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شركة شبكة الخدمات الآلية
Automated Services Network Co.

Financial Policies and Procedures Manual

Version: 1.5

Date: 8 / 10 / 2026

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Policy Statement

To meet its business objectives and ensure continuity of its operations, Automated Services Network Company (eNet) adopts and follows defined financial policies and procedures. This Manual establishes the framework for recording, controlling, reporting and authorising the Company's financial transactions, and supports compliance with the statutory and regulatory requirements applicable to the Company as an institution licensed by the Central Bank of Kuwait.

Purpose

The purpose of this Manual is to:

- ✓ Set out the responsibilities of Finance staff so that financial processes, tasks and duties are performed properly and exceptions are identified and resolved;
- ✓ Establish the rules for authorisation, control and monitoring of financial transactions; and
- ✓ Provide a consistent basis for the preparation of the Company's financial records and reports in accordance with International Financial Reporting Standards (IFRS) and applicable Kuwaiti law.

Scope

Employees

This Manual applies to all employees of the Finance Department, and to any employee of the Company who initiates, approves, records, reports or holds custody over a financial transaction or asset.

Documentation and Document Control

The Manual consists of this document together with the related policies, procedures, forms and guidelines referenced in it. All such documents are subject to version control, so that the current version and its predecessors are identifiable. Superseded versions are retained for the record-retention period set out below.

Records

Accounting records, supporting documentation and records generated under this Manual are retained for a period of not less than five years from the end of the financial year to which they relate, or for any longer period required by law, by the Central Bank of Kuwait, or by an open audit, inspection, investigation or legal proceeding. Records may be held in hard copy or electronic form. Ownership of financial records rests with the Finance Department. Retention arrangements are reviewed at least annually.

Privacy

This Manual is classified as confidential and is made available only to those persons who require it in order to perform their duties.

Responsibility

The Financial Manager is responsible for the implementation, maintenance and annual review of this Manual. The Manual, and any subsequent amendment to it, takes effect only upon written approval by the General Manager. The Compliance and Governance Department is consulted on amendments affecting regulatory obligations.

Regulatory Framework

This Manual is applied together with, and is subordinate to, the following, as amended from time to time:

- ✓ Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Organisation of Banking Business, together with the regulations, instructions and circulars issued by the Central Bank of Kuwait, including those governing electronic payment of funds and the licensing and supervision of payment service providers;
- ✓ Law No. 106 of 2013 on Anti-Money Laundering and Combating the Financing of Terrorism, its Executive Regulations, and the related CBK instructions;
- ✓ Law No. 1 of 2016 promulgating the Companies Law and its Executive Regulations;
- ✓ Law No. 68 of 1980 promulgating the Law of Commerce, in respect of commercial books and records;
- ✓ Law No. 6 of 2010 concerning Labour in the Private Sector, and Law No. 61 of 1976 on Social Insurance, in respect of payroll, social insurance contributions and end-of-service indemnity;
- ✓ Law No. 46 of 2006 concerning Zakat and the contribution of public and closed shareholding companies to the State budget, and the legislation governing the contribution to the Kuwait Foundation for the Advancement of Sciences (KFAS); and
- ✓ International Financial Reporting Standards (IFRS) as applicable to the Company.

The Company is a Kuwaiti closed shareholding company and is subject to Zakat under Law No. 46 of 2006 and to the Kuwait Foundation for the Advancement of Sciences (KFAS) contribution. Both are computed in accordance with the applicable legislation and the basis agreed with the Company's auditors, accrued at each period close, and settled within the statutory filing deadlines. The Financial Manager reassesses this position if the Company's legal form, ownership or activities change, or if the applicable legislation is amended.

1. Transaction Recording, Revenue Recognition and Vendor Settlements

A. Transaction recording

Journal entries are prepared in the accounting system and grouped into batches. A batch is posted only by the Chief Accountant or the Financial Manager, and posting constitutes approval of the entries within it. No person may post a batch they prepared. The accounting system maintains the journal voucher number, the preparer, the person posting and the date of posting, and this record is the evidence of approval.

