GoldFinMarket LLP Microfinance Organization

Financial statements

for the year ended 31 December 2022

with Independent auditor's report

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Management of GoldFinMarket LLP Microfinance

Opinion

We have audited the financial statements of GoldFinMarket LLP Microfinance (the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of microcredits issued to customers in accordance with IFRS 9 Financial Instruments	
Key Audit Matters	**Audit Procedures Relating to a Key Audit Matter**
As indicated in Note 6, as at 31 December 2022, microcredits issued amounted to 4,476,334 thousand tenge, net of an allowance for expected credit losses in the amount of 83,177 thousand tenge. Estimating and determining the amount of expected credit losses requires the application of significant judgment in the analysis of all reasonable and acceptable information at the reporting date. Key areas of judgment included the estimate of the probability of default and the amount of expected recovery in the event of a default. Due to the significant balances of microcredits issued, the significance of the valuation and uncertainties, and the difficulty in applying judgment in determining the amount of expected credit losses, we have identified this area as a key audit matter.	The audit procedures performed in this area included: • Obtaining an understanding of the process of estimating and calculating allowances for expected credit losses. This included evaluating the design and implementation of appropriate controls for the expected credit loss model, including model management and mathematical accuracy; • an assessment of the allowance methodology developed to calculate expected credit losses from impairment in accordance with the requirements of IFRS 9 Financial Instruments; • assessing the soundness of management's assumptions and the inputs used in the model, including with respect to the probability of default on microcredits to customers, determining the amount of recovery expected on defaulted microcredits to customers, and forecasting macroeconomic variables for compliance with IFRS requirements 9. We reviewed the underlying statistics reported by principal, including principal and interest in arrears, and the distribution of microcredits by day of arrears, including reconciliation of borrowers on a sample basis; • verification of the sufficiency and completeness of the Company's disclosure of information on credit risk, the structure and quality of the loan portfolio, the allowance for expected credit losses in accordance with IFRS 9.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditor's report is Dilshat Kurbanov.

RSM Qazaqstan LLP

Dilshat Kurbanov Auditor Partner	Aisulu Narbayeva Auditor / General Director RSM Qazaqstan LLP

Auditor qualification certificate № 0000137
dated October 21, 1994

State audit license for audit activities
on the territory of the Republic of Kazakhstan
№ 19024411 issued by the Ministry of finance
of the Republic of Kazakhstan
on 24 December 2019

43, Dostyk Avenue, office 302
Almaty, 050010, Republic of Kazakhstan

31 May 2023

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

In thousands of tenge	Notes	31 December 2022	31 December 2021
ASSETS			
Cash and cash equivalents	*5*	**198,626**	569,435
Microcredits issued	*6*	**4,476,334**	4,812,112
Property and equipment	*7*	**336,618**	400,192
Right of use assets	*8*	**514,059**	308,408
Intangible assets		**2,012**	2,316
Deferred income tax assets	*17*	**2,384**	7,051
Advances paid and other current assets	*9*	**66,478**	71,016
TOTAL ASSETS		**5,596,511**	6,170,530
LIABILITIES			
Loans received	*10*	**1,414,071**	2,201,848
Lease liabilities	*11*	**545,528**	393,611
Trade and other payables	*12*	**83,759**	67,874
Current income tax payable	*17*	**13,936**	71,770
Other taxes payable		**7,081**	5,412
Total liabilities		**2,064,375**	2,740,515
EQUITY			
Charter capital	*13*	**3,200,000**	3,200,000
Retained earnings		**332,136**	230,015
Total equity		**3,532,136**	3,430,015
TOTAL LIABILITIES AND EQUITY		**5,596,511**	6,170,530

The accompanying notes to the financial statements form an integral part of these financial statements.

Signed and authorized for issue on 31 May 2023 by the Company's management:

General Director _______________ *Nurmaganbetova G.*

Chief accountant _______________ *Seitbekova A.*

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

In thousands of tenge	Notes	2022	2021
Interest income	*14*	**2,262,162**	1,794,420
Interest expenses	*15*	**(581,187)**	(322,699)
Net interest income		**1,680,975**	1,471,721
Accrual of allowance for expected credit losses	*6*	**(32,317)**	(22,227)
Net interest income after allowance for expected credit losses		**1,648,658**	1,449,494
General and administrative expenses	*16*	**(1,410,621)**	(1,278,473)
Foreign exchange income, net		**(3,799)**	6,692
Profit before income tax		**234,238**	177,713
Income tax expenses	*17*	**(132,117)**	(91,314)
Profit for the year		**102,121**	86,399
Other comprehensive income for year		**–**	–
Total comprehensive income for the year		**102,121**	86,399

The accompanying notes to the financial statements form an integral part of these financial statements.

Signed and authorized for issue on 31 May 2023 by the Company's management:

General Director — *Nurmaganbetova G.*

Chief accountant — *Seitbekova A.*

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

In thousands of tenge	Notes	2022	2021
Cash flows from operating activities			
Profit before income tax		**234,238**	177,713
Adjustments for:			
Depreciation and amortization	*16*	**531,433**	458,452
Accrual of provision for expected credit losses	*6*	**32,317**	22,227
Interest income	*14*	**(2,262,162)**	(1,794,420)
Finance costs	*15*	**581,187**	322,699
Change in lease terms	*8, 11*	**(11,668)**	(31,654)
Income on disposal of property and equipment		**3,915**	9,905
Unrealised foreign exchange (loss) / income		**13,588**	(6,389)
Changes in working capital			
Decrease/ (increase) in microcredits issued		**840,805**	(1,438,956)
Decrease/ (increase) in advances paid and other current assets		**8,431**	(58,807)
Increase in other tax payables		**1,669**	447
Increase in trade payables		**(111,813)**	(6,978)
Net cash flows received from/ (used in) operating activities before income tax		**(138,060)**	(2,345,761)
Interest paid	*10*	**(125,910)**	(250,067)
Interest received		**1,724,818**	1,667,498
Income tax paid		**(57,586)**	(54,250)
Net cash used in operating activities		**1,403,262**	(982,580)
Cash flows from investing activities			
Purchase of property and equipment	*7*	**(82,642)**	(363,530)
Leasehold improvement of right of use assets		**(56,806)**	–
Net cash outflow from sale of subsidiary		**(3,893)**	–
Purchase of intangible assets		**–**	(1,082)
Net cash used in investing activities		**(143,341)**	(364,612)
Cash flows from financing activities			
Loans received	*10*	**4,600,455**	6,060,235
Repayment of loans	*10*	**(5,754,742)**	(4,304,334)
Lease liabilities payments	*11*	**(476,443)**	(322,886)
Net cash (used in)/ received from financing activities		**(1,630,730)**	1,433,015
Net (decrease)/ increase in cash and cash equivalents		**(370,809)**	85,823
Cash and cash equivalents at the beginning of the year		**569,435**	483,612
Cash and cash equivalents at the end of the year		**198,626**	569,435

