



# Financial Statements 2023

**Microfinance Organization “ONE CREDIT”  
Limited Liability Partnership**

**Financial Statements**

For the year ended December 31, 2023,

**and Independent Auditors’ Report**

**Almaty, 2024**

**MFO “ONE CREDIT” LLP:**

**CONTENTS**

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	<b>Page</b>
STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023	3
INDEPENDENT AUDITORS’ REPORT FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023	4-5
Statement of Financial Position	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-32

**MFO “ONE CREDIT” LLP:**

**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

The following statement, which should be read in conjunction with the description of the responsibilities of auditors contained in the submitted Independent Auditors’ Report, is made with a view to distinguishing the responsibilities of the independent auditors and management in respect to the financial statements of MFO “ONE CREDIT” LLP (hereinafter referred to as the “Company”).

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as of December 31, 2023, as well as its performance, changes in equity, and cash flows for the year ended December 31, 2023, in accordance with International Financial Reporting Standards (hereinafter “IFRS”).

In preparing the financial statements, management is responsible for:

- Selecting appropriate accounting principles and applying them consistently;
- Applying reasonable judgments and estimates;
- Complying with IFRS; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Management is also responsible for:

- Designing, implementing, and maintaining an effective and reliable internal control system within the Company;
- Maintaining an accounting system, which allows at any time with a sufficient degree of accuracy preparing the information on the financial position of the Company and ensuring compliance of the financial statements with the IFRS requirements;
- Maintaining accounting records in compliance with the laws of the Republic of Kazakhstan;
- Taking measures within its range of powers and responsibilities to safeguard Company’s assets; and
- Detecting and preventing fraud, errors, and other irregularities.


Management reasonably believes that the Company will continue as a going concern. Therefore, the financial statements of the Company have been prepared on a going concern basis.

These financial statements for the year ended December 31, 2023, have been approved by the Company’s management on June 26, 2024.

**On behalf of Management of MFO “ONE CREDIT” LLP:**

  
**A. A. Datkaev**  
*Director*  
June 26, 2024



  
**A. A. Seitkulova**  
*Chief Accountant*

**«ALMIR CONSULTING»**  
**жауапкершілігі шектеулі**  
**серіктесті**

Қазақстан Республикасы, Алматы қаласы  
Әл-Фараби даңғылы 19, «Нұрлы- Тау»  
Бизнес Орталығы, 2 Б корпусы, 4 қабат,  
403 кенсе  
телефондары: 8(727) 311 01 18 (19,20)  
факс: (727) 3110118  
email: [almirconsulting@mail.ru](mailto:almirconsulting@mail.ru)



**ALMIR CONSULTING**  
**Limited Liability Partnership**

19, Al-Farabi Ave., Nurly Tau Business  
Center, block 2 b, 4 floor, 403 office,  
Almaty, Kazakhstan  
Telephones: 8(727) 311 01 18, 311 01 19, 311  
01 20  
email: [almirconsulting@mail.ru](mailto:almirconsulting@mail.ru)

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For audit activities in the Republic of Kazakhstan  
No. 0000014 issued by the Ministry of Finance of the Republic of  
Kazakhstan on 27.11.99

**“Approved”**

Director of ALMIR CONSULTING LLP  
Candidate of economic sciences, Associate Professor,

(Auditor Qualifying Certificate No. 0000411  
dated July 06, 1998)

**B. K. Iskenderova**

**To the Participants of MFO “ONE CREDIT” LLP**

**INDEPENDENT AUDITORS’ REPORT**

**Audit Opinion**

We have audited the financial statements of MFO “ONE CREDIT” LLP, consisting of the statement of financial position as of December 31, 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of MFO “ONE CREDIT” LLP (hereinafter the “Company”), as of December 31, 2023, as well as financial performance and cash flows for the period then ended, in accordance with the International Financial Reporting Standards (IFRS).

**Basis for Opinion**

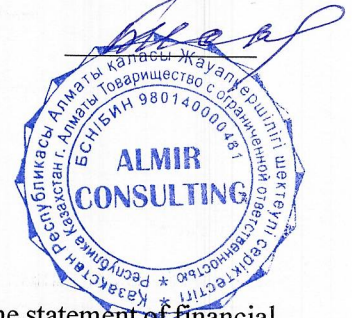
We have conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in the section *Auditors’ Responsibilities for the Audit of the Financial Statements* of our report. We are independent of the Company, as required by the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (Code of IESBA) and ethical requirements applicable to our audit of financial statements in Kazakhstan, and we performed other ethical responsibilities of ours in compliance with those requirements and the Code of IESBA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for the evaluation of a Company's ability to continue as a going concern, and for disclosure, where appropriate, of information relevant to the going concern, as well as for preparation of the financial statements based on the assumption of going concern, except when management intends to liquidate the Company, or discontinue operations, or where has no other realistic alternatives, other than liquidation or discontinuation of operations.