Journal entries are not printed. Supporting documentation is retained in hard copy, marked with the journal voucher number of the entry it supports, and filed so that any entry recorded in the system can be traced to its supporting documents and any document traced to its entry.

Payment and receipt vouchers are printed, signed in accordance with section 10, and filed in numerical order with their supporting documents for the financial year.

Documentation supporting the recording of a financial transaction is provided to the Finance Department and may include:

- ✓ Invoices
- ✓ Purchase orders
- ✓ Contracts and signed agreements
- ✓ Payroll reports and the approved payroll register
- ✓ Bank advices, settlement reports and merchant statements
- ✓ Vendor credit notes and refund documents
- ✓ Correspondence evidencing the terms of a transaction

B. Revenue recognition

Revenue is recognised in accordance with IFRS 15, Revenue from Contracts with Customers, on delivery of the promised goods or services, applying the five steps of the standard:

- ✓ Identify the contract with the customer;
- ✓ Identify the performance obligations in the contract;
- ✓ Determine the transaction price;
- ✓ Allocate the transaction price to the performance obligations; and
- ✓ Recognise revenue when (or as) the Company satisfies a performance obligation.

Where the Company acts as an agent in a transaction rather than as principal, revenue is recognised on a net basis, being the commission or fee earned. The principal-versus-agent assessment is documented for each revenue stream and reviewed when contractual terms change.

C. Vendor settlements

Amounts due to merchants, partners and suppliers are settled in accordance with the agreed contractual terms and the authorisation route set out in section 10. Settlement runs are reconciled to the underlying transaction records before release, and any unreconciled difference is investigated and cleared before the settlement is processed. Settlement and suspense accounts are reconciled at least monthly in accordance with section 4.

2. Accounts Receivable

Invoicing

Invoices are issued promptly once the service has been delivered or the contractual billing event has occurred. The business unit notifies Finance of the billable event and provides the information required to raise the invoice. Finance prepares, verifies and records the invoice in the accounting system and issues it to the customer. Invoices are sequentially numbered and traceable to the underlying contract or service record.

Credit management

Customers and merchants that are not required to pay in advance may be granted credit only following an assessment appropriate to the exposure and the nature of the relationship. The assessment, the approved credit terms and any security or guarantee obtained are documented and retained. Credit terms are reviewed when exposure increases materially or payment performance deteriorates, and credit may be suspended where terms are not met.

Collection

Receivables are monitored through an ageing analysis prepared at least monthly. Reminders are issued in accordance with the agreed payment terms, and overdue balances are escalated progressively. Receipts are recorded in the accounting system against the relevant invoice on the date received, and the receivables sub-ledger is reconciled to the general ledger monthly.

Write-off of a receivable requires joint approval by the Financial Manager and the General Manager, in accordance with the Financial Authority Matrix and the Provisions Policy, and is supported by a report from the collection function setting out the recovery action taken.

Where the total balance owed by a merchant or customer exceeds KWD 100, the balance is written off only after a legal judgment has been obtained and recovery options have been exhausted. The threshold applies to the total exposure of the merchant or customer and is not applied to individual invoices.

Where the total balance owed by a merchant or customer is KWD 100 or below, the balance may be written off without legal action where recovery would be uneconomic. Such write-offs are accumulated and presented quarterly as a single schedule listing each account and the amount written off, for joint approval by the Financial Manager and the General Manager. Where the aggregate of these write-offs exceeds KWD 5,000 in a financial year, further write-offs under this provision require the approval of the Chairman.

3. Petty Cash

Petty cash is maintained on a revolving imprest basis with a fixed float of KWD 500. Any change to the float is approved by the General Manager.

- ✓ Custody of the petty cash float rests with the appointed Cashier. The Financial Manager does not hold custody of the float.

