

“Sofi Finance” Microfinance Organization LLP

Financial statements

For the year ended 31 December 2021

With the Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of Microfinance Organization "Sofi Finance" LLP

Opinion

We have audited the financial statements of Microfinance Organization "Sofi Finance" LLP (further - the "Company"), which comprise the Statement of Financial Position as at 31 December 2021, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the 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 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Expression of 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' Code of Ethics for Professional Accountants (IESBA Code), and the ethical requirements applicable to our audit of financial statements in Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with those 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.

Responsibilities of Management and Those Responsible for Corporate Governance for Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and for the internal control system that management deems necessary for 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, for disclosing information relating to going concern, as appropriate, 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 preparation of the Company's financial statements.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 based on those financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- 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 system 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 appropriate nature of accounting policies used and the reasonableness in accounting estimates and related disclosures prepared by management;
- conclude on the appropriateness of management's use of the going concern assumption 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 inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit's opinion. However, future events or conditions may cause the Company will cease the ability to continue as a going concern;
- evaluate the presentation of financial statements as a whole, structure and content, including the disclosures, as well as whether the financial statements present the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the Company's operations to express an opinion on the financial statements. We are responsible for the overall management, supervision and performance of the Company's audit engagement. We take full responsibility for our audit opinion.



We communicate with those charged with governance, bringing to their attention, among other matters, information about the planned scope and timing of the audit and significant findings on the results of the audit, including any significant deficiencies in internal control system that we identify during the audit process.

The partner responsible for the audit, based on the results of which this independent auditor's report was issued, is Yerlan Islambekov.

Yerlan Islambekov
Director
Baker Tilly Qazaqstan Audit LLP

State license on auditing in the territory of the Republic of Kazakhstan №20013143, issued by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan on September 09, 2020

19 August 2022

Yerlan Islambekov
Auditor

Auditor's qualification certificate No. MF-0000185 dated 29 May 2014

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

<i>In thousands of tenge</i>	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Fixed assets	5	84,549	10,970
Intangible assets		1,044	1,183
Right to use the asset		169,857	-
Deferred tax assets		-	1,806
		255,450	13,959
Current assets			
Cash and cash equivalents	8	201,456	109,312
Loans issued	6	6,972,945	4,120,047
Accounts receivable	7	218,533	1,965,415
Other current assets		590,710	3,407
Advances paid		213,590	
		8,197,234	6,198,181
TOTAL ASSETS		8,452,684	6,212,140
EQUITY			
Share capital	9	50,693	30,000
Retained earnings		2,668,499	2,678,746
TOTAL EQUITY		2,719,192	2,708,746
LIABILITIES			
Non-current liabilities			
Loans received, non-current part	10	-	210,969
Liabilities on financial assets		84,030	-
Deferred tax liabilities		32,023	-
		116,053	210,969
Current liabilities			
Loans received, current part	10	1,846,788	1,774,687
Accounts payable	11	350,199	753,930
CIT payable		2,146,908	747,502
Liabilities for other taxes and obligatory payments		22,689	6,136
Other current liabilities		503,695	10,170
Dividends payable		747,160	-
		5,617,439	3,292,425
TOTAL LIABILITIES		5,733,492	3,503,394
TOTAL EQUITY AND LIABILITIES		8,452,684	6,212,140

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

Signed and authorized for release on August 19, 2022 by management of the Company:

General Director

Chief Accountant

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021

<i>In thousands of tenge</i>	Note	2021	2020
Interest income on loans issued		11,466,327	6,749,784
Interest expense on loans received		(284,529)	(121,612)
Net interest income		11,181,798	6,628,172
Allowance for impairment of loans to clients		(2,029,172)	(1,911,817)
Net interest income after allowance for impairment of loans to clients		9,152,626	4,716,355
Gain / (loss) from assignment of claim rights		(4,766,201)	(217,571)
Operating income		9,494,321	2,133
Operating expense	12	(3,720,295)	(767,191)
Foreign exchange gain / (loss), net		99,149	(89,455)
Other income / (expense), net		(7,868)	(205,052)
Profit before taxes		10,251,732	3,439,219
Corporate income tax expense	13	(2,155,731)	(755,559)
Net profit for the year		8,096,001	2,683,660
Other comprehensive income		-	-
Total comprehensive income for the year		8,096,001	2,683,660

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

Signed and authorized for release on August 19, 2022 by the management of the Company:

General Director

Chief Accountant

STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

<i>In thousands of tenge</i>	2021	2020
OPERATING ACTIVITIES:		
Profit before taxes	10,251,732	3,439,219
Adjustments for:		
Depreciation and amortization expense	17,899	247
Allowance for impairment of loans to clients	2,045,583	1,911,817
Funding income	(20,938,051)	(6,749,784)
Funding costs	278,313	121,612
Foreign exchange gain / (loss), net	(99,149)	89,455
	(8,443,673)	(1,187,434)
Changes in working capital:		
Changes in advances issued	(145,116)	-
Changes in loans issued and receivables	15,398,908	(1,158,138)
Changes in other current assets	1,260,313	2,053,252
Changes in accounts payable	(440,612)	768,503
Changes in other taxes payable	10,696	-
Changes in other current liabilities	390,405	-
	8,030,921	476,183
Income tax paid	(1,083,183)	(10,062)
Interest paid	(21,641)	(224)
Net cash flows from operating activities	6,926,097	465,897
INVESTING ACTIVITIES:		
Purchase of fixed assets and intangible assets	(261,196)	(12,335)
Net cash flows from investing activities	(261,196)	(12,335)
FINANCING ACTIVITIES:		
Loans received	2,329,320	1,439,283
Loans repayment	(1,563,682)	(1,808,169)
Contribution to share capital	20,693	-
Payment to the Participant	(7,359,088)	-
Net cash flows from financing activities	(6,572,757)	(368,886)
Net increase in cash and cash equivalents	92,144	84,676
Cash and cash equivalents at the beginning of the year	109,312	24,636
Cash and cash equivalents at the end of the year	201,456	109,312

