10,973,803
Due from related parties	6	**6,071,367**	497,830,279
Cash and cash equivalents	7	**53,918,036**	69,838,693
Total current assets		**72,353,363**	578,642,775
Total assets		**7,008,654,586**	7,418,001,212
Equity and liabilities			
Equity			
Share capital		**55,000,000**	50,000,000
Subscription against shares	4 & 5	**-**	495,803,465
Statutory reserve		**50,000,000**	50,000,000
Retained earnings		**1,027,014,979**	944,618,360
Additional contribution	8	**5,830,812,810**	5,830,812,810
Total equity		**6,962,827,789**	7,371,234,635
Liabilities			
Non-current liabilities			
Lease liabilities		**740,963**	1,093,650
Total non-current liabilities		**740,963**	1,093,650
Current liabilities			
Lease liability		**699,808**	685,877
Trade and other payables	9	**918,539**	1,227,109
Due to related parties	6	**43,467,487**	43,759,941
Total current liabilities		**45,085,834**	45,672,927
Total liabilities		**45,826,797**	46,766,577
Total equity and liabilities		**7,008,654,586**	7,418,001,212

The condensed interim financial information set out on pages 3 to 12 was approved on August 05, 2024 and signed on behalf of the Entity by:

Chief Financial Officer **Managing Director** **Chairman**

The accompanying notes and policies on pages 7 to 12 form an integral part of these condensed interim financial information.

MBME Group P.J.S.C.
Abu Dhabi - UAE

Condensed interim statement of profit or loss and other comprehensive income for the period ended June 30, 2024
(In AED)

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
General and administrative expense	**(10,941,526)**	(8,388,732)
Other income	**1,449,000**	-
Gain on financial assets at fair value through profit or loss	**96,889,145**	495,803,465
Net profit for the period	**87,396,619**	487,414,733
Other comprehensive income	**-**	**-**
Total comprehensive income for the period	**87,396,619**	487,414,733

The accompanying notes and policies on pages 7 to 12 form an integral part of these condensed interim financial information.

MBME Group P.J.S.C.
Abu Dhabi - UAE

Condensed interim statement of changes in equity for the period ended June 30, 2024
(In AED)

	Share capital	Retained earnings	Subscription against shares	Statutory reserve	Additional contribution	Total equity
Balance as at 1 Jan 2023	5,000,000	475,823,871	-	-	5,759,736,062	6,240,559,933
Issuance of shares	45,000,000	-	-	-	-	45,000,000
Profit for the period	-	487,414,733	-	-	-	487,414,733
Addition during the period	-	-	566,921,055	-	-	566,921,055
At 30 June 2023 (Unaudited)	**50,000,000**	**963,238,604**	**566,921,055**	**-**	**5,759,736,062**	**7,339,895,721**
Balance as at 1 Jan 2024	50,000,000	944,618,360	495,803,465	50,000,000	5,830,812,810	7,371,234,635
Issuance of shares	5,000,000	(5,000,000)	-	-	-	-
Profit for the period	-	87,396,619	-	-	-	87,396,619
Adjustment during the period	-	-	(495,803,465)	-	-	(495,803,465)
At 30 June 2024 (Unaudited)	**55,000,000**	**1,027,014,979**	**-**	**50,000,000**	**5,830,812,810**	**6,962,827,789**

The accompanying notes and policies on pages 7 to 12 form an integral part of these condensed interim financial information.