- ✓ Each disbursement is supported by an original receipt or invoice and a petty cash voucher signed by the recipient and the Cashier.
- ✓ Reimbursement of the float is requested by the Cashier, supported by the vouchers and receipts for the period, and approved by the Financial Manager.
- ✓ The Cashier reconciles the float at least monthly. Cash on hand plus unreimbursed vouchers must equal the fixed float at all times; any difference is reported to the Financial Manager immediately.
- ✓ A surprise count of the float is performed at least twice annually by a person independent of its custody, and the result is documented.
- ✓ Petty cash is not used for payments that should be made through the banking system, for salary advances, or to circumvent the authorisation limits in section 10.

4. Financial Statement Closure Process

This section sets out the responsibility of Finance staff to ensure that transactions are posted in a timely manner and that exceptions are identified for inclusion in the closing process.

- ✓ The Company closes its books and prepares monthly financial reports as soon after the end of the period as practicable, following consistent procedures, for internal and external users.
- ✓ Audited balance sheets are prepared as at 30 June and as at 31 December each year for submission to the Central Bank of Kuwait within 45 days of each reporting date. The 30 June close is treated as a full close rather than a routine month end.
- ✓ Financial reports are prepared in accordance with IFRS. Where a report is prepared on another basis for a specific external party, the basis of preparation is stated clearly on the face of the report.
- ✓ Monthly reporting follows a consistent and standard timeline. Any variation to that timeline or to the close procedures is reviewed for validity and approved by the Financial Manager.
- ✓ Sub-ledgers and supporting schedules are reconciled to the general ledger monthly. Reconciling items are documented, aged and cleared; unresolved differences are escalated to the Financial Manager.
- ✓ Clearing and suspense accounts are reconciled at least monthly, with supporting documentation approved by the Financial Manager. No balance remains in a suspense account beyond the following period-end without documented explanation.
- ✓ Non-routine events and transactions are assessed only after obtaining the information necessary to reach a decision, are treated using a consistently applied methodology, and are disclosed in the report narrative where material.
- ✓ Related-party transactions are identified, authorised, accounted for and disclosed in the appropriate accounting period.
- ✓ Accruals and adjustments to allowance accounts are recorded in accordance with IFRS. A monthly trial balance is prepared that supports and reconciles to the financial statements.

- ✓ Audit preparation procedures are documented and followed by the applicable accounting personnel.
- ✓ Existing contracts and material legal matters are reviewed by the appropriate level of management, which may include legal counsel or the auditors, to determine whether commitments, contingencies or adjustments require disclosure.

5. Accounting Procedures and Controls by Transaction Cycle

- ✓ **Revenue cycle.** The Company contracts with a customer or merchant, performs the agreed service, records the resulting revenue and receivable, issues an invoice or settlement statement, and collects or offsets the amount due. Transaction data is captured from the operating systems and reconciled to the amounts recorded in the accounting system. Controls include contract authorisation, pricing approval in accordance with section 10, reconciliation of operating-system transaction data to recorded revenue, and reconciliation of the receivables sub-ledger to the general ledger.
- ✓ **Purchasing cycle.** A requirement is approved, a purchase order or contract is issued to the supplier, the goods or services are received and verified, the payable is recorded, and the supplier is paid in accordance with section 10. Controls include approval of the requirement before commitment, matching of invoice to purchase order and receipt, and verification of supplier bank details before payment through a channel independent of the payment request.
- ✓ **Payroll cycle.** Employee time, leave and overtime are recorded and verified, gross pay is calculated, statutory and authorised deductions are applied, and net pay is disbursed through the banking system. Payroll is administered in accordance with Law No. 6 of 2010 concerning Labour in the Private Sector and Law No. 61 of 1976 on Social Insurance, and includes social insurance contributions for eligible employees and provision for end-of-service indemnity. Controls include approval of the payroll register by the HR and Administration Manager, independent verification of changes to employee bank details before use, segregation between payroll preparation and approval, and reconciliation of the payroll register to the bank payment instruction and to the general ledger.
- ✓ **Financing cycle.** The Company obtains banking facilities or other financing, services the related interest and principal obligations, and records the associated liabilities and costs. Facilities are obtained only within an approved budget and in accordance with section 10. Controls include approval of the facility before it is arranged, agreement of facility balances and charges to the lender's statements, and monitoring of compliance with any financial covenants.