Those charged with governance are responsible for supervision of the preparation of the Company’s financial statements.



## Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance whether the financial statements are free from material misstatement due to fraud or error, and to issue an auditor's report containing our audit opinion. Reasonable assurance means a high degree of certainty but does not guarantee that the audit performed in accordance with the International Standards on Auditing always identifies significant misstatements, if any. Misstatements can be caused by fraud or errors and are considered material if it can reasonably assume that they, individually or cumulatively, can impact on economic decisions of users made in reliance on the financial statements.

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or errors; design and perform audit procedures in response to the risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Detection risk of material misstatement resulting from fraud is higher than the detection risk of material misstatement due to errors, since fraud can involve conspiracy, falsification, deliberate omission, misrepresentation of information or override of internal controls;
- Obtain understanding of the 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 appropriateness of disclosures prepared by management;
- Make a conclusion about the appropriateness of application of ongoing concern assumption and based on the audit evidence obtained we make a conclusion whether there is substantial uncertainty due to certain events or conditions that can result in significant doubts about the Company's ability to continue as a going concern. If we conclude that significant uncertainty exists, in the auditor's report we should draw attention to the relevant disclosures in the financial statements or, if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained before the date of our auditor's report. However, future events or conditions can result in the loss of the Company's ability to continue as a going concern.
- Evaluate the overall presentation of the financial statements, its structure and contents, including disclosures, we also evaluate whether the financial statements present the underlying transactions and events so as to ensure their fair presentation.

We interact with those charged with governance, bringing to their attention, inter alia, information about the planned scope of the audit and its timing, as well as material findings of the audit, including significant shortcomings of the internal control identified during the audit.

We also provide those charged with governance with a statement that we complied with all relevant ethical requirements with respect to independence and informed them about all relationships and other issues that might reasonably be regarded as affecting the auditor's independence and, where necessary, about appropriate precautions.

**Auditor of**  
**ALMIR CONSULTING LLP**  
Auditor Qualifying Certificate  
No. 0000727 dated January 31, 2019  
June 26, 2024, Almaty



**A. K. Nurkaliyeva**

MFO "ONE CREDIT" LLP

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2023

	Note	December 31, 2023	(in thousands of tenge) December 31, 2022
<b>ASSETS</b>			
<b>Short-term assets</b>			
Cash	6	337 514	102 076
Microloans to the clients	7	1 410 609	-
Short-term receivables	8	110 321	-
Other current assets	9	35 819	211
<b>Total short-term assets</b>		<b>1 894 263</b>	<b>102 287</b>
<b>Long-term assets</b>			
Property, plant and equipment and other non-current assets	10	42 861	-
<b>Total long-term assets</b>		<b>42 861</b>	<b>-</b>
<b>Total assets</b>		<b>1 937 124</b>	<b>102 287</b>
<b>LIABILITIES</b>			
<b>Short-term liabilities</b>			
Short-term financial liabilities	15	51 692	-
Trade payables	11	122 409	-
Obligations for taxes and other obligatory payments to the budget	12	47 063	750
Reserve for unused vacations of employees	13	24 001	144
Other short-term liabilities	14	24 753	530
<b>Total short-term liabilities</b>		<b>269 918</b>	<b>1 424</b>
<b>Long-term liabilities</b>			
Long-term financial liabilities	15	3 040 040	-
<b>Total long-term liabilities</b>		<b>3 040 040</b>	<b>-</b>
<b>Total liabilities:</b>		<b>3 309 958</b>	<b>1 424</b>
<b>EQUITY</b>			
Authorized capital	16	200 000	100 000
Retained earnings/ (loss)		(1 572 834)	863
<b>Total equity</b>		<b>(1 372 834)</b>	<b>100 863</b>
<b>Total liabilities and equity</b>		<b>1 937 124</b>	<b>102 287</b>

A. A. Datkaev

Director

June 26, 2024



A. A. Seitkulova

Chief Accountant

Notes on the pages 10-32 are an integral part of these financial statement



MFO "ONE CREDIT" LLP

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

		(in thousands of tenge)	
	Note	2023	2022
Interest income using the effective interest rate	17	3 117 952	-
Interest expenses	18	(217 169)	-
<b>Net interest income before expected credit loss expense</b>		<b>2 900 783</b>	<b>-</b>
Restoration / (accrual) of reserves for microloans provided, net	7	(3 150 936)	-
<b>Net interest losses after accrual of reserves for microloans issued</b>		<b>(250 153)</b>	<b>-</b>
Operating expenses	19	(1 232 187)	-
<b>Operating profit/(loss)</b>		<b>(1 482 340)</b>	<b>-</b>
Administrative expenses	20	(68 144)	(2 023)
Other income / (expenses), net	21	(23 213)	3 171
<b>Profit / (loss) before tax</b>		<b>(1 573 697)</b>	<b>1 148</b>
Income tax expenses	22	-	(285)
<b>Profit / (loss) for the reporting period</b>		<b>(1 573 697)</b>	<b>863</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the reporting period</b>		<b>(1 573 697)</b>	<b>863</b>