MBME Group P.J.S.C.
Abu Dhabi - UAE

Condensed interim statement of cash flows for the period ended June 30, 2024
(In AED)

	Six months period ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period	**87,396,619**	487,414,733
Adjustments for:		
Depreciation on ROU Asset	**351,940**	515,756
Depreciation on property and equipment	**384,402**	-
Gain on financial assets at fair value through profit or loss	**(96,889,145)**	(495,803,465)
Operating cash flow before changes in working capital	**(8,756,184)**	(7,872,976)
Increase / decrease in working capital		
Increase in other receivables	**(1,390,157)**	(5,912,687)
Decrease / (Increase) in due from related parties	**491,758,912**	(499,455,827)
Decrease in trade and other payables	**(308,570)**	(37,479,618)
Decrease / (Increase) in due to related parties	**(292,454)**	(10,121,746)
Net cash used in operating activities	**481,011,547**	(560,842,854)
Cash flows from investing activities		
Addition in property, plant and equipment	**(789,983)**	(19,693)
Net cash (used in) investing activities	**(789,983)**	(19,693)
Cash flows from financing activities		
Proceeds from issuance of share capital	**-**	45,000,000
Subscription against shares	**(495,803,465)**	566,921,055
Repayment of lease liabilities	**(338,756)**	(323,591)
Net cash generated from investing activities	**(496,142,221)**	611,597,464
Net increase in cash and cash equivalents	**(15,920,657)**	50,734,917
Cash and cash equivalents at the beginning of the period	**69,838,693**	28,129,016
Cash and cash equivalents at the end of the period	**53,918,036**	78,863,933

The accompanying notes and policies on pages 7 to 12 form an integral part of these condensed interim financial information.

1 General Information

1.1 MBME Group P.J.S.C. (the "Entity") was previously known as MBME Group which was operating as Establishment and was formed on 27 January 2010.

On 10 November 2022, the shareholders passed a special resolution to convert the Establishment into a Private Joint Stock Company and obtained the establishment certificate on 30 December 2022 for the Private Joint Stock Company. It operates in the United Arab Emirates under a license issued by Abu Dhabi Department of Economic Development under the license number CN-1827215.

1.2 The registered office of the Entity is 3303 and 3304Landmark Tower, Abu Dhabi, UAE P.O. Box 26448.

1.3 The management and controls are vested with the Directors.

1.4 These financial statements incorporate the operating results of the commercial license no. CN-1827215.

1.5 These financial statements are presented in Arab Emirates Dirham (AED) and are rounded to the nearest AED.

2 Material accounting policies

2.1 Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of UAE laws and regulations.

These interim condensed financial statements are presented in Arab Emirates Dirhams (AED) since that is the currency in which the majority of the transactions are denominated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except otherwise stated.

These interim condensed consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Entity's audited financial statements as at and for the year ended 31 December 2023. In addition, results for the six-months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

2.2 Summary of material accounting policies

The accounting policies used in the preparation of this interim condensed financial statements are consistent with those used in the preparation of the Entity’s annual financial statements for the year ended 31 December 2023, and the notes attached thereto.

2.3 Investment in subsidiaries

The Entity has adopted the investment entities exemption as per amendments of IFRS 10, IFRS 12 and IAS 27, to the principle that all subsidiaries shall not be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value through profit or loss as per IFRS 9.

2.4 Taxation

Current income tax

The taxable current liabilities for the current period are measured at expected value payable to the tax authority, using the current tax rates (and tax laws). The tax charged for the period ended 30 June 2024 is Nil as the Group has no taxable activity during the period

2 Material accounting policies (continued)

2.4 Taxation (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences related to investments in subsidiaries.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are set-off only if certain conditions are met. However, management has not recognized deferred tax asset on the losses incurred by the Group based on prudent basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 2 to these financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial period are described below:

3.1 Critical judgements in applying accounting policies

Judgements in classification of investments in subsidiaries

Management has used judgement in the classification of the subsidiary companies as at fair value based on the strategies of the Entity that all the subsidiaries are to be measured at fair value as per IFRS 9 'Financial Instruments' and the Entity will adopt the IFRS 10 'Consolidated Financial Statements' exemption for consolidation.