The accompanying notes to the financial statements form an integral part of these financial statements.

Signed and authorized for issue on 31 May 2023 by the Company's management:

General Director Nurmaganbetova G.

Chief accountant Seitbekova A.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

In thousands of tenge	*Notes*	Charter capital	Retained earnings	Total
As at 1 January 2021		3,200,000	143,616	3,343,616
Profit for the year		–	86,399	86,399
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	86,399	86,399
As at 31 December 2021		3,200,000	230,015	3,430,015
Profit for the year		–	**102,121**	**102,121**
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	**102,121**	**102,121**
As at 31 December 2022		**3,200,000**	**332,136**	**3,532,136**

The accompanying notes to the financial statements form an integral part of these financial statements.

Signed and authorized for issue on 31 May 2023 by the Company's management:

General Director — *Nurmaganbetova G.*

Chief accountant — *Seitbekova A.*

1. GENERAL INFORMATION

GoldFinMarket Microfinance Organization LLP (hereinafter - "the Company") is a limited liability partnership registered in the Republic of Kazakhstan in 2007. Last re-registration date is 3 November 2020 due to the change of the Company's name from GFM Microfinance Organization LLP.

The main office of the Company is registered at the address: Shayakhmetov street 3/2, Shymkent, Kazakhstan.

Actual location of the main office: Zheltoksan street 40, Shymkent, Kazakhstan.

Information about the Company's participants is provided in *Note 13*.

The Company provides services in the field of pawnshops and is licensed to provide services in accordance with the legislation on microfinance activities.

The Company provides lending services for individuals, individual entrepreneurs, representatives of small and medium-sized businesses operating in the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan on microfinance activities. The Company is licensed to carry out activities of a microfinance organisation and a pawnshop.

As at 31 December 2022, the Company had 116 employees (2021: 116 employees).

In 2022, the Company decided to sell its subsidiary - a 100% share in Lombard GoldFinMarket LLP.

Kazakhstan business environment

The Company's operations are primarily located in Kazakhstan. Consequently, the Company is exposed to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, imposition or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.

The financial statements include management's estimates of Kazakhstan economic conditions and their impact on the results and financial position of the Company. Actual economic conditions can differ from those estimates.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as amended by the International Accounting Standards Board (IASB).

The financial statements have been prepared in accordance with the historical cost measurement principle, with the exception of certain financial instruments whose accounting policies are described in Note 3. The financial statements are presented in tenge, and all amounts are rounded to the nearest thousand, except where otherwise indicated.

Going concern basis principle

The financial statements of the Company have been prepared on the basis of the going concern assumption. Management has taken into account the stable profitability of the Company, sufficient to meet the expected needs of the Company. After analysing the Company's projected interest rates for microcredits, the level of disbursement, repayment of debt, as well as an assessment of possible adverse consequences, such as a decrease in interest rates on microcredits, and increase in operating and capital costs, Management reasonably believes that the Company has sufficient resources to continue working in foreseeable future.

After conducting an appropriate analysis, management has concluded that the Company has sufficient resources to continue operating and meet its obligations and that it is appropriate to apply the principle of going concern in the preparation of these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) 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;
- 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 by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

An estimate of the fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits, either through the best and most efficient use of the asset, or by selling it to another market participant who would use the asset in the best and most efficient manner.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of disclosing information about fair value, the Company classifies assets and liabilities based on their nature, inherent characteristics and risks, and the applicable level in the fair value hierarchy, as described above.

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e., the date that the Company commits to purchase the asset or liability. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value and, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fare value through other comprehensive income (FVOCI);
- Fare value through profit and loss (FVPL).

The Company classifies and measures its derivative and trading portfolio at FVPL. The Company may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Microcredits and other receivables at amortised cost

The Company only measures microcredits issued and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- 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 (SPPI).

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

The SPPI test (continued)

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Information on ECL for microcredits issued is presented in *Notes 6* and *20*.

c) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

d) Loans received

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include loans received. After initial recognition, loans received are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans received are derecognised as well as through the amortisation process.

e) Renegotiated microcredits

Where possible, the Company seeks to restructure microcredits rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Company derecognises a financial asset, such as microcredits issued, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised microcredits are classified as Stage 1 for ECL measurement purposes unless the new loan is deemed to be POCI. When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- change in counterparty;
- if the modification is such that the instrument would no longer meet the SPPI criterion.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Renegotiated microcredits (continued)

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, presented within interest income calculated using EIR in the statement of profit or loss, to the extent that an impairment loss has not already been recorded.

For modifications not resulting in derecognition, the Company also reassesses whether here has been a significant increase in credit risk or whether the assets should be classified as credit impaired. Once an asset has been classified as credit-impaired as the result of modification, it will remain in Stage 3 for a minimum 6-month probation period. For the restructured loan to be reclassified out of Stage 3, regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period in accordance with the modified payment schedule.

f) Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and
- the Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company’s continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company’s continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

- The normal course of business;
- The event of default; and
- The event of insolvency or bankruptcy of the entity and all of the counterparties.

g) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the Republic of Kazakhstan.

