

AUTO SIYLIQ FINANCE MFO LLP

Financial statements

For the year ended December 31, 2024

with Independent auditor's report

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For the year ended December 31, 2024

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
for the preparation and approval of the financial statements
for the year ended December 31, 2024

The following statement, which should be read in conjunction with the independent auditor's responsibilities, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the financial statements Auto Siylyq Finance MFP LLP (the "Company").

Management of the Company is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at December 31, 2024, the results of its operations, cash flows and changes in equity of the Company for the year ended December 31, 2024, in accordance with the International Financial Reporting Standards (the "IFRS").

In preparing the financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether requirements of the accounting legislation of the Republic of Kazakhstan and IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records and operations in compliance with the legislation of the Republic of Kazakhstan and the IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud, errors and other irregularities.

Signed and approved of issue on behalf of Management of the Company on April 15, 2025:

General Director



Mr. Mendykhanov A.H.

Chief Accountant

Ms. Keulimzhayeva A.K

INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of Auto Siyliq Finance MFP LLP

Opinion

We have audited the financial statements of Auto Siyliq Finance MFP LLP (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income / (loss), 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, 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 responsibility for the audit of 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 ethical requirements applicable to the audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility 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 have no realistic alternative but to do so.

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

Auditor's responsibility for the audit of the 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 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;
- obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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


Yerlan Islambekov
Director
Baker Tilly Qazaqstan Audit LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan №22023129, issued by the Ministry of Finance of the Republic of Kazakhstan on December 07, 2022

April 15, 2025


Yerlan Islambekov
Auditor

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

STATEMENT OF FINANCIAL POSITION

As of December 31, 2024

<i>In thousands of Tenge</i>	Notes	December 31 2024	December 31 2023
ASSETS			
Property, plant and equipment	5	80,340	56,822
Right-of-use asset	6	163,744	247,944
Deferred tax assets	17	8,547	140
Loans given	7	4,097,567	3,049,374
Factoring for clients	8	715,360	—
Cash and cash equivalents	9	1,238,275	579,631
Other assets	10	319,894	348,358
TOTAL ASSETS		6,623,727	4,282,269
EQUITY			
Share capital	11	200,000	200,000
Subordinated loans	12	706,989	2,103,318
Retained earnings		3,238,567	915,193
TOTAL EQUITY		4,145,556	3,218,511
LIABILITIES			
Finance lease liabilities, current part	13	175,996	236,637
Income tax payable		1,081,228	539,653
Trade payables	14	645,363	229,763
Other liabilities	15	575,584	57,705
TOTAL LIABILITIES		2,478,171	1,063,758
TOTAL EQUITY AND LIABILITIES		6,623,727	4,282,269

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

Signed and approved of issue on behalf of Management on April 15, 2025:

General Director



Mr. Mendykhanov A.H.

Chief Accountant

Ms. Keulimzhayeva A.K.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

<i>In thousands of Tenge</i>	Notes	2024	2023
Interest income	16	12,838,054	8,456,649
Interest expense	17	(23,077)	(115,124)
Net interest income		12,814,977	8,341,525
Expected credit losses (ECL)		(3,147,930)	(3,789,419)
Net interest income after ECL expenses		9,667,047	4,552,106
General and administrative expenses	18	(5,987,118)	(2,748,954)
Foreign exchange gain / (loss), net		(144,420)	(46,501)
Gain / (loss) from disposal of assets, net		(84)	(85)
Other income / (expense), net		154,872	(39,430)
Profit / (loss) before income tax		3,690,497	1,717,136
Corporate income tax expense	19	(1,082,894)	(534,728)
Net income / (loss) for the year		2,607,603	1,182,408
Other comprehensive income		—	—
Total comprehensive income / (loss) for the year		2,607,603	1,182,408

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

Signed and approved of issue on behalf of Management on April 15, 2025:

General Director



Mr. Mendykhanov A.H.

Chief Accountant

Ms. Keulimzhayeva A.K

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

<i>In thousands of Tenge</i>	2024	2023
OPERATING ACTIVITIES:		
Profit / (loss) before income tax	3,690,497	1,717,136
Adjustments for:		
Depreciation and amortization	26,105	11,743
Depreciation of a right-of-use asset	104,596	34,289
Finance income	(12,838,054)	(8,456,649)
Finance costs	23,077	115,124
Provision for expected credit losses	3,147,930	3,789,419
Profit / (loss) from the sale of fixed assets, net	1,150	85
Foreign exchange gain/ (loss), net	144,220	46,501
	(5,700,479)	(2,742,352)
Changes in working capital:		
Change in inventories	(5,041)	(2,168)
Change in advances paid	(132,778)	(27,465)
Change in loans issued	8,459,358	2,837,864
Change in factoring for clients	(715,360)	-
Change in VAT recoverable	(120,482)	(70,207)
Change in other current assets	393,148	(244,088)
Change in trade payables	374,793	168,004
Change in contract liabilities	5,661	7,924
Change in liabilities for other taxes and obligatory payments to budget	40,253	(27,218)
Change in other current liabilities	420,336	23,157
	3,019,409	(76,549)
Corporate income tax paid	(532,001)	(32)
Interest received	63,853	19,121
Interest paid	(96,457)	(340,390)
Net cash flows from operating activities	2,454,804	(397,850)
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and intangible assets	(51,002)	(65,638)
Net cash flows from investing activities	(51,002)	(65,638)
FINANCING ACTIVITIES:		
Contribution to the share capital	-	51,128
Payment of dividends	(153,277)	-
Loan receipts	97,746	1,886,656
Loan repayments	(1,595,136)	(1,054,009)
Payments under financial lease agreements	(92,322)	(70,590)
Net cash flows from financing activities	(1,742,989)	813,185
Net increase in cash and cash equivalents	660,813	349,697
Impact of changes in exchange rates	(2,169)	(15,127)
Cash and cash equivalents at the beginning of the year	579,631	245,061
Cash and cash equivalents at the end of the year	1,238,275	579,631

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

Signed and approved of issue on behalf of Management on April 15, 2025:

General Director



Mr. Mendykhonov A.H.

Chief Accountant

Ms. Keulimzhayeva A.K.

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

<i>In thousands of Tenge</i>	Share capital	Subordinated loans	Accumulated loss	Total
December 31, 2022	100,000	–	59,600	159,600
<i>Net income / (loss) for the year</i>	–	–	1,182,408	1,182,408
<i>Other comprehensive income</i>	–	–	–	–
Total comprehensive income / (loss) for the year	–	–	1,182,408	1,182,408
Contribution to the authorized capital	100,000	–	(48,872)	51,128
Change in subordinated loans	–	1,825,375	–	1,825,375
Interest on subordinated loans	–	277,943	(277,943)	–
December 31, 2023	200,000	2,103,318	915,193	3,218,511
<i>Net income / (loss) for the year</i>	–	–	2,607,603	2,607,603
<i>Other comprehensive income</i>	–	–	–	–
Total comprehensive income / (loss) for the year	–	–	2,607,603	2,607,603
Contribution to the authorized capital	–	–	–	–
Payment of dividends	–	–	(180,989)	(180,989)
Change in subordinated loans	–	(1,499,569)	–	(1,499,569)
Interest on subordinated loans	–	103,240	(103,240)	–
December 31, 2024	200,000	706,989	3,238,567	4,145,556

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

Signed and approved of issue on behalf of Management on April 15, 2025:

General Director



Mr. Mendykhanov A.H.

Chief Accountant

Ms. Keulimzhayeva A.K.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. GENERAL INFORMATION

MFO "AUTO SIYLIQ FINANCE" LLP (the "Company") limited liability partnership was registered on February 23, 2022 in the management of the branch of the non-profit joint stock company "State Corporation" "Government for Citizens" in the city of Almaty, the Republic of Kazakhstan.

"Microfinance organization "AUTO SIYLIQ FINANCE" LLP carries out microfinance activities on the basis of license ARRF No. 02.22.0008.M, dated 06/07/2023 and operates under the Acredit brand throughout the Republic of Kazakhstan.