6. Period-End Procedures, Reporting and Distribution

The following procedures are performed as part of each reporting period close:

- ✓ **Verify receipt of supplier invoices.** Compare goods and services received to accounts payable to confirm that all supplier invoices have been received, and accrue for any not yet received.
- ✓ **Verify issuance of customer invoices.** Compare delivered services and completed billing events to accounts receivable to confirm that all customer invoices have been issued, and issue any that remain outstanding.
- ✓ **Accrue unpaid wages and employee entitlements.** Accrue for wages earned but unpaid at period end, together with leave and end-of-service entitlements.
- ✓ **Calculate depreciation and amortisation.** Record depreciation and amortisation for all fixed and intangible assets in accordance with the Fixed Asset Policy.
- ✓ **Reconcile bank accounts.** Perform a reconciliation for every bank account and post the adjustments required to agree the accounting records to the bank statements.
- ✓ **Reconcile settlement, clearing and suspense accounts.** Agree balances to the supporting transaction data and clear reconciling items.
- ✓ **Post sub-ledger balances.** Post all sub-ledger balances to the general ledger and confirm that each sub-ledger agrees to its control account.
- ✓ **Review balance sheet accounts.** Review each balance and adjust, by journal entry, to agree to the supporting detail.
- ✓ **Review the draft financial statements.** Produce and review a preliminary version, correct any errors identified by journal entry, and repeat until the statements are complete and accurate.
- ✓ **Accrue Zakat and the KFAS contribution.** Record the accrual for Zakat and the KFAS contribution on the profit for the period, computed in accordance with the applicable legislation.
- ✓ **Close the period.** Close the sub-ledgers for the period and open them for the following period.
- ✓ **Issue the financial statements.** Produce the final statements with any accompanying notes and covering commentary, and distribute them to the approved distribution list.

Semi-annual reporting to the Central Bank of Kuwait

The Company prepares audited balance sheets as at 30 June and as at 31 December each year and submits them to the Central Bank of Kuwait within 45 days of each reporting date. The 30 June close follows the same procedures as the year-end close, and the external audit timetable is built into the close calendar so that the 45-day deadline is met at both dates.

Reports issued to the Central Bank of Kuwait or to any other regulator are reviewed and approved by the Financial Manager before submission, and a copy of each submission is retained with the evidence of transmission.

7. Budget Review and Variance Analysis

The Finance Department reviews and updates the budget annually to reflect operational changes and strategic priorities. A variance analysis comparing actual results to budget is prepared monthly. Variances are documented and analysed, corrective actions are proposed where required, and summaries and recommendations are presented to senior management. The annual budget is approved in accordance with the Financial Authority Matrix.

8. Safeguarding of Merchant and Customer Funds

Funds received by the Company on behalf of merchants, wallet holders and cardholders are not the property of the Company. They are not available to meet the Company's obligations, are not used to fund the Company's expenses, and are not applied against any amount owed by the Company.

Account structure

The Company maintains the following designated bank accounts, each used only for its stated purpose:

- ✓ Gateway receiving accounts, which receive funds collected from cardholders in respect of merchant transactions;
- ✓ The merchant settlement account, from which merchants are paid;
- ✓ Wallet accounts, for the receipt and payment of wallet holder funds;
- ✓ BNPL accounts, for the receipt and payment of amounts relating to the Company's buy-now-pay-later activity; and
- ✓ Failed accounts, which hold amounts collected from cardholders where the service was not delivered and which are due to be refunded.

The Company's operating expenses are paid only from the expenses account, which is funded as set out below. No Company expense is paid from a gateway, settlement, wallet, BNPL or failed account.

Flow of merchant funds

Balances held in the gateway receiving accounts are transferred in full to the merchant settlement account on the following business day. Merchants are paid from the merchant settlement account on the second business day, so that merchant balances clear in the ordinary course and no merchant payable is carried beyond that point.