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

Signed and authorized for release on August 19, 2022 by the management of the Company:

General Director

Chief Accountant

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

<i>In thousands of tenge</i>	Share capital	Retained earnings	Total
As at 1 January 2020	30,000	(4,914)	25,086
<i>Net profit for the year</i>	-	2,683,660	2,683,660
<i>Other comprehensive income</i>	-	-	-
Total comprehensive income for the year	-	2,683,660	2,683,660
As at 31 December 2020	30,000	2,678,746	2,708,746
<i>Net profit for the year</i>	-	8,096,001	8,096,001
<i>Other comprehensive income</i>	-	-	-
Total comprehensive income for the year	-	8,096,001	8,096,001
Contribution to the share capital	20,693	-	20,693
Payment to the Participant	-	(8,106,248)	(8,106,248)
As at 31 December 2021	50,693	2,668,499	2,719,192

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

Signed and authorized for release on August 19, 2022 by the management of the Company:

General Director

Chief Accountant

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

“Sofi Finance” Microfinance Organization LLP (further - the “Company”) was registered on 2 June 2017 by State Corporation “Government for Citizens” Non-Profit JSC in the city of Almaty.

As at 31 December 2021, the structure of the Company's participants is as follows:

No.	Name of participant	31 December 2021		31 December 2020	
		Share of participation	Amount (in thousands of tenge)	Share of participation	Amount (in thousands of tenge)
1	SUN FINANCE CENTRAL ASIA AS (Riga, Latvia)	97.50%	49,426	98.00%	29,400
2	Mr. V.V. Nizhegorodtsev, citizen of the Republic of Kazakhstan	2.00%	1,014	2.00%	600
3	Mrs. A.M. Dzoyekaeva, citizen of the Republic of Kazakhstan	0.50%	253	-	-
		100.00%	50,693	100.00%	30,000

The main activity of the Company is issuance of online micro-loans to individuals, mainly with maturities up to 30 days.

The legal address of the Company: house 410/78, 512 Seyfullin Ave., Almalinskiy District, Almaty city, 050004, the Republic of Kazakhstan.

These financial statements were approved for release by the management of the Company on August 19, 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation of financial statements

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

These financial statements have been prepared in accordance with the historical cost principle. The financial statements are presented in Tenge and all amounts are rounded to the nearest thousand, except when otherwise indicated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification of assets and liabilities into long-term and short-term (current)

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

An asset is current asset if:

- it is expected to be realized or intended for sale or consumption in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within 12 (twelve) months after the end of reporting period; or
- it represents cash or cash equivalent, except when there are restrictions on its exchange or use to settle liabilities valid for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Classification of assets and liabilities into long-term and short-term (current) (continued)**

A liability is current if:

- it is expected to be settled within the normal operating cycle;
- it is held primarily for trading purposes;
- it is to be settled within 12 months after the end of the reporting period;
- or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

For the purpose of fair value disclosures, the Company has classified assets and liabilities on the basis of their nature, characteristics and risks, and the applicable level in the fair value hierarchy, as set out below.

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

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

Contract balances*Contract assets*

A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer. If the Company transfers goods or services to the customer before the customer pays the consideration, or before the consideration becomes payable, the contract asset is recognized for the contingent consideration received.

Accounts receivable

Accounts receivable represent the Company's right to consideration, which is unconditional (i.e. the occurrence of the moment when such consideration becomes payable is conditional only on passage of time). The accounting policy for financial assets is discussed under *Financial Instruments - initial recognition and subsequent measurement*.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract balances (continued)

Obligations under the contract

The obligation under the contract is the obligation to transfer to the customer the goods or services for which the Company has received consideration (or a consideration for which is payable) from the customer. If the customer pays the consideration before the Company transfers the goods or services to the customer, a contract liability is recognized at the time of payment or at the time when the payment becomes payable (whichever occurs first). Contract liabilities are recognized as revenue when the Company fulfills its obligations under the contract.

Funding costs directly attributable to the acquisition, construction or production of an asset, which necessarily requires a long period of time to prepare it for use in accordance with the Company's intentions or for sale, are capitalized as part of the original value of the asset. All other funding costs are expensed in the period in which they are incurred. Funding costs include interest and other costs that the Company incurs in connection with the borrowing of funds.

Calculation of expected credit losses

The Company calculates the ECL based on an estimate of expected cash shortfall, which is discounted using the effective interest rate (EIR) or its approximate value. A cash flow shortfall is the difference between the cash flows due to the entity under the contract and the cash flows that the entity expects to receive.