As at December 31, 2024, the structure of shareholders of the Company was presented as follows:

#	Name of the shareholder	December 31, 2024		December 31, 2023	
		Share, %	Amount	Share, %	Amount
1	JSC UAB LINEURA	99.9%	199,800	99.9%	199,800
2	Mr. Mendykhanov A.Kh.	0.1%	200	0.1%	200
		100.0%	200,000	100.0%	200,000

The ultimate controlling party of the Company is CJSC "LINEURA," which is a participant in LLP "MFO AUTO SIYLIQ FINANCE," holding a 99.9% share in its charter capital. The sole shareholder of CJSC "LINEURA" is an individual, Boris Trofimov, who owns 100% of the shares of this legal entity.

The main activity of the Company is microfinance activity (online microloan service) based on license ARRF No. 02.22.0008.M, dated June 7, 2023. The company operates under the Acredit brand throughout the Republic of Kazakhstan.

Legal address of the Company: Republic of Kazakhstan, Almaty, Zhetysu district, Nazarbayev Ave., building 28/3, 050016.

The Company's office is located at the address: Republic of Kazakhstan, Almaty, Zhetysu district, Nazarbayev Ave., building 28/3, 050016.

The financial statements of the Company were approved for issue by the management of the Company on April 15, 2025.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

These financial statements have been prepared on a historical cost basis. The financial statements are presented in Tenge and all amounts are rounded to the nearest thousand, unless otherwise stated.

Going concern

These financial statements have been prepared on the assumption that the Company will be able to continue as a going concern for the foreseeable future.

The company continues to operate and has no intentions of liquidation or cessation of activity in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

Segment reporting

The Company's activities constitute a single operating segment for the purposes of IFRS 8 Operating Segments. An operating segment is a component of the Company's business that is engaged in business activities from which the Company generates revenue or incurs expenses (including revenues and expenses in relation to transactions with other components of the Company's business), the results of which are regularly reviewed by its chief operating decision maker, in allocating resources among segments and in assessing the financial performance of their activities, and for which financial information is available. Its assets are concentrated in the Republic of Kazakhstan, its revenues and net income are derived from operations in the Republic of Kazakhstan as well.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

For purposes of fair value disclosure, the Company has classified assets and liabilities based on their nature, inherent characteristics and risks, and the applicable level in the fair value hierarchy as described 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) in active markets for identical assets or liabilities;
- Level 2 – Valuation models in which input data relevant to the measurement of fair value, related to the lowest level of the hierarchy, are directly or indirectly observable in the market;
- Level 3 – Valuation models in which inputs relevant to the measurement of fair value at the lowest level of the hierarchy are not observable in the market.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether they need to be transferred between levels of the hierarchy by re-evaluating the classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial instruments

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

Financial assets

Initial recognition

The purchase or sale of financial assets and on standard terms are reflected on the date of the transaction, i.e. on the date on which the Company commits to purchase the asset or liability. A purchase or sale on standard terms refers to the purchase or sale of financial assets and liabilities under a contract that requires delivery of the assets and liabilities within a time limit specified by rules or agreements accepted in the market.

Initial assessment

The classification of financial instruments on initial recognition depends on the contractual terms and the business model used to manage the instruments. Financial instruments are initially measured at fair value including transaction costs, unless financial assets and financial liabilities are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Categories of measurement of financial assets and liabilities

The Company classifies all of its financial assets, based on the business model used to manage the assets and the contractual terms of the assets, as being measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVPL).

The Company classifies and measures derivatives and trading instruments at FVPL. The Company may, at its sole discretion, designate financial instruments as measured at FPL if such designation would eliminate or significantly reduce inconsistencies in the application of measurement or recognition principles.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or FVPL if they are held for trading and derivatives, or are designated as at fair value.

Loans issued and other receivables measured at amortized cost

The Company measures loans and other financial investments at amortized cost only if both of the following conditions are met:

The financial asset is held within the framework of a business model, the purpose of which is to hold the financial assets to collect contractual cash flows;

The contractual terms of the financial asset give rise to cash flows on specified dates, being solely payments of principal and interest on the outstanding portion of principal (SPPI).

Business model assessment

The company defines its business model at the level that best reflects how its grouped financial assets are managed to achieve a defined business objective.

The Company's business model is assessed not at the level of individual instruments, but at a higher level of portfolio aggregation and is based on observable factors, such as:

- how the performance of the business model and the return on financial assets held within that business model are assessed, and how this information is communicated to the organization's management;
- risks that affect the performance of the business model (and the return on financial assets held within that business model) and, in particular, the way these risks are managed;
- how managers who run the business are remunerated (for example, is remuneration based on the fair value of the assets managed or on the contractual cash flows received);
- The expected frequency, volume and timing of sales are also important aspects when assessing the Company's business model.

The business model assessment is based on scenarios that can reasonably be expected to occur, without taking into account the so-called "worst case" or "stress" scenarios. If cash flows subsequent to initial recognition are realized in a manner different from the Company's expectations, the Company does not reclassify the remaining financial assets held within the business model, but subsequently takes such information into account when evaluating newly originated or recently acquired financial assets.

The "solely payments of principal and interest on the outstanding principal amount of the Debt" test (SPPI test)

As part of the second step of the classification process, the Company evaluates the contractual terms of the financial asset to determine whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding (known as the SPPI test).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

The "solely payments of principal and interest on the outstanding principal amount of the Debt" test (SPPI test) (continued)

For the purposes of this test, "principal" is the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if principal payments or premium/discount amortization occur).

The most significant elements of interest in a loan agreement are usually compensation for the time value of money and compensation for credit risk. To perform the SPPI test, the Company applies judgment and considers relevant factors, such as the currency in which the financial asset is denominated and the period for which the interest rate is fixed.

However, contractual terms that have more than a negligible effect on the exposure or volatility of contractual cash flows unrelated to the underlying credit agreement do not give rise to contractual cash flows that are solely payments of principal and interest for the outstanding portion of the principal amount of the debt. In such cases, the financial asset must be measured at FVPL.

Impairment of financial assets

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

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position include cash at banks and on hand and short-term deposits with maturities of 3 months or less that are subject to insignificant risk of changes in value. For purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Loan restructuring

A microfinance organization does not have the right to unilaterally change the terms of a microcredit agreement, except in cases of improvement for the borrower.

For the purposes of this paragraph, the improvement of the terms of the microcredit agreement for the borrower is understood as:

- a change in the direction of reduction or complete cancellation of the penalty (fine, penalty fee);
- a change in the direction of reducing the remuneration rate under the microcredit agreement.

In case of application of improving conditions by a microfinance organization, the borrower is notified of a change in the terms of the microcredit agreement in accordance with the procedure provided for in the microcredit agreement.

Financial obligations

Initial recognition and assessment

Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, accounts payable or derivatives designated as hedging instruments when the hedge is effective.

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

The Company's financial liabilities include borrowings, lease obligations and accounts payable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial obligations (continued)

Subsequent measurement

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

Loans, lease obligations and accounts payable

Subsequent to initial recognition, loans, lease liabilities and accounts payable are measured at amortized cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss when they are derecognised and are amortized using the effective interest rate.

Amortized cost is calculated taking into account acquisition discounts or premiums and fees or costs that are an integral part of the effective interest rate. Effective interest amortization is included in finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the liability is extinguished, canceled or has expired. If an existing financial liability is replaced by another liability from the same lender on substantially different terms, or if the terms of an existing liability are significantly modified, the replacement or modifications are treated as derecognition of the original liability and recognition of a new liability, and the difference in their carrying amounts is recognized in the income statement, or loss.

Offsetting financial instruments

Financial assets and financial liabilities are subject to offset and a net amount presented in the statement of financial position when there is a currently enforceable 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 at the same time.