The management of the Company periodically evaluates positions reflected in tax returns, for which the relevant tax laws may be interpreted differently, and, as necessary, creates estimated liabilities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

h) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The carrying amount of property and equipment is assessed for impairment in the event of events or changes in circumstances indicating that the carrying amount of this asset may not be recoverable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years
Office furniture	3-5
Special equipment	3-5
Office equipment	2-5
Other	2-7

The residual value, useful lives and depreciation methods of assets are analyzed at the end of each reporting year and adjusted as necessary.

i) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Company has determined the following useful lives:

- Offices – 4-6 years
- Analyzers and terminals – 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Leases (continued)

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term lease agreements (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

j) Reserves

Reserves are recognized if, as a result of a certain event in the past, the Company has legal or voluntary commitments that, with a high degree of probability, will require outflow of resources that encompass future economic benefits, and which can be estimated with a sufficient degree of reliability.

k) Labor costs and related reductions

Salary expenses, pension contributions, social insurance contributions, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued as the relevant work is carried out by the Company's employees. On behalf of its employees, the Company pays pension contributions provided for by the legislation of the Republic of Kazakhstan. Such payments are expensed as they arise. When employees retire, the Company's financial obligations cease, and all subsequent payments to retired employees are made by the state pension fund.

l) Contingent assets and liabilities

Contingent liabilities are not recognised in the statement of financial position and are disclosed in the financial statements unless an outflow of resources due to settlement is unlikely. Contingent assets are not recognised in the statement of financial position and are disclosed in the financial statements when the related economic benefits are probable.

m) Recognition of interest income

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, financial instruments designated at FVPL. Interest income on interest bearing financial assets measured at FVOCI, also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through *Interest income* in the statement of comprehensive income.

Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Recognition of interest income (continued)

Interest income (continued)

When a financial asset becomes credit-impaired the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

n) Foreign currency translation

The financial statements are presented in Kazakhstani tenge, which is the functional and presentation currency of the Company. Transactions in foreign currencies are initially translated into the functional currency at the market exchange rates established on the Kazakhstan Stock Exchange (hereinafter referred to as "KASE") at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the official exchange rate at the reporting date. Gains and losses arising from the translation of foreign currency transactions are recognised in the statement of comprehensive income under «*Foreign exchange income, net*». Non-monetary items carried at cost in a foreign currency are translated at the official exchange rate at the date of the transaction. Non-monetary items carried at fair value in a foreign currency are translated at the official rate at the date the fair value is determined. The difference between the contractual exchange rate for a foreign currency transaction and the official exchange rate at the date of such transaction is included in the net income or expenses for foreign currency transactions.

The exchange rate used by the Company in preparing these financial statements is as follows:

	Exchange rate (tenge)		The average exchange rate for the period (tenge)	
Currency	**As at 31 December 2022**	As at 31 December 2021	**2022**	2021
USD	**462.65**	431.67	**460.93**	426.03
Euro	**492.86**	487.79	**485.29**	504.04
Ruble	**6.43**	5.77	**6.43**	5.78

o) New standards, interpretations and amendments

The Company first applied certain amendments to standards that are effective for annual periods beginning on or after 1 January 2022. The Company has not early adopted the standards, clarifications or amendments that were issued but are not effective. The adoption of new standards amendments had no impact on the Company’s financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract in which the unavoidable costs of meeting the obligations (i.e., costs that the Group cannot avoid because it is bound by the contract) exceed the economic benefits expected to be received under it.

The amendments clarify that in assessing whether a contract is onerous or loss-making, an entity must include costs directly related to the production of goods or services under such a contract, including incremental costs (such as direct labor and materials costs) and allocations of costs directly related to contract activities (such as depreciation of equipment used to perform the contract and costs of managing and supervising the contract). General and administrative costs are not directly related to the contract and are excluded from the assessment unless they are explicitly imposed on the contract counterparty.

These amendments had no impact on the Company's financial statements, as the Company has no contracts under which it has not fulfilled all its obligations as of the beginning of the reporting period falling within the scope of these amendments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) New standards, interpretations and amendments (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to the previous version of the IFRS *Conceptual Framework* with a reference to the latest version issued in March 2018, without making significant changes to the requirements of the standard.

The amendments add an exception to the recognition principle under IFRS 3 *Business Combinations* to avoid potential "Day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions*, *Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies* if incurred separately. The exception requires entities to determine whether a present obligation exists at the acquisition date by applying the criteria in IAS 37 or IFRIC 21, respectively, rather than applying the *Conceptual Framework*.

The amendments also add a new paragraph to IFRS 3 to clarify that no contingent assets should be recognized at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, that is, to business combinations that occur after the beginning of the reporting year in which it first applies the amendments (date of first application).

These amendments did not have any impact on the Company's financial statements as the Company did not have any contingent assets, liabilities or contingent liabilities subject to the amendments during the reporting period.

Amendments to IAS 16 Lease - Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Under the transitional provisions, the Company applies the amendments retrospectively only to those items of property, plant, and equipment that became available for use at (or after) the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

These amendments had no impact on the Company's financial statements because the Company did not sell such items produced in the process of bringing property, plant, and equipment to a condition that has been suitable for use since the beginning of the earliest period recorded.

IFRS 1 First-time Adoption of International Financial Reporting Standards – a subsidiary adopting International Financial Reporting Standards for the first time

The amendment allows a subsidiary electing to apply IFRS 1, paragraph D16(a) to measure the cumulative translation differences using the amounts reported in the parent's consolidated financial statements based on the date of transition of the parent to IFRSs if no adjustments were made in connection with the consolidation and business combination as part of which the parent acquired the subsidiary. This amendment also applies to associates or joint ventures that elect to apply the provisions of paragraph D16(a) of IFRS 1.

These amendments had no impact on the Company's financial statements as the Company is not the first-time adopter of international financial reporting standards.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Similar amendments to IAS 39 *Financial Instruments: Recognition and Measurement* were not proposed.