Funding of the expenses account

The only amount that may leave the merchant settlement account other than a payment to a merchant is the profit earned by the Company. A transfer of profit is made only on the following basis:

- ✓ A profit and loss statement is produced for the period concerned, covering one or more services, and is dated after the date to which funds were last drawn, so that no period is drawn twice;

- ✓ The statement is presented to the General Manager and then to the Chairman for approval before the transfer is initiated; and
- ✓ The approved statement is retained with the record of the transfer, so that each transfer can be traced to the period and the profit it represents.

Wallet funds

At each month end, the balance held in the wallet accounts is compared to the total liability owed to wallet holders. The balance held must at all times be at least equal to that liability. Any shortfall is reported to the Financial Manager immediately and funded from the Company's own resources.

BNPL funds

Amounts advanced to merchants in respect of buy-now-pay-later transactions are funded from the BNPL accounts and represent a receivable of the Company from the customer. Company lending is not funded, directly or indirectly, from merchant, wallet or cardholder balances.

Failed transactions and refunds due to cardholders

Where a cardholder has paid and the service has not been delivered, the amount is held in a failed account and refunded to the originating card as soon as the failure is confirmed. Amounts in failed accounts are customer funds and are treated in the same way as the other balances covered by this section.

- ✓ Balances remaining in the failed accounts at each month end are listed, with the reason the refund has not completed, and reported to the General Manager.
- ✓ Where a refund cannot be completed because the originating card is closed and the cardholder has not made contact, the amount remains recorded as a liability to the cardholder. Such balances are not written off, taken to income, or applied against any obligation of the Company, and are released only to the cardholder or as otherwise required by law.
- ✓ Where a failed or disputed transaction is identified as suspicious or as potentially involving fraud, it is notified to the Compliance and Governance Department immediately on identification. The transaction is not released, voided or refunded without the clearance of that Department, and no ageing or escalation timetable applies to it.
- ✓ No amount held in a failed account, and no amount owed to a merchant or wallet holder, is written off or recognised as income of the Company in any circumstance.

9. Bank Account Opening and Closure

- ✓ No bank account shall be opened or closed in the name of the Company without the prior written approval of the General Manager, in accordance with the Financial Authority Matrix. Where the bank requires a Board resolution to establish the account or to register signatories, a certified copy of that resolution is retained with the account file.
- ✓ The Compliance and Governance Department is notified before any opening or closure request is submitted to the bank.

- ✓ A signatory mandate is documented for every account, specifying the authorised signatories as registered with the bank. Access to the bank's electronic payment platform is granted under the initiator, reviewer and approver roles set out in section 10, under separate user credentials. No payment is released without the approval of the Financial Manager, and no purchase or supplier invoice is paid without the original invoice signed by the General Manager.
- ✓ Where an authorised signatory leaves the Company or changes role, the Financial Manager initiates removal of that person's banking authority as part of the exit clearance process and obtains written confirmation from the bank.
- ✓ The Information Technology Department logs the creation or closure of any bank account record within the accounting system.
- ✓ Before an account is closed, the balance is settled in full, the final bank reconciliation is completed and approved by the Financial Manager, and written confirmation of closure is obtained from the bank and retained.

10. Financial Authority Matrix

The Financial Authority Matrix (FAM) defines approval levels and responsibilities across the Company's financial activities. It is reviewed at least annually by the Financial Manager and approved by the General Manager, and forms part of the Company's governance and control framework.

Payment authorisation

Payments are executed according to the instrument used:

- ✓ Electronic payments are processed through the bank's platform under three separate roles: initiated by an accountant, reviewed by the Financial Manager, and approved by the Chairman. Each role is held under separate user credentials, and no individual holds more than one role on the same payment.
- ✓ Cheques are prepared by the Finance Department, supported by a payment voucher approved by the Financial Manager, and signed by the Chairman as the signatory registered with the Company's banks.