Balances under the contract

Accounts receivable

Accounts receivable represent the Company's right to consideration that is unconditional (ie, the time at which such consideration becomes due and payable is subject only to the passage of time). The accounting policies for financial assets are discussed in the section Financial instruments – initial recognition and subsequent measurement.

Obligations under the contract

A contractual obligation is an obligation to deliver to a customer goods or services for which the Company has received consideration (or consideration for which consideration is payable) from the customer. If the customer pays consideration before the Company transfers the good or service to the customer, a contract liability is recognized when payment is made or when payment becomes due (whichever occurs first). Contract obligations are recognized as revenue when the Company fulfills its obligations under the contract.

Income from microfinance activities

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument exactly to the gross carrying amount of the financial asset. When calculating the effective interest rate on financial instruments that are not acquired or originated credit-impaired assets, the Company estimates future cash flows taking into account all the contractual terms of the financial instrument, but excluding expected credit losses. For acquired or originated credit-impaired financial assets, the effective interest rate adjusted for credit risk is calculated using the amount of expected future cash flows, including expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses

Expenses are recognized when the related goods or services are actually received, regardless of when cash and cash equivalents are paid, and are shown in the financial statements in the period to which they relate.

Finance costs

Financing costs directly attributable to the acquisition, construction or production of an asset that necessarily requires an extended period of time to prepare for its intended use or sale are capitalized as part of the cost of that asset. All other finance costs are expensed in the period in which they are incurred. Finance costs include interest and other costs incurred by the Company in connection with borrowings.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be claimed or paid to tax authorities. The tax rates and tax laws applied 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 derives taxable income.

Current income taxes attributable to items recognized directly in equity are recognized in equity rather than in the statement of profit or loss. The management of the organization periodically evaluates positions reflected in tax returns, in respect of which the relevant tax legislation is subject to different interpretations, and creates provisions as necessary.

Deferred tax

Deferred tax is provided using the liability method by identifying 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 unless the deferred tax liability arises from the initial recognition of goodwill, an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credit carryforwards and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax benefit carryforwards and unused tax credits can be utilised. unused tax losses, except to the extent that the deferred tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability that does not arise as a result of a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit or loss;

The carrying amount of deferred tax assets is reviewed at each reporting date and written down to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a portion of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reviewed at each reporting date and are recognized to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Deferred tax (continued)

Deferred tax relating to items not recognized in profit or loss is also not recognized in profit or loss. Deferred tax items are recognized in accordance with their underlying transactions, either in other comprehensive income (OCI) or directly in equity.

An entity offsets deferred tax assets and deferred tax liabilities if and only if it has an enforceable right to offset 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 with the same taxable entity or with different taxable entities that intend to either settle current tax liabilities and assets on a net basis or realize those assets and pay off these 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.

Deductions from employee benefits

The Company pays social tax and social contributions in accordance with the tax legislation of the Republic of Kazakhstan at the rates of 9.5% and 3.5%, respectively, and compulsory health insurance at the rate of 2% from January 1, 2023, as well as withholds and pays medical insurance at the rate 1% of the salary.

The Company withholds obligatory pension contributions at the rate 10% of the salary of its employees as contributions to their pension funds.

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

Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss. Non-monetary items that are 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 exchange rates established on the Kazakhstan Stock Exchange (hereinafter referred to as the "KASE") are used as the official exchange rates in the Republic of Kazakhstan.

The year-end exchange rates used by the Company in preparing these financial statements are as follows:

Currency	Closing exchange rate		Average exchange rate	
	December 31, 2024	December 31, 2023	2024	2023
US Dollar	523.54	454.56	469.11	456.2
Euro	546.47	502.24	507.51	493.2
Russian ruble	4.99	5.06	5.07	5.4

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Initial recognition and subsequent accounting

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of assets includes the acquisition cost, including the import duties and not recoverable taxes, cost of loans, in case of long-term construction of the project and also any direct costs connected with reduction of an asset in the working condition and delivery to the place of intended use.

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

Category of property, plant and equipment	Estimated useful life, in years
Vehicles	7 years
Computer equipment	5 years
Office furniture	6 years
Right-of-use asset	3 years

An item of property, plant and equipment and any significant component of an item of property, plant and equipment that was initially recognized is derecognised on disposal or when no future economic benefits are expected from use or disposal. The gain or loss arising on derecognition of an 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 derecognised.

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

Intangible assets

Intangible assets that were acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Internally generated intangible assets, other than capitalized product development costs, are not capitalized and related costs are recognized in profit or loss in the period in which they are incurred.

The useful life of intangible assets can be either limited or indefinite. Intangible assets with limited useful lives are amortized over that period and assessed for impairment if there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. A change in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset changes the amortization period or method, as appropriate, and is treated as a change in accounting estimates. The amortization expense of intangible assets with a finite useful life is recognized in the income statement in the expense category that corresponds to the function of intangible assets.

Gains or losses arising from the derecognition of an intangible asset are determined as the difference between the net proceeds from the disposal of the asset and the carrying amount of that asset and are recognized in the statement of profit or loss at the time the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The determination of whether an agreement is a lease or whether it contains signs of a lease is based on an analysis of the content of the agreement at the date the lease relationship began. An agreement is or contains signs of a lease if the performance of the agreement is conditional on the use of a specific asset (or assets) and the right to use the asset or assets passes from one party to the other as a result of this agreement, even if that asset (or assets) is not specified (not specified) explicitly in the agreement.

Company as a lessee

Leases are classified at the beginning of the lease as financial or prestigious. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease.

Right-of-Use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (ie the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less accumulated depreciation and accumulated impairment losses, adjusted for revaluation of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the commencement date, less lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

If at the end of the lease term the ownership of the leased asset passes to the Company, or if the cost of the asset reflects the exercise of an option to purchase the asset, the asset is depreciated over its estimated useful life.

Right-of-use assets are also tested for impairment.

Lease obligations

At the commencement date, the Company recognizes lease liabilities that are measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments less any lease receivable incentives, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a call option, if it is reasonably certain that the Company will exercise the option, and penalties for terminating the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which the event or condition that gives rise to such payments occurs.

To calculate the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease cannot be readily determined. After the lease commencement date, the lease liability increases to reflect accrued interest and decreases to reflect the lease payments made. The Company reassesses the carrying amount of lease liabilities when there is a modification, a change in the lease term, a change in lease payments (for example, a change in future payments due to a change in the index or rate used to determine those payments), or a change in the pricing of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company adopts the short-term lease recognition exemption for its short-term leases (i.e., those that have a lease term of 12 months or less at the commencement date and do not contain an option to purchase the underlying asset, and Lease renewal companies). The Company also applies the recognition exemption for leases of low value assets to leases that are considered to be of low value. Lease payments for short-term leases and leases of low-value assets are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Company as a lessor

A lease under which the Company retains substantially all the risks and rewards incidental to ownership of an asset is classified as an operating lease. The resulting rental income is accounted for on a straight-line basis over the lease term and included in revenue in the statement of comprehensive income.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU 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. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies 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 Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

At each reporting date, the Company determines whether there is any indication that previously recognized losses from an asset are impaired. If such an indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit. Previously recognized impairment losses are 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 recognised. Recovery is limited so that the carrying amount of the asset does not exceed its recoverable amount, and cannot exceed the carrying amount less depreciation and amortization at which the asset would have been recognized had no impairment loss been recognized in prior years. Such recovery of value is recognized in the statement of profit or loss.

Estimated liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; the outflow of economic benefits that would be required to settle the liability is probable, and a reliable estimate of the amount of the liability can be obtained. If the Company expects to be reimbursed for some or all of an estimated liability, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only to the extent that reimbursement is certain. The expense related to the provision is recognized in the statement of profit or loss, net of any recovery.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Recognition of interest income***Effective interest method*

Interest income on all financial instruments measured at amortized cost and financial instruments designated as at fair value through other comprehensive income is calculated using the effective interest method.

The effective interest rate (EIR) is the rate that discounts estimated future cash receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to exactly the net carrying amount of the financial asset.