These amendments did not have any impact on the Company's financial statements as the Company did not have any modifications to the financial instruments during the period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) New standards, interpretations and amendments (continued)

Amendment to IAS 41 Agriculture - Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments did not have any impact on the Company's financial statements as the Company does not have any assets that are within the scope of IAS 41 at the reporting date.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB decided to delay the effective date of the amendments until it had finalized all of the amendments related to its equity method research project. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a profit or loss is recognized when the transfer of assets to an associate or a joint venture constitutes a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture.

p) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 — *Classification of Liabilities as Current or Non-current*;
- Amendments to IAS 8 — *Definition of accounting estimates*;
- Amendments to IAS 1 and IFRS Practice Statement No. 2 — *Accounting Policies Disclosures*;
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements of the Company requires management to make judgments, estimates and assumptions that affect the reported revenues, expenses, assets and liabilities and the related disclosures and contingent liabilities. Uncertainty about such assumptions and estimates may result in results that require significant adjustments to the carrying amounts of assets or liabilities that will be affected in future periods. In applying the Company's accounting policies, management has made the following judgments and assumptions about the future and other major sources of measurement uncertainty at the reporting date, which carry a significant risk that significant adjustments to the carrying amounts of assets and liabilities will be required in the next financial year. Existing circumstances and assumptions about future developments may change as a result of events beyond the Company's control that are reflected in the assumptions if and when they occur. The items that have the most significant impact on the amounts recognised in the financial statements and for which management has made significant judgments and/or estimates are discussed below in the light of the judgments/estimates made.

Impairment losses on financial assets

Assessment of impairment losses for all microcredits issued requires judgement, particularly in determining the impairment losses and the assessment of significant deterioration in credit risk to estimate the magnitude and timing of occurrence of future cash flows and collateral value. Such estimates depend on a number of factors, changes in which may result in different amounts of impairment provisions.

The ECL calculations are the result of a model that includes a number of basic assumptions about the choice of input data variables and their interdependencies. The elements of the models for the calculation of ECLs, which are considered judgments and estimates, include the following:

- internal credit rating assignment system;
- combining financial assets in the group, when ECL on them are evaluated on a group basis;
- development of a model for the calculation of ECL, including various formulas and selection of input data;
- the determination of the relationships between innovations in legislation and economic data, and their impact on the performance of PD, EAD and LGD.

The Company's policy is to review the model on a regular basis, taking into account actual losses and adjust them if necessary.

For more details on the Company's policy on impairment on financial assets see *Note 20*.

Leasehold improvement

The Company capitalizes in right of use assets the costs incurred for major repairs of premises, which is subject to depreciation during the contractual lease term.

The book value of capitalized expenses as at 31 December 2022 amounted to 28,403 thousand tenge *(Note 8).*

5. CASH AND CASH EQUIVALENTS

As at 31 December 2022 cash and cash equivalents were presented as follows:

In thousands of tenge	**31 December 2022**	31 December 2021
Cash on hand	**132,251**	565,440
Cash at current account	**66,375**	3,995
	198,626	569,435

6. MICROCREDITS ISSUED

As at 31 December 2022 microcredits issued were presented as follows:

In thousands of tenge	**31 December 2022**	31 December 2021
Microcredits secured by movable property	**4,322,703**	4,713,673
Unsecured microcredits	**145,805**	18,528
Microcredits secured by real estate	**91,003**	131,494
Allowance for expected credit losses	**(83,177)**	(51,583)
	4,476,334	4,812,112

The main product of the Company is the issuance of microcredits for a period of 9 or 12 months secured by products made of precious metals (mainly gold).

The microcredits issued are secured by collateral with the following estimated value at the time of loan issuance:

In thousands of tenge	**31 December 2022**	31 December 2021
Movable property	**5,355,094**	6,582,577
Real estate	**221,971**	321,465
	5,577,065	6,904,042

Movable property is represented mainly by precious metals, which are actually stored by the Company until the client fully repays the loan.

The movements of expected credit losses (ECL) are presented below:

In thousands of tenge	**2022**	2021
As at 1 January	**51,583**	34,421
Accrual of allowance for ECL	**32,317**	22,227
Write-off of allowance for ECL	**(723)**	(5,065)
As at 31 December	**83,177**	51,583

The Company creates a provision for the impairment of issued microcredits, which is an estimate of expected credit losses.

6. MICROCREDITS ISSUED (CONTINUED)

As at 31 December 2022 the ageing of microcredits issued were presented as follows:

In thousands of tenge	Gross amount of debt	Allowance for ECL	Microcredits, net of allowance for ECL	Allowance for ECL in relation to the amount of microcredits, %
2022				
Not past due	3,442,239	(58,974)	**3,383,265**	1.71%
Past due 1 - 30 days	389,703	(6,142)	**383,561**	1.58%
Past due 31 - 60 days	121,992	(1,923)	**120,069**	1.58%
Past due 61 - 90 days	82,453	(1,303)	**81,150**	1.58%
More than 91 days	523,124	(14,835)	**508,289**	2.81%
Total microcredits issued	**4,559,511**	**(83,177)**	**4,476,334**	**1.82%**

In thousands of tenge	Gross amount of debt	Allowance for ECL	Microcredits, net of allowance for ECL	Allowance for ECL in relation to the amount of microcredits, %
2021				
Not past due	4,145,305	(528)	4,144,777	0.01%
Past due 1 - 30 days	361,320	(1,361)	359,959	0.38%
Past due 31 - 60 days	162,360	(11,210)	151,150	6.90%
Past due 61 - 90 days	88,292	(15,063)	73,229	17.06%
More than 91 days	106,418	(23,421)	82,997	22.01%
Total microcredits issued	4,863,695	(51,583)	4,812,112	46.36%

7. PROPERTY AND EQUIPMENT

As at 31 December 2022 property and equipment were presented as follows:

In thousands of tenge	Buildings and constructions	Office furniture	Special equipment	Office equipment	Leasehold improvement	Other	Total
Cost:							
As at 1 January 2021	–	82,257	58,225	50,570	–	3,963	195,015
Additions	–	66,476	251,513	2,090	43,346	105	363,530
Disposals	–	(428)	(10,390)	–	–	(64)	(10,882)
As at 31 December 2021	–	**148,305**	**299,348**	**52,660**	**43,346**	**4,004**	**547,663**
Additions	4,915	30,405	31,211	15,111	–	1,000	82,642
Disposals	–	(1,490)	(3,868)	(3,579)	–		(8,937)
As at 31 December 2022	**4,915**	**177,220**	**326,691**	**64,192**	**43,346**	**5,004**	**621,368**
Accumulated depreciation:							
As at 1 January 2021	–	(12,896)	(11,385)	(18,759)	–	(725)	(43,765)
Charge for the year	–	(22,875)	(43,018)	(16,237)	(21,673)	(880)	(104,683)
Disposals	–	84	866	–	–	27	977
As at 31 December 2021	–	**(35,687)**	**(53,537)**	**(34,996)**	**(21,673)**	**(1,578)**	**(147,471)**
Charge for the year	(287)	(32,101)	(77,179)	(10,158)	(21,673)	(903)	(142,301)
Disposals	–	611	2,231	2,180	–	–	5,022
As at 31 December 2022	**(287)**	**(67,177)**	**(128,485)**	**(42,974)**	**(43,346)**	**(2,481)**	**(284,750)**
Net book value:							
As at 31 December 2021		112,618	245,811	17,664	21,673	2,426	400,192
As at 31 December 2022	**4,628**	**110,043**	**198,206**	**21,218**	–	**2,523**	**336,618**

7. PROPERTY AND EQUIPMENT (CONTINUED)

As at 31 December 2022, the initial cost of fully amortized fixed assets amounted to 49.925 thousand tenge (2021: 1,765 thousand tenge).

Also in 2021, the Company capitalized the costs of repairing the office space of the administrative office and branches of the Company in the amount of 43,346 thousand tenge. Special equipment is mainly represented by analyzers of precious metals necessary for the evaluation of collateral when issuing microcredits.

8. RIGHT OF USE ASSETS

As at 31 December 2022 right of use assets were presented as follows:

In thousands of tenge	**2022**	2021
Initial cost		
As at 1 January	**960,442**	704,179
Additions (Note 11)	**602,887**	256,265
Leashold improvements	**56,806**	
As at 31 December	**1,620,135**	960,444
Amortization		
As at 1 January	**(652,034)**	(269,623)
Depreciation charges	**(388,828)**	(353,483)
Adjustments	**(65,214)**	(28,930)
As at 31 December	**(1,106,076)**	(652,036)
Cost		
As at 1 January	308,408	434,556
As at 31 December	**514,059**	308,408

In order to issue microcredits, the Company rents commercial premises in the cities of the Republic of Kazakhstan, mainly in Shymkent for a period of 4 to 6 years. Lease liabilities are presented in *Note 11*.

Also in 2022, the Company capitalized the costs of repairing the office space of the administrative office and branches of the Company in the amount of 56,806 thousand tenge.

9. ADVANCES PAID AND OTHER CURRENT ASSETS

As at 31 December 2022 advances paid and other current assets were presented as follows:

In thousands of tenge	**31 December 2022**	31 December 2021
Advances paid for services	**61,541**	69,205
Other	**4,937**	1,811
As at 31 December	**66,478**	71,016

10. LOANS RECEIVED

As at 31 December 2022 loans received were presented as follows:

In thousands of tenge	Funding purpose	Currency	Maturity date	Interest rate	**31 December 2022**	31 December 2021
MINTOS FINANCE, SIA:						
Loan agreement dated 20.01.2020 and 15.10.2021	Issue of microcredits for individuals	Euro and Tenge	20.01.2025 and 31.12.2026	7.0-9.0% and 17.0-22.0%	**1,414,071**	2,201,848
					1,414,071	2,201,848

10. LOANS RECEIVED (CONTINUED)

In 2020, the Company signed a cooperation agreement with the online investment platform MINTOS FINANCE, SIA, a third party, according to which MINTOS FINANCE, SIA provides services for finding and attracting partners in order to invest their available funds in loans issued by the Company. Investing involves buying out the right of claim under consumer loan agreements and receiving remuneration. According to the agreement with MINTOS FINANCE, SIA, the Company undertakes to redeem the rights of claim for the assigned loans, in case they are not repaid within 60 days.

The loan movements for 2022 and 2021 were presented as follows:

In thousands of tenge	At the beginning of the period	Receipt of loans	Repayment of loans	Accrued interest	Repayment of interest	Translation difference	At the end of the period
2022	**2,201,848**	**4,600,455**	**(5,754,742)**	**478,832**	**(125,910)**	**13,588**	**1,414,071**
2021	434,889	6,060,235	(4,304,334)	267,514	(250,067)	(6,389)	2,201,848

11. LEASE LIABILITIES

As at 31 December 2022 lease liabilities were presented as follows:

In thousands of tenge	**31 December 2022**	31 December 2021
As at 1 January	**393,611**	465,631
Additions	**602,887**	256,265
Payments	**(476,443)**	(322,886)
Unwinding of discount *(Note 15)*	**102,355**	55,185
Change in estimates	**(76,882)**	(60,584)
As at 31 December	**545,528**	393,611
Including:		
Non-current portion	**280,884**	346,880
Current portion	**264,644**	46,731
	545,528	393,611

The Company rents office space, analyzers and terminals. The Company recognized lease liabilities at the present value of lease payments. In 2022 the rate used to measure the present value of lease obligations was 14.9% (2021: 12.8%).

12. TRADE AND OTHER PAYABLES

As at 31 December 2022 trade and other payables were presented as follows:

In thousands of tenge	**31 December 2022**	31 December 2021
Accounts payable	**49,120**	48,497
Loan payments received in advance	**21,194**	7,839
Unused vacation reserve	**11,303**	9,821
Salary and related payables	**1,860**	1,666
Other accounts payable	**282**	51
	83,759	67,874

13. CHARTER CAPITAL

As at 31 December 2022 the amount of the registered and paid-up authorized capital of the Company amounted to 3,200,000 thousand tenge (as at 31 December 2021: 3,200,000 thousand tenge).