Valuation of investments at fair value

When the fair values of financial assets and financial liabilities are recorded in the statement of financial position and cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as income approach using the Discounted Cash Flows (DCF) model and Market Approach using the Guideline Public Companies Model. The Entity engages external, independent and qualified valuers to determine the fair value of the Entity's investments in subsidiaries which have been carried at fair value through profit and loss. The subsidiaries have intangible assets which have licenses and source codes, payment gateways and digital banking among others. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value of intangible assets.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

3.1 Critical judgements in applying accounting policies (continued)

Judgement applied by MBME Group for exemption of consolidation under IFRS 10 'Consolidated Financial Statements'

In assessing whether it meets the definition of Investment Entity as per IFRS 10 'Consolidated Financial Statements', MBME Group has considered whether it has the following typical characteristics of an investment entity.

i. It has more than one investment;
ii. It has more than one investor;
iii. It has investors that are not related parties of the entity; and
iv. It has ownership interests in the form of equity or similar interest.

Since the only reason for establishing this entity is to generate return for its investors, if qualifies the basic purpose of an investment entity that is to generate returns for its investors through investments, it does not have any other purpose nor does it carry any activities of its own.

Although, a few of the investors of MBME Group may fall within the definition of Related Parties under IAS 24, however, merely a presence of related party relationships does not disqualify an entity from being classified as an investment entity as also elaborated in IFRS 10. Hence, the management concluded that MBME Group has applied the exemption for consolidation.

4 Investments at fair value through profit or loss

Investment are held in the following companies.

Wow Pay Payment Services Provider LLC - Technology solutions for group proprietory financial services;
MBME Pay Payment Services Provider Sole Proprietorship LLC - Payment solution provider;
MBME Neo Information Technology LLC - Digital banking and investment services; and
MBME Investment LLC - Joint ventures with internationally recognised technology and fintech solutions providers.

The above companies were acquired in September 2022 apart from Wow Pay Payment Services Provider LLC which was acquired in July 2021.

			Carrying amount of investment	
			30 June 2024	31 December 2023
Name of subsidiary	**2024**	2023	**(Unaudited)**	(Audited)
Wow Pay Payment Services Provider LLC	**100%**	100%	**212,860,000**	425,720,000
MBME Pay Payment Services Provider Sole Proprietorship LLC	**100%**	100%	**6,216,686,400**	5,665,746,000
MBME Neo Information Technology LLC	**100%**	100%	**11,010,000**	249,560,000
MBME Investment LLC	**100%**	100%	**492,808,745**	495,450,000
			6,933,365,145	6,836,476,000

On 01 July 2021, Entity entered into an agreement (Sale Purchase Agreement - SPA) with a related company of the common shareholders i.e. Wow Pay Payment Services Provider LLC (the "Wow Pay") whereby MBME Group had purchased the shares of Wow Pay. As a result of this SPA between the parties, the MBME Group obtained the rights to use the intellectual properties of Wow Pay. These intellectual properties include the source codes, algorithmic concepts for web-portals, mobile application for customers, payments and bills, payment platform etc.

The purchase consideration was in kind and was a non-cash consideration which has been accounted as additional contribution being the residual interest of the shareholders (Note 8). Wow Pay has planned to build its revenues on license fees from distribution of software licenses and API licenses. The primary market for these technology services include the UAE, GCC countries and Africa.

On 15 September 2022, MBME Group entered into SPA's with related parties of the common shareholders, MBME Pay Payment Services Provider Sole Proprietership LLC (MBME Pay) and MBME Neo Information Technology LLC (MBME Neo). The purchase prices for both these were agreed based on the valuation of the external expert as on 31 August 2022. The purchase consideration for these investments was in kind and non cash consideration being the residual interest of the shareholders (Note 8).

On 15 September 2022 MBME Group entered into a SPA with related parties of the common shareholders MBME Investments LLC (MBME Investments) which is an investment firm with focus on high growth markets such as Egypt, Saudi Arabia, Malaysia, Indonesia. As a result of this SPA the Entity also assumed all the liabilities of MBME Investments.

In May 2023 MBME Investment LLC entered into an SPA with another technology based company IT Corner LLC ('ITC') for the purchase of 20% shareholding in ITC in consideration for the shares to be issued (Note 5).