In both cases, authorisation of the underlying commitment is evidenced before the payment is initiated, as follows:

- ✓ Payments that execute a commitment already approved by the General Manager — including payroll, rent, utilities, telecommunications, bank charges, regulatory and licence fees, insurance renewals, settlement and merchant payouts, and payments under signed contracts — are approved by the Financial Manager on the payment voucher and released by the Chairman.
- ✓ Any payment not clearly within an existing approved commitment requires the General Manager's signature on the original invoice before the payment voucher is approved by the Financial Manager and released by the Chairman.

- ✓ Payroll is approved by the HR and Administration Manager on the payroll register, approved by the Financial Manager on the payment voucher, and released by the Chairman.

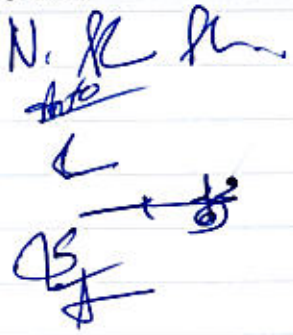
Financial process / activity	Concerned Department	Position	Authority type	Authority limit	Notes
Execution of electronic payments	Finance	Accountant, FM, Chairman	Initiator, reviewer, approver	All electronic payments, regardless of value	Three separate roles in the bank platform under separate credentials
Execution of cheque payments	Finance	FM, Chairman	Voucher approval and signature	All cheques, regardless of value	Voucher approved by FM; cheque signed by the Chairman
Payroll	HR / Finance	HR Manager, FM, Chairman	Sequential approval and release	Approved payroll register	Register approved by HR; voucher approved by FM; released by Chairman
Payments executing an approved commitment	Finance	FM, Chairman	Approval and release	Within the approved commitment	Voucher approved by FM; released by Chairman
Payments not within an approved commitment	Finance	GM, FM, Chairman	Sequential approval and release	Per approved invoice	Original invoice signed by GM before voucher approval
Posting of journal batches to the general ledger	Finance	Chief Accountant or FM	Posting as approval	No person may post a batch they prepared	System records preparer, poster and date
Opening / closing bank accounts	Finance	FM	Implementation and supervision	Prior written approval of the GM	Compliance and Governance notification required
Approve pricing and discounts	Sales / Finance	GM, then Chairman	Final approval	Up to 20% approved by the GM; above 20% requires the Chairman	Documented within official pricing models
Bad debt write-off — total balance per merchant or customer up to KWD 100	Finance	FM + GM	Joint approval of a periodic schedule	Applies to the total balance owed by a merchant or customer, not to individual invoices; processed quarterly as a batch; aggregate not to exceed KWD 5,000 per financial year	Legal action not required where recovery is uneconomic; schedule retained with the collection report
Bad debt write-off — above KWD 100, or where the annual aggregate exceeds KWD 5,000	Finance	FM + GM, then Chairman	Joint approval following legal process	Written off only after a legal judgment is obtained and recovery options exhausted, per the Provisions Policy	Supported by the collection report and the legal outcome
Request for banking facilities	Finance	GM, Board of Directors	Approval and formal request	Within an approved budget and subject to approval by the Board of Directors	With an official letter of authorisation where required
Approval of the annual budget	All departments	Board of Directors	Final approval	Approved following review of the estimated budget	A certified copy retained within the governance documents

Enforcement

Any employee found to have violated this Manual may be subject to disciplinary action in accordance with the Company's policies and the applicable provisions of Law No. 6 of 2010 concerning Labour in the Private Sector.

Acknowledgment

This form acknowledges receipt of, and agreement to comply with, the Automated Services Network Co. Financial Policies and Procedures Manual. By signing below, I confirm that I have received and read a copy of this Manual, that I understand it, and that I agree to comply with it.

Full Name	Designation	Signature
Aashick Noordine	Accountant	
Anto Oommen Chacko	Accountant	
Jobin Johnson Vaidyan	Accountant	
Mohamed Mamdouh Hammam	Accountant	
Siju Abraham Oommen	Accountant	
Suku Mathew	Accountant	