The mechanics of calculating the ECL are described below, and the main elements are as follows:

- Probability of default (PD) *The probability of default (PD) is an estimate of the probability of default over a given time interval. Default can only occur at a certain point in time during the period under review if the asset has not been derecognized and is still part of the portfolio.*
- Exposure at Default (EAD) *Exposure at Default (EAD) is a calculated estimate of the defaulted value at any future date, taking into account the expected changes in that value after the reporting date, including principal and interest payments contracted or otherwise, repayments of loans issued and interest accrued as a result of late payments.*
- Loss Given Default (LGD) *Loss Given Default (LGD) is a calculated estimate of the losses incurred in the event of default at a specific point in time. LGD is calculated as the difference between contractual cash flows and those cash flows that the creditor expects to receive, including as a result of the realization of collateral. This indicator is usually expressed as a percentage of EAD.*

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Taxes***Current income tax*

Assets and liabilities of the current income tax are measured at the amount expected to be claimed for reimbursement by the tax authorities or paid to the tax authorities. The tax rates and tax laws used to calculate this amount are the rates and laws enacted or substantively enacted, at the reporting date in the countries in which the Company operates and receives taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. The management of the Company periodically evaluates positions in the tax returns with respect to situations in which the relevant tax legislation may be interpreted differently and creates estimated liabilities as necessary.

Deferred tax

Deferred tax is calculated using the liability method by determining 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 recognized for all taxable temporary differences, except where the deferred tax liability 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.

Deferred tax assets are recognized for all deductible temporary differences, carried forward to future periods of unused tax incentives and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be credited, carried forward to future periods of unused tax incentives and unused tax losses, except cases when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability, that did not arise from the merging of businesses and which, at the time of the transaction, did not affect either the accounting profit or the taxable profit or loss.

The balance sheet value 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 earned to allow all or part of the deferred tax asset to be utilized, is assessed as unlikely. Unrecognized deferred tax assets are reviewed at each reporting date and recognized to the extent that it is probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are valued at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax legislation) in force or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Taxes (continued)***Deferred tax (continued)*

Deferred tax relating to items recognized outside of profit or loss is also not recognized in profit or loss. Deferred tax items are recognized in accordance with their underlying transactions, either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally protected right on set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority from the same organization, whose transactions are taxable, or from different organizations, whose transactions are taxable, that intend to either settle current tax liabilities and assets on a net basis or realize those assets and settle those liabilities simultaneously in each of the future periods, in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax

Tax legislation provides for the payment of value added tax (VAT) on sales and purchases on a net basis. Therefore, VAT recoverable represents VAT on purchases less VAT on sales.

VAT payable

VAT payable is accrued in accounting on income from sale of goods, works and services subject to VAT, in accordance with the Tax Code of the Republic of Kazakhstan. In addition, in cases where a provision for impairment of receivables is accrued, the impairment amount is accrued on the gross amount of the receivable, including VAT.

VAT recoverable

VAT recoverable is reflected in the accounting for purchased goods, works and services that were purchased with VAT and, if any, were used to generate income. On each reporting date, the amount of VAT recoverable is subject to offset against the amount of VAT payable.

Contributions from employee benefits

The Company pays social tax and social contributions in accordance with the tax legislation of the Republic of Kazakhstan at rates of 9.5% and 3.5%, respectively, of wages and compulsory social health insurance (CSHI) at a rate of 2% from 1 January 2021, as well as withholds and transfers contributions CSHI (CCSHI) at a rate of 2% of accrued income.

The Company withholds 10% of its employees' salaries as contributions to their pension funds.

The Company also withholds income tax from employees' salaries at a flat rate of 10% and pays it to the budget of the Republic of Kazakhstan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency

The financial statements are presented in tenge, which is also the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency, converted at the corresponding rates on the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at exchange rates ruling at the reporting date. Differences arising on the repayment or translation of monetary items are recognized in profit or loss. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The weighted average currency exchange rates established on the Kazakhstan Stock Exchange (further - "KSE") are used as the official currency exchange rates in the Republic of Kazakhstan.

The exchange rates as at 31 December 2021, and the weighted average exchange rates for the year ended 31 December 2021, are as follows

Currency	Exchange rate (tenge)		Average exchange rate for the year (tenge)	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
US dollar	431.67	420.71	431.67	420.71
Euro	487.79	516.13	487.79	516.13
Russian ruble	5.77	5.65	5.77	5.65

Fixed assets

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses, if any.

The initial cost of an asset includes acquisition costs, including import duties and non-refundable taxes, borrowing costs in the case of long-term project construction, as well as any direct costs associated with bringing the asset to a working condition and delivery to its intended use.

Depreciation is calculated using the straight-line method over the following estimated useful lives of assets:

Category of fixed assets	Useful life
Computer equipment	5 years
Office furniture and equipment	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

The liquidation values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Rent**

At inception of an arrangement, the Company assesses whether the arrangement as a whole or its separate components is or contains a lease. An arrangement is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For short-term leases or leases where the underlying asset is of low value, the Company recognizes lease payments for such leases as an expense on a straight-line basis over the lease term.

Company as a lessee

At lease commencement, the Company recognizes a right-of-use asset and a lease liability. At lease commencement, the Company measures the right-of-use asset at cost and the lease liability at the present value of the lease payments not yet made at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate is not readily determinable, the Company uses the incremental borrowing rate.

Company as a lessor

The Company classifies each of its leases as operating leases or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

Finance leases

At the commencement of the lease the Company recognizes assets held under finance leases in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Company recognizes finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Operating lease

The Company recognizes lease payments under operating leases as income on a straight-line basis.

Stocks

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each asset to its intended location and condition are recorded as follows: cost of purchase using the weighted average cost method

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of an asset's or cash-generating unit's fair value less costs of disposal or its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those generated by other assets or groups of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. In their absence, an appropriate valuation model is applied. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the cash generating units to which the individual assets are allocated. These plans and forecast calculations are generally covering a period of five years. Long-term growth rates are calculated and applied to projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where revaluation was recognized in OCI. For such properties, the impairment loss is recognized in OCI up to the amount of any previous revaluation.