The EIR (and therefore the amortized cost of the asset) is calculated taking into account the discount or premium received on acquisition, fees and costs that are an integral part of the EIR. The Company recognizes interest income using the rate of return that represents its best estimate. An estimate of the constant rate of return over the expected life of the loan. Consequently, the Company recognizes the impact of potentially different interest rates applied at different stages and other product life cycle characteristics (including penalty interest, fees).

If the cash flow expectations of a financial asset are revised for reasons other than credit risk, the adjustment is recognized in the statement of financial position as a positive or negative change in the carrying amount of the asset and as an increase or decrease in interest income. The amount of this adjustment is subsequently amortized and recognized in profit or loss as Interest Income.

Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit-impaired financial assets. In the case of a financial asset that becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of that financial asset. If a financial asset is no longer in default and is no longer credit-impaired, the Company reverts to calculating interest income on a gross value basis.

Income from agency fees

The Company has agreements with customers to purchase insurance services on their behalf. Under such agreements, the Company provides services for concluding insurance contracts on behalf of and on behalf of insurance Companies. The Company acts as an agent and recognizes revenue at the net amount retained for its services. Revenue is recognized at a point in time (i.e., when insurance services are received) because that is when the customer receives the benefits of the services provided to the Company.

Application of new and revised International financial reporting standards

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") which became effective for the Company's financial statement for the year ended December 31, 2024:

- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" which will introduce targeted disclosure requirements that will enhance transparency of supplier finance arrangements and their effects on Company's liabilities and cash flows.
- Amendments to IAS 1 "Presentation of Financial Statements" require to classify liabilities as current or noncurrent based on Company's rights to defer settlement for at least 12 months which must exist and have a substance as at the reporting date. Only covenants with which a company must comply on or before the reporting date may affect this right.
- Amendments to IFRS 16 "Leases" which introduce a new model for accounting of variable payments and will require seller-lessees to reassess and possibly restate sale-leaseback transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Application of new and revised International financial reporting standards (continued)**

The adoption of the new or revised standards did not have significant effect on the financial position or performance of the Company.

New standards, interpretations and amendments adopted by the Company

The Company has adopted the following new or revised standards and interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee ("IFRIC") that are effective for the Company's annual financial statements for the year ended December 31, 2024:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, which introduced targeted disclosure requirements to increase transparency of supplier financing arrangements and their impact on the Company's liabilities and cash flows;
- The amendments to IAS 1 Presentation of Financial Statements require liabilities to be classified as current or non-current based on the Company's rights to defer settlement for at least 12 months, which must be present and material at the reporting date. This right can only be affected by covenants that the entity is required to comply with at or before the reporting date;
- Amendments to IFRS 16 Leases, which introduced a new model for accounting for variable payments that requires seller-lessees to reassess and possibly restate sale and leaseback transactions.

These new standards and amendments have no material effect on the Company's financial position or results of operations.

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2024, and have not been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company plans to adopt these standards and amendments when they become effective. The Company has not yet analyzed the likely impact of the new standards on these financial statements.

At the date of authorization of these financial statements, the following new standards and interpretations were in issue but not yet effective, which the Company has not early adopted:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, which will require entities to take a consistent approach to assessing whether one currency can be exchanged for another and when it cannot, regulates the determination of the exchange rate and includes requirements for required disclosures in financial statements;
- Introduction of IFRS 18 Presentation and Disclosure in Financial Statements, which sets out the presentation and disclosure requirements for general purpose financial statements and will replace IAS 1 Presentation of Financial Statements;
- Introduction of IFRS 19 Subsidiaries without Public Disclosure Accountability. Under this standard, subsidiaries that meet certain criteria may apply simplified disclosure requirements in their, separate or individual financial statements;
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify the requirements for classification and measurement of financial instruments. The main changes include:
 - o Clarifying the classification of financial assets with links to environmental, social (ESG) and similar indicators: the characteristics of loans linked to ESG may affect whether loans are measured at amortized cost or fair value. The amendments clarify how the contractual cash flows of such loans should be measured.
 - o Settlement of liabilities through electronic payment systems. The amendments clarify the date on which a financial asset or financial liability is derecognized;
- Implementation of IFRS S1 "General requirements for disclosure of financial information related to sustainable development" and IFRS S2 "Disclosure of information related to climate change", which provide a framework for bank reporting on all topics related to sustainable development in the areas of corporate governance, strategy and risk management. These standards are also designed to provide disclosures that are expected to affect investors' estimates of the Company's future cash flows.

The Company intends to adopt these new standards and amendments when they become effective

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Impairment losses on financial assets

Estimating impairment losses for all loans issued requires the exercise of judgment, in particular, in 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 value of collateral. These estimates depend on a number of factors, changes in which could result in different amounts of the allowance for impairment losses.

ECL calculations are the result of a model that includes a number of basic assumptions regarding the selection of input variables and their interdependencies. Elements of ECL models that are considered judgments and estimates include the following:

- system for assigning an internal credit rating,
- combining financial assets into groups when ECL for them are assessed on a group basis;
- development of a model for calculating ECL, including various formulas and selection of source data;
- determination of the relationships between innovations in legislation and economic data, and also their impact on PD, EAD and LGD indicators.

The Company's policy implies regular review of the model taking into account actual losses and their adjustment if necessary.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The assumptions and estimates of the Company are based on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profits will be earned against which tax losses can be offset. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the likely dates of receipt and the amount of future taxable profits, as well as the tax planning strategy.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS
(CONTINUED)**

Estimates and assumptions (continued)

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Useful life of property, plant and equipment

The Company assesses the remaining useful life of property, plant and equipment at least at the end of each reporting year. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates in accordance with IAS 8 *Accounting Policies, Changes in Estimates and Errors*. These estimates can have a significant impact on the carrying amount of property, plant and equipment and the amount of depreciation and amortization recognized in the statement of comprehensive income. The Company did not revise the useful lives of property, plant and equipment and intangible assets in the reporting period.

5. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2024 property and equipment were presented as follows:

<i>In thousands of Tenge</i>	Computers	Transfer devices	Other	Total
Initial cost:				
January 1, 2023	2,569	60	279	2,908
Additions	37,172	-	28,775	65,947
Disposals	(74)	-	(328)	(402)
December 31, 2023	39,667	60	28,726	68,453
Additions	19,400	81	31,232	50,713
Disposals	-	-	(1,275)	(1,275)
December 31, 2024	59,067	141	58,683	117,891
Accumulated depreciation:				
As at January 1, 2023	(12)	(3)	-	(15)
Accumulated for the year	(8,524)	-	(3,101)	(11,625)
Depreciation on disposals	8	-	1	9
December 31, 2023	(8,528)	(3)	(3,100)	(11,631)
Accumulated for the year	(17,456)	(33)	(8,557)	(26,046)
Depreciation on disposals	-	-	126	126
December 31, 2024	(25,984)	(36)	(11,531)	(37,551)
Net book value:				
December 31, 2023	38,981	98	17,743	56,822
December 31, 2024	33,083	105	47,152	80,340

Accumulated Depreciation as of December 31, 2024, property, plant and equipment were not fully depreciated.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

6. RIGHT-OF-USE ASSET

As of December 31, 2024, the assets of the right of use are as follows:

<i>In thousands of Tenge</i>	Rent	Total
Accumulated depreciation:		
January 01, 2023	-	-
Additions	282,233	282,233
Disposals	-	-
December 31, 2023	282,233	282,233
Additions	20,396	20,396
December 31 2024	302,629	302,629
Accumulated depreciation:		
January 01, 2023	-	-
Accumulated for the year	(34,289)	(34,289)
December 31, 2023	(34,289)	(34,289)
Accumulated for the year	(104,596)	(104,596)
December 31 2024	(138,885)	(138,885)
Net book value:		
December 31, 2023	247,944	247,944
December 31, 2024	163,744	163,744

7. LOANS ISSUED, CURRENT PORTION

As of December 31, 2024, loans issued are as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Loans issued	6,633,722	5,297,189
Provision for expected credit losses	(2,536,155)	(2,247,815)
	4,097,567	3,049,374

As of December 31, 2024 and 2023, loans issued are represented by microloans issued to individuals for a period of 5 to 45 days in individual amounts for each borrower, but not more than fifty times the amount of the MCI established for the corresponding financial year by the law on the republican budget, with marginal interest rates of less than 1% (one percent) per day, but not more than 15% (fifteen percent) of the amount of the issued microcredit.