13. CHARTER CAPITAL (CONTINUED)

The Company's participants are represented by the following individuals who are citizens of the Republic of Kazakhstan:

		2022		2021
	Share, %	***In thousands of tenge***	Share, %	*In thousands of tenge*
Baidosova Akgul	50.000	**1,600,000**	50.000	1,600,000
Mukan Gulzhan	33.594	**1,075,000**	33.594	1,075,000
Mamyrbek Patima	16.406	**525,000**	16.406	525,000
	100	**3,200,000**	100	3,200,000

The increase in the authorized capital is fully paid for in cash.

14. INTEREST INCOME

For the years ended 31 December interest income was presented as follows:

In thousands of tenge	**2022**	2021
Interest income	**2,105,726**	1,660,179
Income on fines and penalty	**151,659**	128,491
Other income	**4,777**	5,750
	2,262,162	1,794,420

15. FINANCE COSTS

For the years ended 31 December finance costs were presented as follows:

In thousands of tenge	**2022**	2021
Interest on loans received (*Note 10*)	**478,832**	267,514
Unwinding of discount *(Note 11)*	**102,355**	55,185
	581,187	322,699

16. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended 31 December general and administrative expenses were presented as follows:

In thousands of tenge	**2022**	2021
Depreciation and amortization	**531,433**	458,452
Salary expenses	**310,271**	242,631
Maintenance and repair of property and equipment	**259,142**	327,236
Professional services	**99,532**	68,947
Advertising expenses	**52,313**	35,045
Short-term office rental expenses	**41,997**	7,195
Bank charges	**4,615**	4,328
Change in accounting estimates under IFRS 16 *(Note 11 and 8)*	**(11,668)**	31,654
Royalty	–	26,200
Other	**122,986**	76,785
	1,410,621	1,278,473

17. CURRENT INCOME TAX PAYABLE

For the years ended 31 December, income tax expense was presented as follows:

In thousands of tenge	**2022**	2021
Corporate income tax for a non-resident (WHT)	**72,308**	37,518
Corporate income tax	**55,142**	56,781
Deferred income tax	**4,667**	(2,985)
Income tax expenses	**132,117**	91,314

The reconciliation between income tax expense and accounting profit multiplied by the Kazakhstan income tax rate:

In thousands of tenge	**2022**	2021
Profit before tax	**234,238**	177,713
Official income tax rate	**20%**	20%
Estimated income tax expense	**46,848**	35,543
Corporate income tax for a non-resident	**72,308**	37,518
Non-deductible expenses	**12,961**	18,253
Income tax expense	**132,117**	91,314

Deferred tax assets

As at 31 December 2022 deferred tax assets and liabilities were presented as follows:

In thousands of tenge	**2022**	2021
Taxes payable	**120**	250
Lease liabilities	**30,383**	78,722
Unused vacation reserve	**296**	1,964
Property and equipment	**12,715**	(12,203)
Right of use assets	**(41,130)**	(61,682)
	2,384	7,051

Movements in deferred tax assets were presented as follows:

In thousands of tenge	**2022**	2021
As at 1 January	7,051	4,066
Relates to profit or loss	**(4,667)**	2,985
As at 31 December	**2,384**	7,051

Income tax liabilities as at 31 December 2022 amounted to 13,936 thousand tenge (31 December 2021: 71,770 thousand tenge).

18. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter transactions that unrelated parties would not and also, transactions between related parties may not be made at the same amounts as between unrelated parties.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

The following table shows the total amount of transactions with related parties for the year ended 31 December 2022 and 2021 and the corresponding balance as at 31 December 2022 and 2021, respectively:

	Companies under common control	
In thousands of tenge	**2022**	2021
Balances as at 31 December		
Lease liabilities	–	(3,334)
	–	(3,334)
Operations for year:		
Purchases from related parties	**115,411**	(64,077)
	115,411	(64,077)

Compensation to key management personnel

During the year ended 31 December 2022 the key management personnel were presented by Chairman of the Management Board and Chief accountant. Remuneration of key management personnel includes the following positions:

In thousands of tenge	**2022**	2021
Salaries and other short-term benefits	**16,231**	14,223

19. CONTRACTUAL AND CONTINGENT LIABILITIES

Insurance

The Kazakhstan insurance market is still being developed and many insurance services popular in other countries are still not available in Kazakhstan. The Company does not provide full insurance coverage for its production facilities, losses due to suspension of production or third-party liabilities. Until the Company has an adequate insurance coverage, there is a risk that the loss or damage of certain assets might have a substantial negative impact on the Company's performance and financial position.

Legal claims

In the ordinary course of business, the Company may be the subject of legal action or litigation. In the opinion of management, there are currently no ongoing legal proceedings or claims that could have a material effect on the results of operations or the financial position of the Company.

Taxation

The tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for various interpretations. There are often cases of discrepancies between local, regional and republican tax authorities. The current regime of fines and penalties for identified and confirmed violations of Kazakhstan's legislation is strict. Penalties include fines, as a rule, in the amount of 50% of the amount of additional assessed taxes and penalties accrued at the refinancing rate established by the National Bank of the Republic of Kazakhstan, multiplied by 2.5. As a result, the amount of tax penalties may exceed the amounts of taxes that are subject to additional charge. Tax inspections can cover five calendar years of activity, immediately preceding the year of verification. Under certain circumstances, inspections may cover longer periods. Due to the uncertainties associated with the Kazakhstan tax system, the total amount of assessed taxes, penalties and fines (if any) may exceed the amount expensed as of this date and accrued as at 31 December 2022. Management believes that, as at 31 December 2022, its interpretation of the applicable laws is appropriate and that it is probable that the Company's tax position will be sustained.

20. FINANCIAL RISK MANAGEMENT

Introduction

The Company’s activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. In General, the Company's operations involve significant credit risk.

The Company's principal financial liabilities include loans received. The main purpose of these financial liabilities is to finance the Company's activities in order to increase its loan (microcredits) portfolio.

The Company's financial assets mainly comprise cash and cash equivalents and debt directly related to claims on microcredits to customers.

The Company has formed a risk and compliance department, the procedures of which are aimed at identifying and analyzing possible risks, establishing appropriate limits on microcredits to customers and compliance with limits using the Company's information system. The Company regularly reviews its risk management approaches and systems to reflect changes in markets, products and emerging best practices.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks comprise currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate, currency and equity financial instruments, which are exposed to general and specific market movements.