The Company assesses at each reporting date whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Financial instruments - initial recognition and subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial assets***Initial recognition and evaluation*

Financial assets are classified at initial recognition as subsequently measured at amortized cost, at fair value through other comprehensive income (OCI) and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial asset and the Company's business model for managing the asset. Except for receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures financial assets at fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs. receivables that do not contain a significant financing component or for which the Company has applied the practical expedient.

For a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the asset must be such that it gives rise to cash flows that are solely payments of principal and interest on the principal outstanding. This assessment is referred to as the SPPI test and is performed on an instrument-by-instrument basis.

The business model that the Company uses to manage its financial assets describes the manner in which the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will be derived from the generation of contractual cash flows, from the sale of financial assets or from both.

All purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

Subsequent assessment

Financial assets are classified into four categories for subsequent measurement:

- financial assets measured at amortized cost (debt instruments);
- financial assets at fair value through other comprehensive income with subsequent reclassification of cumulative gains and losses (debt instruments);
- financial assets designated as at fair value through other comprehensive income without subsequent reclassification of cumulative gains or losses on derecognition (equity instruments);
- financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial assets (continued)***Financial assets measured at amortized cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met

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

Financial assets measured at amortized cost are subsequently measured using the effective interest method and impairment requirements apply. Gains or losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company classifies **receivables, deposits and loans issued as** financial assets measured at amortized cost.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Company's statement of financial position) when

- the rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When the Company has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company retains.

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.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not carried at fair value through profit or loss. The ECL is calculated based on the difference between the cash flows due under the contract and all cash flows that the Company expects to receive, discounted using the original effective interest rate or its approximate value. Expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are an integral part of the contractual terms.

The ECL are recognized in two steps. For financial instruments where credit risk has not increased significantly since initial recognition, an allowance is made for credit losses that may arise from defaults over the next 12 months (12-month expected credit losses). For financial instruments where the credit risk has increased significantly since initial recognition, an allowance is made for losses that may arise from credit losses over the remaining term of the financial instrument, irrespective of when the default occurs (lifetime expected credit losses).

For accounts receivable, the Company applies a simplified approach in calculating the ECL. Consequently, the Company does not monitor changes in credit risk but instead recognizes an allowance for losses at each reporting date in an amount equal to the expected credit losses over the entire term. The Company used a valuation allowance matrix based on its past experience of credit losses, adjusted for projected borrower specific factors and general economic conditions.

The Company considers a financial asset to be in default when contractual payments are past due by 90 days. However, in certain cases, the Company may also conclude that a financial asset is in default if internal or external information indicates that it is unlikely that the Company would receive, without consideration of the credit enhancement facilities retained by the Company, the full amount of the remaining contractual payments. A financial asset is derecognized if the Company has no reasonable expectation of recovering the contractual cash flows. Amounts due from related parties are also subject to a separate additional analysis.

Financial liabilities*Initial recognition and evaluation*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value less, in the case of loans and borrowings and payables, directly attributable transaction costs.

The Company's financial liabilities include **loans** and **payables**.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Financial liabilities (continued)***Subsequent evaluation*

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated at the Company's option at initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated at the Company's discretion as hedging instruments in hedge relationships as defined in IFRS 9. Designated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments at the Company's discretion. Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated as such at the date of initial recognition, and only if the criteria in IFRS 9 are satisfied. The Company does not have any financial liabilities designated at fair value through profit or loss.

Loans and accounts payable

Subsequent to initial recognition **loans and payables** are measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The EIR amortization is included in finance costs in the statement of profit or loss.

Termination of recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 recognized in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Cash and short-term deposits**

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Estimated liabilities

Estimated liabilities are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; the outflow of resources embodying economic benefits to settle the obligation is probable; and a reliable estimate can be made of the amount of the obligation. If the Company expects to recover some or all of the estimated liability, for example, under an insurance contract, the recovery is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to the estimated liability is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, estimated liabilities are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. If discounting is used, the increase in the estimated liability over time is recognized as a finance cost.

New standards, interpretations and amendments to existing standards and interpretations

The Company applied for the first time certain standards and amendments that are effective for annual reporting periods beginning on or after 1 January 2021. The Company has not early adopted standards, interpretations or amendments that have been issued but are not yet effective.

"Base Rate Reform - Phase 2" - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary exemptions that are applied to address the effects on financial statements when the interbank offer rate (IBOR) is replaced by an alternative, substantially risk-free interest rate. The amendments provide as follows:

- a practical expedient whereby changes in the contract or changes in cash flows that are directly required by the reform should be treated as changes in the floating interest rate equivalent to changes in the market interest rate;
- allow the changes required by the IBOR reform to the definition of hedge relationships and hedge documentation without discontinuing the hedging relationship;
- entities are granted a temporary exemption from the requirement to comply with separately identifiable components when a risk-free rate instrument is designated as the risk component of a hedge relationship at the discretion of the entity.

These amendments did not have any impact on the Company's financial statements. The Company intends to apply the practical expedient in future periods as appropriate.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Standards that have been issued but not yet in force**

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

IFRS 17 Insurance contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosure. When IFRS 17 comes into effect, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all insurance contracts (i.e., life and non-life insurance, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation conditions. There are several scope exceptions. The main objective of IFRS 17 is to provide a model for accounting for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements in IFRS 4, which are largely based on previous local accounting policies, IFRS 17 provides a comprehensive insurance contract accounting model, covering all relevant aspects of accounting. IFRS 17 is based on a general model supplemented by the following:

- Certain modifications for insurance contracts with direct participation conditions (variable remuneration method);

The simplified approach (premium allocation approach) is mainly for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative disclosures required. Early application is permitted provided an entity also applies IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1 Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to paragraphs 69-76 of IAS 1 that clarify the requirements for classification of liabilities as current or non-current. The amendments clarify the following:

- what is meant by the right to defer settlement of obligations;
- the right to defer settlement must exist at the end of the reporting period;
- the classification of liabilities is not affected by the likelihood that the entity will exercise its right to defer settlement of the liability;
- the terms of the liability will not affect its classification only if the derivative embedded in the convertible liability itself is an equity instrument.