The reconciliation of the estimated allowance for expected credit losses (ECL) is presented below:

<i>In thousands of Tenge</i>	2024	2023
January 1	(2,247,815)	(83,447)
Restoration (accrual) of the reserve for ECL	(288,340)	(2,164,368)
Write-off of the reserve for ECL	-	-
December 31	(2,536,155)	(2,247,815)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

7. LOANS ISSUED, CURRENT PORTION (CONTINUED)

Below is information about the quality of loans that make up the loan portfolio.

<i>In thousands of Tenge</i>	Debt on loans	Expected credit losses (ECL)	Loans less ECL	Provision for ECL in relation to the amount of loans, in %
December 31, 2024				
Overdue	3,717,316	(208,215)	3,509,101	6%
Overdue less than 30 days	1,018,599	(563,034)	455,565	55%
Overdue 31 - 60 days	496,204	(363,303)	132,901	73%
Overdue 61 - 90 days	409,395	(409,395)	-	100%
Overdue for more than 90 days, but not more than 360 days	992,208	(992,208)	-	100%
	6,633,722	(2,536,155)	4,097,567	38%

<i>In thousands of Tenge</i>	Debt on loans	Expected credit losses (ECL)	Loans less ECL	Provision for ECL in relation to the amount of loans, in %
December 31, 2023				
Overdue	3,077,895	(307,735)	2,770,160	10%
Overdue less than 30 days	792,818	(589,601)	203,217	74%
Overdue 31 - 60 days	454,952	(378,955)	75,997	83%
Overdue 61 - 90 days	424,289	(424,289)	-	100%
Overdue for more than 90 days, but not more than 360 days	547,235	(547,235)	-	100%
	5,297,189	(2,247,815)	3,049,374	42%

The following information outlines the types of loans issued that make up the loan portfolio.

<i>In thousands of Tenge</i>	Entrepreneurs' loans	Expected credit losses (ECL)	Loans less ECL	Provision for ECL in relation to the amount of loans, in %
December 31, 2024				
Overdue	3,588,726	(201,013)	3,387,713	6%
Overdue less than 30 days	992,374	(536,809)	455,565	54%
Overdue 31 - 60 days	484,787	(351,886)	132,901	73%
Overdue 61 - 90 days	395,457	(395,457)	-	100%
Overdue for more than 90 days, but not more than 360 days	770,493	(770,493)	-	100%
	6,231,837	(2,255,658)	3,976,179	36%

<i>In thousands of Tenge</i>	Consumer loans	Expected credit losses (ECL)	Loans less ECL	Provision for ECL in relation to the amount of loans, in %
December 31, 2024				
Overdue	128,590	(7,202)	121,388	6%
Overdue less than 30 days	26,225	(26,225)	-	100%
Overdue 31 - 60 days	11,417	(11,417)	-	100%
Overdue 61 - 90 days	13,938	(13,938)	-	100%
Overdue for more than 90 days, but not more than 360 days	221,715	(221,715)	-	100%
	401,885	(280,497)	121,388	70%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

7. LOANS ISSUED, CURRENT PORTION (CONTINUED)

Revaluation of Claim Rights, Loan Specifics, and Provisioning

For the 12 months of 2024, the Company recognized a loss from the revaluation of acquired claim rights amounting to KZT 3,147,959 thousand, a decrease compared to 2023, when the loss totaled KZT 3,789,419 thousand. These losses result primarily from the business characteristics of the microfinance organization (MFO), which provides unsecured short-term loans carrying a high default risk. Consequently, the Company applies a loan provisioning rate of 100% after a 60-day delinquency period, reflecting the high risks faced.

To more accurately assess default risks and potential losses, the Company utilizes comprehensive business analytics software—Power BI. This tool automates calculations of **the probability of default (PD) and loss given default (LGD)**, leveraging historical data on issued loans. Both PD and LGD are interconnected and vital for financial risk evaluation. PD and LGD models are based on migration matrices and vintage recovery analyses, enabling accurate forecasts of potential losses and corresponding provisions.

Calculation of Probability of Default (PD)

1.1 Definition of PD

PD represents the probability that a loan obligation will not be repaid on time, resulting in default status (e.g., overdue by more than 90 days).

1.2 Use of Migration Matrices (MM) for PD Calculation

The Company uses migration matrices (MM) to calculate PD by analyzing changes within the loan portfolio across various delinquency categories and product groups (such as PDL, IL, and restructured loans). Each migration matrix monitors transitions of outstanding debts across delinquency categories over several months.

1.3 PD Calculation Steps

Step 1: Analysis of the loan distribution across delinquency groups based on previous month data and current month changes.

Step 2: Calculation of percentage distributions for each category and transition rates between debt statuses. This step involves identifying the portion of debt moving to a new status within a given period.

Step 3: Multiplying transition coefficients to forecast debt default probabilities.

1.4 Impact of PD on LGD Calculation

A high PD indicates a higher probability of significant debts defaulting, thus elevating the LGD due to potential substantial losses in case of non-recovery.

2. Calculation of Loss Given Default (LGD)

2.1 Definition of LGD

LGD represents the expected credit losses the Company will incur in case of client default, expressed as a percentage of potential losses recognized when a loan becomes problematic (NPL). LGD assesses the scale of potential losses upon default.

2.2 Methods for LGD Calculation

To accurately calculate LGD and recovery ratios, the Company employs two primary methods:

- Recovery vintage analysis, tracking debt recoveries across different periods post-default.
- Diagonal method, utilizing historical data to estimate cash recoveries.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

7. LOANS ISSUED, CURRENT PORTION (CONTINUED)

2.3 Recovery Ratio and External Costs

The recovery ratio represents average cash inflows over 12 months for the outstanding balance within 21 or 33 months post-default, depending on product type. External collection costs (e.g., collection agency fees or legal expenses) are deducted from these inflows, reducing the actual recoverable amount.

2.4 Accounting for Payments Post-Default

If technically feasible, the Company tracks client payments post-default within the month, accounting for all collections from default until month-end by adding an additional column (Month 0) in the analysis for these receipts.

2.5 Notes for Restructured Loans

For restructured loans, LGD is set at 100% until sufficient statistical data accumulates, given uncertainty regarding debt recovery at the restructuring point.

2.6 Extended Recovery Ratio Calculation

For long-term installment loans, the recovery ratio calculation may extend up to 33 months post-default, improving accuracy in assessing repayment potential.

3. Interrelation of PD and LGD in Risk Management

Both PD and LGD are critical in risk assessment and loss forecasting. A high PD increases the probability of loan default, leading to higher LGD due to potentially significant losses if debts are unrecoverable. Conversely, a low PD indicates lower default probability and associated losses.

Expected losses (EL), calculated as the product of PD and LGD, underpin reserve formation to cover potential losses. Models incorporating these metrics accurately predict risks and precisely assess necessary reserve levels for default-related losses.

Thus, calculating PD and LGD constitutes an interconnected, multi-component task, requiring analysis of various factors including delinquency history, recovery statistics, and external costs. Combined use of these indicators allows precise risk forecasting and efficient financial reserve management to mitigate potential losses.