Interest rate risk

Interest rate risk is the risk of changes in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Company is not affected by fluctuations in interest rates as interest rates on loans received and issued are fixed.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As a result of the fact that the Company has loans received denominated in a foreign currency (in euros), the Company's statement of financial position may be significantly affected by changes in the exchange rates of euros to tenge. The following table shows the sensitivity of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) to possible changes in the euro exchange rate, provided that all other parameters are assumed to be constant. Fluctuations in the exchange rates of other currencies are not considered due to their insignificance for the results of the Company's activities.

In thousands of tenge	**Increase/Decrease in the Euro exchange rate**	**Impact on pre-tax income**
2022	**+18%**	**67,948**
	-18%	**(67,948)**
2021	+14%	27,871
	-10%	(19,908)

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

The Company's credit risk arises mainly from the issuance of consumer microcredits issued to customers - individuals. It can be described as the risk of financial losses arising as a result of the borrower's default to the Company. The borrower's default may result from the deterioration of his or her financial condition or lack of desire to fulfill his or her obligations.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The credit quality review process allows the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Impairment assessment

The Company calculates expected credit losses (hereinafter – «ECL») based on several probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Probability of default (PD)	The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
Loss Given Default (LGD)	The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Company groups its microcredits into the following stages:

Stage 1:	Financial instruments that do not have factors indicating a significant increase in credit risk and do not have any signs of impairment. For such instruments ECL is calculated within 1 year.
Stage 2:	Financial instruments that have factors indicating a significant increase in credit risk, but without signs of impairment. For such instruments ECL is calculated over the life of the financial instrument.
Stage 3:	Financial instruments that have signs of default (impairment). For such instruments ECL is calculated over the life of the financial instrument.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- significant changes in external market indicators of credit risk for a specific loan with the same expected maturity;
- actual and expected decrease in the internal or external credit rating of the borrower;
- significant changes in the value of collateral for a loan, or credit enhancement mechanisms provided by third parties, which are expected to reduce the economic incentive for the borrower to make scheduled payments on loans received;
- significant financial difficulties of the borrower;
- loan restructuring due to financial difficulties one or more times in the last 12 months;
- availability of information about circumstances that have caused significant material damage to the borrower or do not allow him to continue his activities;
- high likelihood of bankruptcy or other kind of financial reorganisation, as well as involvement in litigations, which may worsen financial position;
- death of the borrower.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3, when the following conditions are met simultaneously:

- no evidence of impairment at the reporting date;
- presence of at least one of the factors that indicate a significant decrease in credit risk from the date of initial recognition.

An additional condition for recovery a financial instrument from Stage 3 is to make at least three consecutive payments according to the last approved schedule of payments. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 the exposure at default is considered for events over the lifetime of the instruments.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Company's models.

Loss given default

The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Loss given default (continued)

The Company segments its lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower’s characteristics.

Where appropriate, further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including commodity prices, payment status or other factors that are indicative of losses in the group.

LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

Grouping financial assets measured on a collective basis

The Company calculates ECLs either on a collective or on an individual basis. Asset classes where the Company calculates ECL on an individual basis include financial instruments that are material (the amount of the borrower's debt at the reporting date exceeds or is equal to 20% of the Company's equity) and for which a significant increase in credit risk or signs of impairment has been identified. Asset classes where the Company calculates ECL on a collective basis include financial instruments that are not material and do not have signs of significant increase in credit risk or signs of impairment.

Forward-looking information and multiple economic scenarios

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. The Company obtains the forward-looking information from third party sources (statistics and forecasts published by the NBRK). Experts of the Company’s Risk management and compliance Department determine the weights attributable to the multiple scenarios.

The book value of financial assets represents the maximum exposure to credit risk. The maximum amount of credit risk as at 31 December was:

In thousands of tenge	**2022**	2021
Microcredits issued	**4,476,334**	4,812,112
Cash and cash equivalents (less cash on hand)	**66,375**	3,995
	4,542,709	4,816,107

Liquidity risk

Liquidity risk is the risk that the Company will experience difficulties with respect to the ability to repay obligations related to financial instruments. Liquidity risk may arise as a result of the inability to immediately sell a financial asset at a price close to its fair value. Liquidity requirements are regularly monitored and management monitors the availability of funds in an amount sufficient to fulfill obligations as they arise.

20. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

The following table provides information as at 31 December 2022 and 2021 on undiscounted payments on the financial liabilities of the Company by the maturity dates of these liabilities:

In thousands of tenge	On demand	Less 3 month	3 months to 1 year	1 to 5 years	Total
31 December 2022					
Lease liabilities	**–**	**117,407**	**352,220**	**280,884**	**750,511**
Loans received	**–**	**126,319**	**1,074,359**	**213,393**	**1,414,071**
Other financial liabilities	**–**	**50,980**	**–**	**–**	**50,980**
Total financial liabilities	**–**	**294,706**	**1,426,579**	**494,277**	**2,215,562**
31 December 2021					
Lease liabilities	–	102,300	306,900	58,220	467,420
Loans received	–	774,999	1,428,650	209,195	2,412,844
Other financial liabilities	–	50,163	–	–	50,163
Total financial liabilities	–	927,462	1,735,550	267,415	2,930,427

21. FAIR VALUE MEASUREMENT

The estimate of fair value is intended to approximate the amount for which a financial instrument can be exchanged between knowledgeable, willing parties in an arm’s length transaction.

However, considering the uncertainties and the use of judgements, the fair value should not be interpreted as realisable within the framework of an immediate sale of assets or the transfer of liabilities.

The estimated fair values of financial assets and liabilities are calculated using discounted cash flow techniques based on estimated future cash flows and discount rates for similar instruments at the reporting date.

Fair value hierarchy

For the purpose of disclosing the fair values, the Company determined classes of assets and liabilities based on the assets and liabilities nature, characteristics and risks as well as the hierarchy of fair value sources.