These amendments are effective for annual periods beginning on or after 1 January 2023 and are applied retrospectively. The Company is currently assessing the impact of these amendments on the current classification of liabilities and the need to renegotiate the terms of its existing borrowing arrangements.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Standards issued but not yet in force (continued)***Amendments to IFRS 3 References to the Conceptual Framework*

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Conceptual Framework References. The objective of the amendments is to replace references to the 1989 Conceptual Framework for the Presentation of Financial Statements with references to the March 2018 Conceptual Framework for the Presentation of Financial Statements, without significantly modifying the requirements of the standard.

The Board also added a recognition exemption in IFRS 3 to avoid potential 'Day 2' gains or losses for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Obligatory Payments if they arise from separate transactions. However, the Board decided to clarify the existing requirements in IFRS 3 for contingent assets that would not be affected by the replacement of references to the Concept for the Preparation and Presentation of Financial Statements.

These amendments are effective for annual periods beginning on or after 1 January 2022 and are applied prospectively.

Amendments to IAS 16 Property, Plant and Equipment: Additions before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment: Additions before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced in bringing the item to its location and condition that are required for its operation in accordance with management's intentions. Instead, an entity recognizes proceeds from the sale of such items and the cost of producing those items in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022 and are to be applied retrospectively to those items of property, plant and equipment that become 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 are not expected to have any material impact on the Company.

Amendments to IAS 37 onerous contracts - costs of fulfilling a contract

In May 2020, the IASB issued amendments to IAS 37 that clarify what costs an entity should consider when assessing whether a contract is onerous or loss-making.

The amendments require the application of a 'costs directly attributable to the contract' approach. Costs that are directly attributable to a contract in providing goods or services include both incremental costs for fulfilling that contract and allocation of costs that are directly attributable to fulfilling the contract. General and administrative costs are not directly attributable to the contract and, therefore, are excluded unless they are directly reimbursable by the counterparty to the contract.

These amendments are effective for annual periods beginning on or after 1 January 2022. An entity will apply those amendments to contracts in which it is not yet fully committed at the beginning of the annual reporting period in which it first applies those amendments.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Standards issued but not yet in force (continued)***Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - First-time Adoption of International Financial Reporting Standards*

As part of its annual IFRS improvement process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, 2018-2020. Under the amendment, a subsidiary that elects to apply paragraph D16(a) of IFRS 1 is permitted to measure the cumulative translation differences using the amounts recorded in the parent company's financial statements based on the parent company's date of transition to IFRSs. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1. This amendment becomes effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendment to IFRS 9 Financial Instruments - Fee for "10% test" on derecognition of financial liabilities

As part of the annual improvements to IFRS, period 2018-2020, the IASB issued an amendment to IFRS 9. The amendment clarifies the amounts of fees that an entity considers in assessing whether the terms of a new or modified financial liability are substantially different from those of the original financial liability. These amounts include only those fees paid or received between a designated lender and the borrower, including fees paid or received by the lender or the borrower on behalf of the other party. An entity shall apply this amendment for financial liabilities that are modified or replaced at or after the beginning of the annual reporting period in which the entity first applies the amendment.

This amendment becomes effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The Company will apply the amendment for financial liabilities that have been modified or replaced at or after the beginning of the annual reporting period in which it first applies the amendment. The amendment is not expected to have a material impact on the Company.

Amendment to IAS 41 Agriculture - Taxation of fair value measurements

As part of the annual improvement process for IFRS, period 2018-2020, the IASB issued an amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities do not include tax-related cash flows when measuring the fair value of assets within the scope of IAS 41. An entity shall apply that amendment prospectively to fair value measurements at or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Early application is permitted. The amendment is not expected to have any material impact on the Company.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments and to determine estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as the disclosure of such items and the disclosure of these items and contingent liabilities. Uncertainty about these assumptions and estimates may lead to results that may require, in the future, significant adjustment to the carrying amount of assets or liabilities for which such assumptions and estimates are made.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Impairment losses on financial assets

The estimation of impairment losses under both IFRS 9 and IAS 39 for all loans issued requires judgement, in particular, when determining impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows and the cost of collateral. These estimates depend on a number of factors, changes in which could result in different amounts of impairment allowances.

The calculations of ECL are the result of a model that includes a number of basic assumptions regarding the choice of initial data variables and their interdependencies. To the elements of models for calculating ECL that are considered judgements and estimates include the following:

- system for assigning internal credit ratings;
- the consolidation financial assets into groups, when ECL on them are estimated on a group basis;
- development of a model for calculating ECL, including various formulas and selection of initial data;
- determination of the relationship between innovations in legislation and economic data, and their impact on PD, EAD and LGD indicators.

The Company's policy implies regular review of the model considering actual losses and their adjustment, if necessary.