8. FACTORING FOR CLIENTS

As at December 31, 2024, factoring for clients are presented as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Accounts receivable under factoring agreements	715,360	-
Minus: provision for expected credit losses	-	-
	715,360	-

Factoring to clients represents the rights of claim acquired by the Company under factoring agreements, including as part of the assignment of claims. All transactions are classified as factoring with regression, since the risks of default remain with the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

9. CASH AND CASH EQUIVALENTS

As at December 31, 2024, cash and cash equivalents were denominated in the following currencies:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Kazakhstani tenge	1,238,275	563,279
Euro	–	16,352
	1,238,275	579,631

As of December 31, 2024, the funds were placed in the following banks:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
JSC Halyk Bank of Kazakhstan	1,200,927	262,348
JSC Bank Freedom Finance Kazakhstan	–	5
	1,200,927	262,353

As of December 31, 2024, the Company did not recognize provisions for expected credit losses in respect of cash.

10. OTHER ASSETS

As of December 31, 2024, other assets are as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
VAT recoverable	132,962	70,207
Advances paid	108,194	31,490
Subordinated loans	40,000	–
Receivables from collectors	10,541	237,323
Inventories	5,211	2,401
Due from employees	1,710	4,075
Other current assets	7,082	2,862
	319,894	348,358

11. SHARE CAPITAL

As of December 31, 2024, the registered and paid-up share capital amounted to 200,000 thousand tenge. The structure of shareholders of the Company is disclosed in Note 1.

Dividends

During 2024, the Company declared and paid dividends in the amount of 180 989 265 tenge (2023: neither declared nor paid).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

12. SUBORDINATED LOANS

As of December 31, 2024, subordinated loans are as follows:

<i>In thousands of Tenge</i>	Currency	Maturity date	Interest rate	December 31, 2024	December 31, 2023
ALDEGA CJSC	Euro	2028	19.0%	706,989	1,753,317
Kredit Seven Kazakhstan LLP MFO	Tenge	2026	19.5%	-	350,001
				706,989	2,103,318

In 2024, the Company attracted subordinated loans. The Company has the right, at its discretion, to suspend payments of principal and interest-bearing debt at any time and for any period. In addition, the Company has the right to unilaterally extend the validity of these agreements.

Taking into account the parameters of subordinated loans, the Company's management concluded that these instruments comply with the definition of an equity instrument in accordance with IFRS 32.

The changes in liabilities arising from financial activities are presented below:

<i>In thousands of Tenge</i>	2024	2023
January 1	2,103,318	-
Proceeds from loans	97,746	422,174
Repayment of loans	(1,595,136)	(689,009)
Interest accrued	103,240	277,941
Interest paid	(96,457)	(241,550)
Withholding tax on payment to non-resident	(6,783)	(33,993)
Transfer from loans (Note 13)	-	2,313,939
Foreign exchange difference	101,061	53,816
December 31	706,989	2,103,318

13. FINANCIAL LEASE OBLIGATIONS

As of December 31, 2024, finance lease obligations are as follows:

<i>In thousands of Tenge</i>	December 31, 2024	
	Minimum payments	The present value of payments
Within one year	125,464	114,369
Over one year, but not more than 5 years	80,529	61,627
Over 5 years	-	-
Total minimum rental payments	205,993	175,996
Less financial expenses	(29,997)	-
The present value of minimum rental payments	175,996	-

<i>In thousands of Tenge</i>	December 31, 2023	
	Minimum payments	The present value of payments
Within one year	92,400	76,643
Over one year, but not more than 5 years	177,100	159,994
Over 5 years	-	-
Total minimum rental payments	269,500	236,637
Less financial expenses	(32,863)	-
The present value of minimum rental payments	236,637	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

14. TRADE PAYABLES

As of December 31, 2024, trade payables are presented as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Trade payables to third parties	645,363	229,763
Trade payables to related parties (Note 19)	-	-
	645,363	229,763

As of December 31, 2024, payables are denominated in the following currencies:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Kazakhstani Tenge	228,774	85,258
Euro	415,149	142,700
Russian Ruble	1,440	1,805
	645,363	229,763

As at December 31, 2024, trade payables were interest-free and payable within 30 days.

15. OTHER LIABILITIES

As of December 31, 2024, other liabilities are presented as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Liabilities for insurance premiums	396,093	-
Liabilities for other taxes and budget	116,690	24,808
Advances received	13,671	8,010
Other current liabilities	49,130	24,887
	575,584	57,705

16. INTEREST INCOME

As of December 31, 2024, interest income is presented as follows:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Agency remuneration for insurance premiums	7,773,632	-
Interest income on loan given	4,776,025	7,812,178
Interest income on factoring fees	145,824	-
Accrued fines on overdue loans	78,720	625,350
Interest income on short-term deposits	63,853	19,121
	12,838,054	8,456,649

As of December 31, 2024, interest income is expressed in the following counterparties:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Agency commission income from insurance premiums of JSC «Life Insurance Company Freedom Life»	6,051,292	-
Income from remuneration on loans to individuals	4,849,382	8,437,528
Agency commission income from insurance premiums of the life Insurance company Nomad Life	1,722,340	-
Interest on deposits of Halyk Bank of Kazakhstan JSC	63,853	19,121
Other interest income	151,187	-
	12,838,054	8,456,649

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

17. INTEREST EXPENSE

For the year ended December 31, 2024, interest expense is as follows:

<i>In thousands of Tenge</i>	2024	2023
Interest for loans received	-	(99,046)
Amortization of discount on finance lease liabilities	(23,077)	(16,078)
	(23,077)	(115,124)

As of December 31, 2024, interest income is expressed in the following counterparties:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
STANDART LTD LLP	(33,907)	(4,834)
ELITE OFFICE LLP	10,830	25,891
CJSC ALDEGA	-	(81,444)
MFO Kredit Seven Kazakhstan LLP	-	(16,747)
MFO LLP "Credit365 Kazakhstan	-	(855)
BCS CONSTRUCTION	-	(37,135)
	(23,077)	(115,124)

18. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended December 31, 2024, general and administrative expenses were presented as follows:

<i>In thousands of Tenge</i>	2024	2023
Advertising services	(2,493,722)	(1,172,594)
Salaries	(1,163,480)	(582,547)
Professional services	(837,234)	(337,061)
Taxes	(303,761)	(56,351)
Royalty	(299,024)	(48,369)
Communication	(272,480)	(216,706)
PKB Credit Report	(176,920)	(162,068)
Depreciation and amortization	(130,701)	(46,033)
Social tax and social contributions	(95,585)	(50,321)
Provision for unused vacation	(61,443)	(23,500)
Write-downs	(17,213)	(15,258)
Bank fees	(11,097)	(12,313)
Business trips	(10,705)	(7,260)
Rent	(4,343)	(2,518)
Others	(109,410)	(16,055)
	(5,987,118)	(2,748,954)

19. CORPORATE INCOME TAX EXPENSE

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

<i>In thousands of Tenge</i>	2024	2023
Current income tax expense	(1,091,301)	(534,868)
Deferred income tax benefit / (expense)	8,407	140
Income tax expense recognized in the statement of comprehensive income	(1,082,894)	(534,728)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

19. CORPORATE INCOME TAX EXPENSE (CONTINUED)

The following is a reconciliation of the estimated amount of income tax from loss before tax to the official income tax rate, with income tax expense:

<i>In thousands of Tenge</i>	2024	2023
Profit / (loss) before income tax	3,690,497	1,717,136
Statutory income tax rate	20%	20%
Income tax expense calculated at statutory income tax rate	(738,099)	(343,427)
Effect of permanent differences:		
Other	(344,795)	(191,301)
Income tax expense recognized in the statement of comprehensive income	(1,082,894)	(534,728)

As of December 31, 2024 the components of deferred tax balances are as follows:

<i>In thousands of Tenge</i>	January 1, 2024	Change in temporary differences	December 31, 2024
Deferred tax assets / (liabilities):			
Provision for unused vacations	4,738	4,984	9,722
Asset of the right of use	(49,589)	16,840	(32,749)
Financial lease liabilities	47,327	(12,128)	35,199
Property, plant and equipment	(2,336)	(1,289)	(3,625)
Net deferred tax assets	140		8,547
Net changes in temporary differences		8,407	

20. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, related parties are considered to be parties, one of which has the ability to control or exercise significant influence on the financial and operational decisions of the other party, as defined in IAS 24 "Disclosure of information about related Parties". When deciding whether the parties are related, the content of the relationship between the parties is taken into account, and not only their legal form.