In February 2024, MBME Investment LLC entered into a SPA with Fadia Altaweel Event Management LLC for the acquisition of 70% stake in it. As at the reporting date, the expert has valued the MBME Investments LLC's share in the company at AED 17.616 million.

4 Investments at fair value through profit or loss (continued)

As at period end, the independent experts carried out valuations using a combination of Discounted Cash Flows and Market Approach Method. Various assumptions were used in arriving at the final values including the future cash flows, discount rate, growth projections etc: Apart from these assumptions, the experts also used available data on comparable companies for the Market Approach Method such as their revenue, expenses, profit margins, EBITDA margins, enterprise value etc.

The MBME Group has adopted the investment entities exemption as per amendments of IFRS 10, IFRS 12 and IAS 27, to the principle that all subsidiaries shall not be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in subsidiaries which are investment entities at fair value through profit or loss as per IFRS 9.

5 Subscription against shares

Subscription against shares includes the amount received from the investors against which the shares issuance is to be finalised by the Entity post reporting date. This also includes shares to be issued against the consideration in lieu of acquisition of the company disclosed in Note 4. During the period, the Entity has adjusted the subscription against shares from due from MBME Investments LLC through transferring the existing shares of the Entity to the shareholder of IT Corner at par value (Note 6).

6 Related Party balances & transactions

The Entity enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

a) At the end of the reporting period, amounts due from related parties were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
WOW Pay Payment Services Provider LLC	**900,002**	368,097
MBME Investments LLC	**2,156,289**	497,462,182
MBME Pay Payment Services Provider Sole Proprietorship LLC	**2,000,000**	-
MBME Gold Trading LLC	**395,797**	-
Other related parties	**619,279**	-
	6,071,367	497,830,279

b) At the end of the reporting period, amounts due to related parties were as follows:

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
MBME Pay Payment Services Provider Sole Proprietorship LLC	**1,031,487**	1,323,941
Other payables	**42,436,000**	42,436,000
	43,467,487	43,759,941

7 Cash & cash equivalents

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Cash and bank balances	**23,918,036**	9,838,693
Term deposits with banks	**30,000,000**	60,000,000
	53,918,036	69,838,693

8 Additional contributions	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Balance at the beginning of the period	**5,830,812,810**	5,759,736,060
Additional contribution	**-**	71,076,750
	5,830,812,810	5,830,812,810

The additional contribution represents the residual interest of the shareholders due to acquisition of the subsidiaries by the Entity. All of these acquisitions of the subsidiaries have been mutually agreed between the common shareholders of the Entity and its subsidiaries. No shares have been issued by the Entity to their shareholders and no cash was involved in the sale purchase agreements. Instead, all the investments have been made through in kind contribution from the common shareholders The additional contribution represents this non cash consideration and the residual interest of the shareholders.

9 Trade and other payables	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Trade payables	**483,608**	800,722
Accrued expenses	**434,931**	426,387
	918,539	1,227,109

10 ***Financial risk management objectives***

The Entity's financial risk management policies set out the Entity's overall business strategies and risk management philosophy. The Entity's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Entity. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. All the risk management objectives are same as those disclosed in the annual financial statements for the year ended 31 December 2023.

11 Fair value hierarchy

At period end, the Entity held the following financial assets measured at fair value:

As at 30 June 2024	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at fair value through profit and loss	-	-	**6,933,365,145**	**6,933,365,145**
As at 31 December 2023				
Financial assets at fair value through profit and loss	-	-	6,836,476,000	6,836,476,000

The Entity has classified the investments in subsidiaries at level 3 since the fair value measurements are derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). As at the period end, the investments in subsidiaries have been revalued at approximately AED 6.933 billion (Note 4).

The expert has used different methods to arrive at the fair values of the investments. Two different approaches have been used i.e. Income approach (Discounted Cash Flow DCF) and Market approach to value the investments.

During the period, there were no transfers between the various levels of fair value measurements.