5. FIXED ASSETS

As at 31 December 2021, fixed assets comprise are as follows:

<i>In thousands of tenge</i>	Computers and equipment	Other	Construction in progress	Total
Initial cost:				
As at 1 January 2020	-	-	-	-
Additions	10,516	688	-	11,204
Disposals	-	-	-	-
As at 31 December 2020	10,516	688	-	11,204
Additions	54,088	27,943	61,372	143,403
Disposals	(847)	-	(61,372)	(62,219)
As at 31 December 2021	63,757	28,631	-	92,388
Accumulated depreciation and impairment:				
As at 1 January 2020	-	-	-	-
Depreciation for the year	(228)	(6)	-	(234)
Depreciation on disposals	-	-	-	-
As at 31 December 2020	(228)	(6)	-	(234)
Depreciation for the year	(5,948)	(1,709)	-	(7,657)
Depreciation on disposals	52	-	-	52
As at 31 December 2021	(6,124)	(1,715)	-	(7,839)
Residual cost:				
As at 31 December 2020	10,288	682	-	10,970
As at 31 December 2021	57,633	26,916	-	84,549

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. LOANS ISSUED

As at 31 December 2021, loans to clients are as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Loans issued to clients	10,911,974	6,031,864
Less: allowance for expected credit losses	(3,939,029)	(1,911,817)
	6,972,945	4,120,047

Loans to clients

As at 31 December 2021, loans to clients are mainly represented by loans to individuals with maturities of up to 30 days.

Below is a reconciliation of provisions for expected credit losses:

<i>In thousands of tenge</i>	2021	2020
As of 1 January	(1,911,817)	-
Accrual of provisions for expected credit losses	(2,027,212)	(1,911,817)
As of 31 December	(3,939,029)	(1,911,817)

7. ACCOUNTS RECEIVABLE

As at 31 December 2021, the accounts receivable are as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Accounts receivable for management services	32,065	1,808,409
Accounts receivable for realized portfolio	545,149	86,280
Other receivables	-	70,726
Less: allowance for expected credit losses	(358,679)	-
	218,533	1,965,415

As at 31 December 2021, accounts receivable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Kazakhstani tenge	189,105	1,965,415
Euro	29,429	-
	218,533	1,965,415

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

7. ACCOUNTS RECEIVABLE (CONTINUED)

Analysis of accounts receivable by maturity is presented as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
No days past due	218,533	1,965,415
Past due, but not impaired:		
Less than 30 days	-	-
30 to 60 days	-	-
61 to 90 days	-	-
91 to 180 days	-	-
180 to 360 days	-	-
Over 360 days	-	-
	218,533	1,965,415

As at 31 December 2021, accounts receivable are interest-free and payable within 30 - 360 days.

8. CASH AND CASH EQUIVALENTS

As at 31 December 2021, cash and cash equivalents are as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Cash on current accounts	95,086	21,345
Cash on card accounts	68,219	21,553
Cash on hand	38,160	514
Cash in savings accounts	-	65,900
Less: allowance for expected credit losses	-	-
	201,456	109,312

As at 31 December 2021, cash and cash equivalents are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2020	31 December 2019
Kazakhstani tenge	201,456	109,312
	201,456	109,312

As at 31 December 2021, cash and cash equivalents are placed with the following banks:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
JSC «Народный банк Казахстана»	131,683	77,004
JSC «Нурбанк»	30,601	28,426
SB JSC «Сбербанк России»	985	3,368
JSC «Forte Bank»	26	-
	163,295	108,798

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. SHARE CAPITAL

As at 31 December 2021, registered and paid share capital amounted to 50,593 thousand tenge. The composition of participants of the Company is presented in *Note 1*.

During 2021, the Company announced dividends of 8,106,248 thousand tenge and paid dividends of KZT 7,359,088 thousand tenge (2020: no dividends were announced and, accordingly, not paid).

10. LOANS RECEIVED

As at 31 December 2021, loans received are as follows:

<i>In thousands of tenge</i>	Currency	Maturity date	Interest rate	31 December 2021	31 December 2020
Non-current part					
Subordinated loans	Tenge	Repaid	7%	-	107,611
Loans from related parties	Tenge	Repaid	7%	-	103,358
				-	210,969
Current part					
Loans from P2P investors	Euro			830,766	1,357,391
Loans from related parties	Tenge / Euro		7%	1,016,023	417,296
				1,846,788	1,774,687
Total loans				1,846,788	1,985,656

In the course of its activities, the Company attracts loans from related and third parties. Loans can be attracted in tranches within credit lines. The repayment schedule for each tranche is set on an individual basis and the debt is repaid in equal installments until the end of the credit line or at the request of the lender. As at 31 December 2021, all loans received are unsecured.

11. ACCOUNTS PAYABLE

As at 31 December 2021, accounts payable are as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Accounts payable	350,199	753,930
	350,199	753,930

As at 31 December 2021, accounts payable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Kazakhstani tenge	141,655	681,326
Euro	205,576	59,949
Russian ruble	2,968	12,655
	350,199	753,930

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. OPERATING EXPENSES

As at 31 December 2020, operating expenses are as follows:

<i>In thousands of tenge</i>	2021	2020
Marketing	(1,079,125)	(37,736)
Salaries	(871,822)	(369,602)
Communication services	(227,954)	(117,457)
Account receivable collection services	(226,884)	(104,294)
Software maintenance	(119,804)	(35,046)
Professional services	(547,501)	(22,417)
Bank services	(55,000)	(29,231)
Office expenses	(24,934)	-
Rent expenses and utilities	(35,757)	(18,930)
MINTOS services	(29,633)	(10,764)
Depreciation and amortization	(17,899)	(247)
IT services	(206,615)	-
Other costs	(277,367)	(21,467)
	(3,720,295)	(767,191)

13. CORPORATE INCOME TAX EXPENSE

The Company is subject to income tax at the current statutory rate of 20%.