For the purposes of presenting these financial statements, the related parties of the Company are key management personnel and organizations in which a significant share belongs, directly or indirectly, to the key management personnel of the Company, as well as participants and organizations controlled by participants.

Transactions with related parties were conducted on terms agreed between the parties, which were not necessarily carried out according to market conditions.

Key management personnel compensation

The key management staff of the Company consists of 2 people: the CEO and the Chief Accountant. The total amount of remuneration to key management personnel included in administrative expenses in the statement of comprehensive income for the year ended December 31, 2024, is 43,998 thousand Tenge (2023: 37,356 thousand Tenge). Remuneration to key personnel includes salaries and other payments in accordance with the internal regulations of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2024

21. CONTINGENT LIABILITIES

Taxation

Kazakhstan's tax laws and regulations are subject to constant changes and various interpretations. There are frequent cases of differences of opinion between local, regional and Republican tax authorities. The current system of fines and penalties for detected offenses based on the laws in force in Kazakhstan is very severe. Penalties include fines-usually in the amount of 50% of the amount of additional taxes accrued, and penalties accrued at the refinancing rate set by the National Bank of Kazakhstan, multiplied by 2.5. As a result, the amount of penalties 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 preceding the year in which the audit is conducted. Under certain circumstances, the checks may cover longer periods. Due to the uncertainty inherent in Kazakhstan's tax system, the final amount of taxes, penalties and penalties, if any, may exceed the amount currently charged as at December 31, 2024.

Management believes that, as at December 31, 2024, its interpretation of applicable law is appropriate and it is probable that the Company's tax position will be confirmed, other than as accrued in these financial statements.

Litigation

In the normal course of business, the Company may be subject to lawsuits or proceedings. Management believes that there are currently no ongoing litigation or claims that could have a material impact on the Company's results of operations or financial position.

22. FINANCIAL RISK MANAGEMENT POLICY

Categories of financial instruments

As of December 31, 2024 the Company's financial instruments were represented by the following assets and liabilities:

<i>In thousands of Tenge</i>	December 31, 2024	December 31, 2023
Financial assets and liabilities measured at amortised cost:		
Cash and cash equivalents	1,238,275	579,631
Loans issued	4,098,744	3,049,374
Financial lease obligations	(175,996)	(236,637)
Trade payables	(645,363)	(229,763)
Financial assets / (liabilities), net	4,515,660	3,162,605

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 risks, for example, the risk of changes in the cost of rent.

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 risk of changing market interest rates relates applicable to borrowings with a floating interest rate. The Company did not have interest bearing borrowings with floating interest rates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Risk management (continued)

Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk primarily in relation to accounts payable denominated in Euro.

The following table presents 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 Tenge/Euro exchange rate, provided that all other parameters are held constant. Fluctuations in exchange rates of other currencies are not considered due to their immateriality for the Company's results of operations.

<i>In thousands of Tenge</i>	<i>Currency</i>	<i>Increase/decrease in the exchange rate of the selected foreign currency to tenge</i>	<i>Impact on pre-tax income</i>
2024	Euro	+20%	417,276
		-20%	417,047
2023	Euro	+20%	128,704
		-20%	128,520

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that may expose the Company to credit risk are represented (primarily cash and accounts receivable).

The Company's credit risk arises mainly from issuing loans to individual clients. It can be characterized as the risk of financial loss arising from the failure of the borrower to fulfill the obligations of the borrower to the Company. Failure to fulfill obligations by the borrower may arise as a result of a deterioration in its financial condition or a lack of desire to fulfill its obligations. The Company has developed a credit review process to ensure early detection of possible changes in the creditworthiness of counterparties, including periodic review of the amount of collateral. The credit check procedure allows the Company to assess the extent of potential losses for the risks to which it is exposed and to take the necessary measures.

Impairment assessment

The Company calculates expected credit losses ("ECLs") based on several probability-weighted scenarios to estimate expected cash shortfalls, which are discounted using the effective interest rate or an approximation thereof. Cash shortfall is the difference between the cash flows owed to the entity under the contract and the cash flows the entity expects to receive. The mechanics of calculating ECL are described below, and the main elements are the following:

Probability of Default (PD)

The probability of default is an estimate of the probability of default occurring over a given time period. A default can only occur at a specific point in time during the period in question if the asset has not been derecognized and it is still part of the portfolio.

Exposure to default (EAD)

The amount at risk of default is an estimate of the amount at risk of default at some future date, taking into account expected changes in that amount after the reporting date, including payments of principal and interest, contractual or otherwise, expected repayments of loans issued and interest accrued as a result of late payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit risk (continued)

Loss Given Default (LGD)

The loss given default rate is an estimate of the losses that would occur if a default occurs at a specific point in time. This indicator is calculated based on the difference between the cash flows provided for in the contract and the cash flows that the lender expects to receive, including as a result of the sale of collateral. Typically expressed as a percentage of the EAD.

The ECL allowance is calculated based on credit losses expected to occur over the life of the asset (lifetime expected credit losses or lifetime ECL) if there has been a significant increase in credit risk since initial recognition, otherwise the allowance is calculated at an amount equal to 12-month expected credit losses (12-month ECL). 12-month ECL is the portion of lifetime ECL that represents ECL that arises from defaults on a financial instrument that are possible within 12 months after the reporting date. Lifetime ECL and 12-month ECL are calculated either on an individual basis or on a group basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to assess at the end of each reporting period whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by taking into account changes in the risk of default over the remaining life of the financial instrument. Based on the process described above, the Company groups its loans into the following groups:

- | | |
|---------|---|
| Stage 1 | Financial instruments that do not have factors indicating a significant increase in credit risk and do not have signs of impairment, for which ECL is calculated within 1 year |
| Stage 2 | Financial instruments with factors indicating a significant increase in credit risk, but without evidence of impairment, for which ECL is calculated over the entire life of the financial instrument |
| Stage 3 | Financial instruments with signs of default (impairment), for which ECL is calculated over the entire life of the financial instrument |

Definition of default and recovery

The Company considers a financial instrument to be in default and therefore classifies it as Stage 3 for purposes of calculating ECL in any case where the borrower is 90 days past due on contractual payments.

As part of its qualitative assessment of whether a customer is in default, the Company also considers a number of events that may indicate that payment is unlikely. If such events occur, the Company carefully considers whether the event results in a default and whether the assets should be classified as Stage 3 for the purpose of calculating ECL or whether Stage 2 would be appropriate. Such events include the following:

- significant changes in external market indicators of credit risk for a certain loan with the same expected duration;
- actual and expected decrease in the internal or external credit rating of the borrower;
- significant changes in the value of loan collateral, or credit enhancements 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 force majeure circumstances that caused significant material damage to the borrower or prevented it from continuing its activities;
- high probability of bankruptcy or other kind of financial reorganization, as well as involvement in legal proceedings of the borrower, which may worsen its financial condition;
- death of the borrower.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit risk (continued)

Definition of default and recovery (continued)

In accordance with the Company's policy, financial instruments are considered to be "cured" and, therefore, transferred from Stage 3 when the following conditions are simultaneously met:

- no signs of impairment at the reporting date;
- the presence of at least one of the factors indicating a significant decrease in credit risk since the date of initial recognition.

An additional condition for recovery from Stage 3 is the implementation of at least three consecutive payments in accordance with the last schedule approved in accordance with the restructuring. The decision as to whether an asset should be classified as Stage 2 or Stage 1 upon recovery depends on the revised credit rating at the time of recovery and an assessment of whether there has been a significant increase in credit risk since initial recognition.