	31 December 2022				
		Fair value measurement using			
In thousands of tenge	Current value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	**Total**
Financial assets and financial liabilities measured at amortised cost:					
Cash and cash equivalents	**66,375**	–	**66,375**	–	**66,375**
Microcredits issued	**4,476,334**	–	**4,476,334**	–	**4,476,334**
Loans received	**(1,414,071)**	–	**(1,414,071)**	–	**(1,414,071)**
Lease liabilities	**(545,528)**	–	**(545,528)**	–	**(545,528)**
Trade and other payables	**(83,759)**	–	**(83,759)**	–	**(83,759)**
	2,499,351		**2,499,351**		**2,499,351**

21. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (continued)

	31 December 2021				
		Fair value measurement using			
In thousands of tenge	Current value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)	Total
Financial assets and financial liabilities measured at amortised cost:					
Cash and cash equivalents	3,995	–	3,995	–	3,995
Microcredits issued	4,812,112	–	4,812,112	–	4,812,112
Loans received	(2,201,848)	–	(2,201,848)	–	(2,201,848)
Lease liabilities	(393,611)	–	(393,611)	–	(393,611)
Trade and other payables	(67,874)	–	(67,874)	–	(67,874)
	2,152,774	–	2,152,774	–	2,152,774

In the case of financial assets and financial liabilities that have a short maturity (less than one year), the carrying amount is assumed to be approximately equal to the fair value.

Regarding the valuation of the fair value of the microcredits issued, the Company assumes that if the remuneration rates on such microcredits correspond to the range of rates observed in the market, the book value is approximately equal to fair value.

Maturity analysis of assets and liabilities

The table below shows assets and liabilities by their expected maturity dates:

	31 December 2022		
In thousands of tenge	**Within one year**	**More than one year**	**Total**
Cash and cash equivalents	**198,626**	–	**198,626**
Microcredits issued	**4,229,081**	**247,253**	**4,476,334**
Property and equipment	–	**336,618**	**336,618**
Right of use assets	–	**514,059**	**514,059**
Intangible assets	–	**2,012**	**2,012**
Deferred income tax assets	–	**2,384**	**2,384**
Advances paid and other current assets	**66,478**	–	**66,478**
Total	**4,494,185**	**1,102,326**	**5,596,511**
Loans received	**1,414,071**	–	**1,414,071**
Lease liabilities	**280,884**	**264,644**	**545,528**
Trade and other payables	**83,759**	–	**83,759**
Current income tax liabilities	**13,936**	–	**13,936**
Other taxes payable	**7,081**	–	**7,081**
Total	**1,799,731**	**264,644**	**2,064,375**
Net position	**1,552,478**	**837,682**	**3,532,136**

21. FAIR VALUE MEASUREMENT (CONTINUED)

Maturity analysis of assets and liabilities (continued)

	31 December 2021		
In thousands of tenge	**Within one year**	**More than one year**	**Total**
Cash and cash equivalents	569,435	–	569,435
Microcredits issued	4,142,118	669,994	4,812,112
Property and equipment	–	400,192	400,192
Right of use assets	–	308,408	308,408
Intangible assets	–	2,316	2,316
Deferred income tax assets	–	7,051	7,051
Advances paid and other current assets	71,016	–	71,016
Total	4,782,569	1,387,961	6,170,530
Loans received	2,201,848	–	2,201,848
Lease liabilities	346,880	46,731	393,611
Trade and other payables	67,874	–	67,874
Current income tax liabilities	71,770	–	71,770
Other taxes payable	5,412	–	5,412
Total	2,693,784	46,731	2,740,515
Net position	2,088,785	1,341,230	3,430,015

22. CAPITAL MANAGEMENT

The Company actively manages the level of capital adequacy in order to protect against risks inherent in its activities. The adequacy of the Company's capital is monitored using, among other methods, the ratios established by the National Bank of the Republic of Kazakhstan (NBRK) when supervising the Company's activities.

As at 31 December 2022 and 2021 the Company had complied in full with all its externally imposed capital requirements.

The primary objectives of the Company’s capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise capital’s value.

The Company manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the activities carried out.

NBRK establishes and monitors compliance with the Company’s capital requirements. In accordance with the regulations set by the NBRK, microfinance organizations must maintain:

- ratio of equity to the amount of assets and unsecured consumer microcredits, net of provisions, (k1) not less than 0.1;
- ratio of the amount of risk per customer on its obligations to equity (k2) not more than 0.25;
- ratio of the total liabilities to equity (k3) not more than 10.

22. CAPITAL MANAGEMENT (CONTINUED)

The table below shows the Company's capital adequacy ratio, computed in accordance with the NBRK requirements as at 31 December 2022 and 2021:

	31 December 2022	31 December 2021
Coefficient k1	**0.631**	0.554
Coefficient k2	**0.018**	0.038
Coefficient k3	**0.584**	0.790

The Company is also required to comply with the requirements of the NBRK for the level of the charter capital and equity. In accordance with the requirements of the NBRK, the minimum level of charter capital and equity for microfinance organizations is 100,000 thousand tenge and 100,000 thousand tenge, respectively. As at 31 December 2022 and 2021, the Company complied with all the requirements imposed on it by supervisory authorities in relation to the minimum level of charter capital and equity.

23. SUBSEQUENT EVENTS

On April 6, 2023, the Company was listed on the AIX exchange and the securities are included in the Official List of Securities maintained by AIX in accordance with the AIX Business Rules.

1st issue in the amount of 2 million US dollars, term - 2 years, with a rate of 9% per annum, coupon redemption - quarterly, intended use - for lending to microcredits and for refinancing existing accounts payable.

2nd issue in the amount of 3 million US dollars, term - 3 years, with a rate of 11% per annum, coupon redemption - monthly, intended use - for microcredit lending and refinancing of existing accounts payable.

As of the date of issue of the financial statements within the 1st issue of securities, the amount of 998 thousand US dollars was placed, within the 2nd issue of securities, the amount of 436 thousand US dollars was placed.

In 2023, the Company established an LLP, 100% subsidiary, the main activity of which is the provision of microcredits to individuals secured by movable property intended for personal use for a period of up to one year in an amount not exceeding eight thousand times the monthly calculation index established for the corresponding financial year by the law on republican budget.