<i>In thousands of tenge</i>	2021	2020
Current income tax expense	(2,043,564)	(757,365)
Deferred income tax expense	(33,829)	1,806
CIT at source withheld from income of a non-resident	(78,338)	-
Corporate income tax expense	(2,155,731)	(755,559)

Below is given a reconciliation between the estimated corporate income tax and accounting profit multiplied by the corporate income tax rate:

<i>In thousands of tenge</i>	2021	2020
Profit before income tax	10,251,732	3,439,219
Corporate income tax rate	20%	20%
Calculated value for corporate income tax	(2,050,346)	(687,844)
Permanent differences:		
Other	(105,384)	(67,715)
Corporate income tax expense	(2,155,731)	(755,559)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, the parties are considered related when one party has the ability to control or exercise significant influence over the other party's financial and operating decisions, as defined in *IAS 24 Related Party Disclosures*. In deciding whether the parties are related, is taken into account the content of the relationship between the parties and not just their legal form.

For the purposes of presenting these financial statements, the Company's related parties are key management personnel and entities in which key management personnel own, directly or indirectly, a significant interest as well as participants and entities controlled by the participants.

Related party transactions were conducted on terms agreed to between the parties, which were not necessarily carried out on market terms.

Significant transactions with related parties for the years ended 31 December 2021, as well as balances of such transactions reflected as of 31 December 2021, are presented below:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Accounts receivable		
Companies under common control	28,936	1,808,409
Loans		
Companies under common control	1,016,023	520,930
Accounts payable and Other current liabilities		
Companies under common control	128,836	2,727
Dividends payable		
Founder	747,160	-
<i>In thousands of tenge</i>	2021	2020
Revenue		
Founder	221	-
Acquisitions		
Companies under common control	738,141	35,354
Founder	35,560	-
	773,701	35,354

Compensation to key management personnel

The total remuneration to key management personnel included in administrative expenses in the statement of comprehensive income for the year ended 31 December 2021 amount 32,555 thousand tenge (2020: 30,674 thousand tenge). Compensation to key management personnel includes salaries and other payments in accordance with the Company's internal regulations.

15. CONTINGENT AND CONTRACTUAL LIABILITIES

Litigation

In the ordinary course of the Company's business, it may be the subject to legal actions or proceedings. In the opinion of management, there are currently no any legal proceedings or lawsuits, that may have a significant impact on the result of operations or financial position of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. CONTINGENT AND CONTRACTUAL LIABILITIES (CONTINUED)

Taxation

Kazakhstan's tax legislation and regulations are subject to constant changes and varying interpretations. There are frequent cases of differences of opinion between local, regional and republican tax authorities. The currently applied system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Penal sanctions include fines, that, as a rule, are 50% of the amount of additionally assessed taxes, and penalties, accrued at the refinancing rate set by the National Bank of Kazakhstan, multiplied by 2.5. As a result, the amount of penal sanctions and penalties may be several times higher than the amount of additional taxes to be assessed.

Financial periods remain open for review by the tax authorities for 3 (three) calendar years prior to the year in which the audit is conducted. Under certain circumstances, reviews may cover longer periods. Due to the uncertainties inherent in the Kazakhstan tax system, the final amount of taxes, penal sanctions and penalties, if any, may exceed the amount, that was allocated to costs to the present and accrued on 31 December 2021. Management believes that as at 31 December 2021 its interpretation of applicable legislation is appropriate and that it is probable that the Company's tax positions will be confirmed.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

As at 31 December 2021, the Company's financial instruments were represented by the following assets and liabilities:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Financial assets and liabilities at amortized cost:		
Accounts receivable	218,533	1,965,415
Cash and cash equivalents	201,456	109,312
Loans received	(1,846,788)	(1,985,656)
Accounts payable	(350,199)	(753,930)
Financial assets / (liabilities), net	(1,776,998)	(664,859)

Risk management

The Company is exposed to market risk, credit risk and liquidity risk.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes three types of risk: interest rate risk, currency risk and other price risk, such as the risk of changes in rental prices.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any financial instruments with floating interest rates and, accordingly, is not exposed to interest rate risk.

Credit risk

Credit risk is the risk that the Company will incur a financial loss because counterparties will not meet their obligations under a financial instrument or customer contract. Financial instruments, that may expose the Company to credit risk, consist of cash and receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Accounts receivable

Customer credit risk is managed by each business unit in accordance with the policies, procedures and control system established by the Company for the management of customer credit risk. The credit quality of the customer is assessed based on a detailed form of credit rating assessment. On the basis of this assessment, individual limits for the supply of goods on credit are determined. Regular monitoring of outstanding receivables from customers is carried out. As at 31 December 2021, the Company's receivables are mainly represented by receivables from third parties.

The need to recognise impairment is analysed at each reporting date using a valuation allowance matrix to estimate the expected credit losses. Valuation allowance rates are set depending on the number of payment days overdue for groups of different customer segments with similar loss incurrence characteristics (i.e. by geographical region, product type, customer type and rating, collateral by letters of credit or other forms of credit risk insurance). The calculations reflect the probability-weighted outcomes, time value of money and reasonable and supportable information about past events, current conditions and projected future economic conditions, available at the reporting date.

Generally, receivables are written off if they are past due for more than one year and are not subject to forced recovery procedures. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of receivables. The Company does not have pledged property, given to it as security for the debt due to it.