Amount at risk of default

The amount at risk of default (EAD) is the gross carrying amount of financial instruments being assessed for impairment and reflects both the customer's ability to increase its debt as it approaches default and the possibility of prepayment. To calculate EAD for Stage 1 loans, the Company estimates the probability of default within 12 months to estimate 12-month ECL. For Stage 2 and Stage 3 assets, the EAD is considered for events that can occur throughout the life of the instrument.

The Company determines EAD by simulating a range of possible default outcomes at different points in time, consistent with multiple scenarios. Then, depending on the results of the Company's models, PD indicators are assigned to each economic scenario in accordance with IFRS 9.

Loss rate upon default

Credit risk assessment is based on a standard LGD scoring model, which results in specific LGD levels. These LGD levels take into account the expected EAD compared to the amounts expected to be recovered or realized upon the sale of the collateral held.

The Company groups its credit products into homogeneous groups based on key characteristics relevant to estimating future cash flows. This uses historical loss information and considers a wide range of transaction characteristics (eg product type, types of collateral) as well as borrower characteristics.

Where appropriate, new data and forecast economic scenarios are used to determine the IFRS 9 level of LGD for each group of financial instruments. When evaluating forward-looking information, expected results are based on multiple scenarios. Examples of key inputs include changes in collateral value, commodity prices, payment status or other factors that indicate losses for a group of instruments.

LGD levels are assessed for all Stage 1, 2 and 3 asset classes. Inputs for such LGD levels are assessed and, where possible, adjusted through backtesting to take into account recent recoveries. If necessary, such data are determined for each economic scenario.

Grouping of financial assets that are valued on a group basis

The Company calculates ECL either on an individual basis or on a group basis. The classes of assets for which the Company calculates ECL on an individual basis include financial instruments that are material (the amount owed by the borrower at the reporting date is greater than or equal to 2,096 times the Company's equity) and for which a material increase in credit risk or indications of impairment have been identified. The asset classes for which the Company calculates ECL on a group basis include financial instruments that are not material and do not exhibit a material increase in credit risk or evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit risk (continued)

Forecast information and multiple economic scenarios

In its ECL calculation models, the Company uses a wide range of forecast information as input economic data. The inputs and models used to calculate ECL do not necessarily reflect all market characteristics at the date the financial statements are presented. To reflect this, qualitative adjustments or overlays are sometimes made as temporary adjustments if such differences are significant. To obtain forecast information, the Company uses data from external sources (statistics and forecasts published by the National Bank of the Republic of Kazakhstan). Risk and Compliance specialists determine the weighting factors assigned to multiple scenarios.

Cash and cash equivalents

Credit risk management caused by balances in bank accounts is managed by the Company's management in accordance with the Company's policy. Surplus funds are invested only in the accounts of approved counterparties and within the credit limits set for each counterparty.

Credit limits established for counterparties are reviewed annually by the Company's management and may be changed during the year after approval by the management of the Company. Limits are set in order to minimize the concentration of risks and, thus, reduce financial losses arising from the potential non-payment of the counterparty. The Company's maximum exposure to credit risk by component of the statement of financial position at December 31, 2024, is represented by its book value.

The following table shows balances of cash, deposits in commercial banks as of the reporting date using the credit ratings of «S&P» where available:

<i>In thousands of Tenge</i>	Rating		Outstanding balance as at	
	2024	2023	December 31, 2024	December 31, 2023
Halyk Bank of Kazakhstan JSC	BB+	BB+	262,348	22,010
BANK FREEDOM FINANCE KAZAKHSTAN JSC	B+	B	5	-
			262,353	22,010

Liquidity risk

The table below provides summarized information on contractual undiscounted payments on the Company's financial obligations by maturity of these obligations as of December 31, 2024:

<i>In thousands of Tenge</i>	Due on demand	Less than 3 months	3-12 months	1-5 years	Total
December 31, 2024					
Finance lease liabilities	(175,996)	-	-	-	(175,996)
Trade payables	-	(645,363)	-	-	(645,363)
	(175,996)	(645,363)	-	-	(821,359)
December 31, 2023					
Finance lease liabilities	(236,637)	-	-	-	(236,637)
Trade payables	-	(229,763)	-	-	(229,763)
	(236,637)	(229,763)	-	-	(466,400)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Fair value of financial instruments

The Company uses the following hierarchy to determine fair value and disclose information about it in the context of valuation models:

- 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

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

	December 31, 2024			
	Carrying value	Fair value measurement using		
<i>In thousands of Tenge</i>		Level 1	Level 2	Level 3
Assets and liabilities for which fair values are disclosed:				
Cash and cash equivalents	1,238,275	–	1,238,275	–
Loans issued	4,098,744	–	4,098,744	–
Financial lease obligations	(175,996)	–	(175,996)	–
Trade payables	(645,363)	–	(645,363)	–
	4,515,660	–	4,515,660	–

	December 31, 2023			
	Carrying value	Fair value measurement using		
<i>In thousands of Tenge</i>		Level 1	Level 2	Level 3
Assets and liabilities for which fair values are disclosed:				
Cash and cash equivalents	579,631	-	579,631	-
Loans issued	3,049,374	-	3,049,374	-
Loans received	(236,637)	-	(236,637)	-
Trade payables	(229,763)	-	(229,763)	-
	3,162,605	-	3,162,605	-

Capital Management

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

As of December 31, 2024 and 2023, the Company was in full compliance with all external statutory capital requirements.

The primary objective of capital management for the Company is to ensure that the Company complies with external capital requirements and maintains the credit rating and capital adequacy ratios necessary to operate its business and maximize its value.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2024

22. FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Capital Management (continued)

The table below shows an analysis of the Company's capital, calculated in accordance with the requirements of the National Bank of Kazakhstan, as of December 31, 2024 and 2023:

Name of the standard	Standard requirements	December 31, 2024
Requirements for the minimum amount of authorized capital,	200,000	200,000
Minimum equity capital requirements	200,000	200,000
Capital adequacy requirements	>0.1	0.8
Requirements for the maximum amount of risk per borrower	<0.25	xx
Leverage ratio requirements	<10	0.3

23. SUBSEQUENT EVENTS

A bill to change the rules for lending to the population

The Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market, together with deputies of Parliament, developed a bill "On introducing amendments and additions to some legislative acts of the Republic of Kazakhstan on the issues of minimizing risks in lending and protecting the rights of borrowers." The bill was adopted in the second reading by the Mazhilis of Parliament and is currently under consideration in the Senate, a Kazinform correspondent reports citing the press service of the Department of External Communications.

The bill provides for a number of prohibitions:

- A ban on banks and microfinance organizations providing loans to citizens if their loans are overdue for more than 90 days;
- In addition, a ban is introduced for banks and microfinance organizations to charge remuneration after 90 days of delay on all existing (outstanding) consumer loans;
- At the same time, a two-year moratorium is introduced (until May 1, 2026) on the assignment of loans to collectors, so that banks and microfinance organizations carry out high-quality work to settle citizens' debts;
- A ban on the eviction of families with minor children and persons with disabilities from their only home during the heating season, as well as an increase in the amount of money saved in the borrower's bank account from 1 to 2 times the subsistence level (87 thousand tenge);
- A ban is introduced on banks and microfinance organizations issuing consumer loans to the population in excess of the maximum amounts established by the regulatory legal act of the authorized body (for banks - 5 million tenge, for microfinance organizations - 3 million tenge);
- A ban on the consideration of disputes between banks, microfinance organizations, collection agencies and borrowers in arbitration courts, a ban on the affiliation of microfinance organizations and collection agencies with notaries and private bailiffs, as well as a ban on cooperation between microfinance organizations and private bailiffs;
- Prohibition on issuing electronic bank loans and online microcredits without biometric identification of the client. Also, to prevent the simultaneous processing of fraudulent loans, an obligation is being introduced for banks and microfinance organizations to transmit information on such applications to the credit bureau in real time.

It is expected that these events may affect the activities of companies and other various sectors of the economy. The Company's management is currently analyzing the possible impact of these events on the Company's financial position and results of operations.