Cash

Credit risk arising from bank balances is managed by the Company's management in accordance with the Company's policy. Surplus funds are invested only in approved counterparties accounts and within the credit limits established for each counterparty. Credit limits set for counterparties are reviewed annually by the Company's management and may be changed during the year after approval by the Company's management. Limits are set with a view to minimizing the concentration of risk and thus reducing financial losses arising from potential non-payment of the counterparty. The Company's maximum exposure to credit risk for the components of the statement of financial position as at 31 December 2020 and 2019 is represented by their carrying amounts.

The following table shows cash balances in current bank accounts at the reporting date using the credit ratings of Fitch, S&P or Moody's:

<i>In thousands of tenge</i>	Rating	Balances as at	
	2021	31 December 2021	31 December 2020
JSC «Народный Банк Казахстана»	BBB-	131,683	77,004
JSC «Нурбанк»	B-	30,601	28,426
SB JSC «Сбербанк России»	-	985	3,368
JSC «Forte Bank»	B+	26	
		163,295	108,798

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its financial obligations. Liquidity risk may arise from the inability to sell a financial asset quickly at a cost close to its fair value. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet obligations as they arise.

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

<i>In thousands of tenge</i>	Prior to demand	Less than 3 months	From 3 months up to 1 year	From 1 year Up to 5 years	Over 5 years	Total
31 December 2021						
Loans received	-	-	(1,846,788)	-	-	(1,846,788)
Accounts payable	-	(350,199)	-	-	-	(350,199)
Total financial liabilities	-	(350,199)	(1,846,788)	-	-	(2,196,987)

<i>In thousands of tenge</i>	Prior to demand	Less than 3 months	From 3 months up to 1 year	From 1 year Up to 5 years	Over 5 years	Total
31 December 2020						
Loans	-	-	(1,774,687)	(210,969)	-	(1,985,656)
Accounts payable	-	(753,930)	-	-	-	(753,930)
Total financial liabilities	-	(753,930)	(1,774,687)	(210,969)	-	(2,739,586)

Fair value of financial instruments

The Company uses the following hierarchy for determine fair value and disclose information on it in the cutaway of valuation models:

- Level 1: prices in active markets on identical assets or liabilities (without any adjustments).
- Level 2: other methods for which all inputs that have a significant impact on the fair value reflected are observed in the market, either directly or indirectly
- Level 3: methods that use inputs, that have a significant impact on the fair value reflected, and that are not based on observed market information

The table below provides a hierarchy of estimates of the Company's assets and liabilities at fair value:

<i>In thousands of tenge</i>	Current value	31 December 2021		
		Fair value by valuation levels		
		Level1	Level 2	Level 3
Assets and liabilities for which fair value is disclosed:				
Accounts receivable	218,533	-	218,533	-
Cash and cash equivalents	201,456	-	201,456	-
Loans received	(1,846,788)	-	(1,846,788)	-
Accounts payable	(350,199)	-	(350,199)	-
	(1,776,998)	-	(1,776,998)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value of financial instruments (continued)

<i>In thousands of tenge</i>	Current value	31 December 2020		
		Fair value by valuation levels		
		Level1	Level 2	Level 3
Assets and liabilities for which fair value is disclosed:				
Accounts receivable	1,965,415	-	1,965,415	-
Cash and cash equivalents	109,312	-	109,312	-
Loans received	(1,985,656)	-	(1,985,656)	-
Accounts payable	(753,930)	-	(753,930)	-
	(664,859)	-	(664,859)	-

Capital management

The Company's capital includes share capital and retained earnings. The operating and investing activities of the Company were financed mainly by profit from operating activities and attraction of external loans. The Company does not have any terms under contracts with creditors that would provide requirements in relation to the capital structure.

17. SUBSEQUENT EVENTS

The outbreak of coronavirus (COVID-19) developed rapidly in 2020 and 2021, with a significant impact on businesses and population. Measures taken to contain the virus have impacted economic activity, which in turn has implications for the Company's financial statements. Measures to prevent transmission of the virus include restrictions on the movement of people, restrictions on flights and other travel, temporary closure of businesses and educational institutions, and cancellation of events.

This situation will also affect supply chains and the production of goods throughout the Republic of Kazakhstan, lead to a decrease in economic activity and a reduction in demand for many goods and services. The Government of the Republic of Kazakhstan has announced a number of restrictive measures in the cities of the Republic of Kazakhstan. This situation may negatively affect the Company's financial position and results of operations.

COVID-19 may affect clients' ability to meet their obligations. Clients may be exposed to economic impacts differently in their region and sector. More broadly, lower economic growth forecasts increase the probability of default for many clients. IFRS 9 requires that forward-looking information (including macroeconomic information) to be taken into account both in assessing significant increase in credit risk and in estimating expected credit losses. Even if the consumer is expected to repay all amounts due to it, but later than required by the contract, a credit loss will occur if the creditor does not receive compensation for the lost time value of money.

In January 2022, Kazakhstan experienced internal protests caused by the economic situation in the country, which later escalated into political instability. At the end of these events, a number of politicians and businessmen were detained and charged with various charges. At the date of approval of these financial statements, management of the Company is assessing the potential impact of these events on the Company's operations.

NOTES TO THE FINANCIAL STATEMENTSFor the year ended 31 December 2021

17. SUBSEQUENT EVENTS (CONTINUED)

In February 2022, a number of new sanctions were announced against the Russian Federation. Due to increased geopolitical tensions, volatility in stock and currency markets is expected to increase significantly. It is expected that these events may affect the activities of companies in various sectors of the economy. The Company considers these events as non-adjusting events after the reporting period, the quantitative effect of which cannot currently be estimated with a reasonable degree of certainty. The Company's management is currently analyzing the possible impact of these events on the Company's financial position and results of operations.