  
**A. A. Datkaev**  
*Director*  
 June 26, 2024



  
**A. A. Seitkulova**  
*Chief Accountant*

Notes on the pages 10-32 are an integral part of these financial statement





MFO "ONE CREDIT" LLP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

	Authorized capital	Retained earnings	(in thousands of tenge) Total equity
As of December 31, 2021	-	-	-
Formation of authorized capital	100 000	-	100 000
Comprehensive income for the year	-	863	863
<b>As of December 31, 2023</b>	<b>100 000</b>	<b>863</b>	<b>100 863</b>
Contributions to the authorized capital	100 000	-	100 000
Comprehensive income for the year	-	(1 573 697)	(1 573 697)
<b>As of December 31, 2023</b>	<b>200 000</b>	<b>(1 572 834)</b>	<b>(1 372 834)</b>

*A. A. Datkaev*

A. A. Datkaev

Director

June 26, 2024



*A. A. Seitkulova*

A. A. Seitkulova

Chief Accountant

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MFO "ONE CREDIT" LLP

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (direct method)

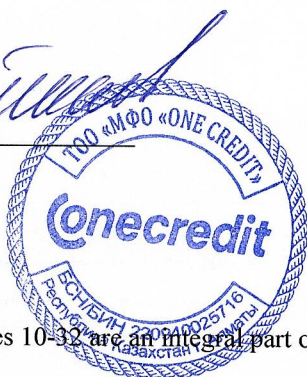
(in thousands of  
tenge)

	2023	2022
<b>I. Cash flows from operating activities</b>		
<b>1. Cash inflow, total, including:</b>	<b>12 349 366</b>	<b>2 740</b>
Repayment of issued microloans	9 439 289	-
Interest received on issued microloans	2 582 403	-
Sale of part of the loan portfolio	47 597	-
Penalties and fines received	268 615	-
Advances received	337	530
Other income	11 125	2 210
<b>2. Cash outflow, total, including:</b>	<b>(15 032 009)</b>	<b>(1 626)</b>
Issuance of microloans	(13 848 709)	-
Salaries paid	(198 276)	(1 214)
Payments to suppliers for goods and services	(871 073)	(109)
Payments to the budget	(85 019)	(92)
Advances issued	(11 330)	(211)
Other payments	(17 602)	-
<b>2. Net cash from operating activities</b>	<b>(2 682 643)</b>	<b>1 114</b>
<b>II. Cash flows from investment activities</b>		
<b>1. Cash inflow, total</b>	<b>-</b>	<b>-</b>
<b>2. Cash outflow, total</b>	<b>(46 436)</b>	<b>-</b>
Acquisition of property, plant and equipment and intangible assets	(46 436)	-
<b>3. Net cash from investment activities</b>	<b>(46 436)</b>	<b>-</b>
<b>III. Cash flows from financial activities</b>		
<b>1. Cash inflow, total</b>	<b>3 229 898</b>	<b>100 000</b>
Contribution to the authorized capital	100 000	100 000
Obtaining loans	3 129 898	-
<b>2. Cash outflow, total</b>	<b>(249 319)</b>	<b>-</b>
Repayment of loans and interest on them	(249 319)	-
<b>3. Net cash from financial activities</b>	<b>2 980 579</b>	<b>100 000</b>
<b>Net change in cash</b>	<b>251 500</b>	<b>101 114</b>
<i>Impact of currency exchange rates to tenge</i>	<i>131</i>	<i>962</i>
<i>Impact of the provision for expected credit losses</i>	<i>(16 193)</i>	<i>-</i>
<b>Cash at the beginning of the reporting period</b>	<b>102 076</b>	<b>-</b>
<b>Cash at the end of the reporting period</b>	<b>337 514</b>	<b>102 076</b>

A. A. Datkaev

Director

June 26, 2024



*(Signature)*

A. A. Seitkulova

Chief Accountant

Notes on the pages 10-32 are an integral part of these financial statement



**1. GENERAL INFORMATION**

MFO "ONE CREDIT" LLP (hereinafter referred to as the "Company") was formed on September 16, 2022 in the city of Almaty in the form of a Microfinance Organization "ONE CREDIT" Limited Liability Partnership.

Legal and actual address: office 502, h. 142, st. Bogenbay batyr, Almaly district, Almaty, Republic of Kazakhstan.

**Principal Activities**

The principal activity of the Company is providing microloans to individuals without collateral.

License to carry out microfinance activities No. 02.23.0011.M. dated June 08, 2023.

The operating principles of the Company are regulated by the norms and requirements of the Law of the Republic of Kazakhstan "On Microfinance Activities" and the norms of the Civil Code of the Republic of Kazakhstan.

The Company's operating activities began at the end of September 2022.

As of December 31, 2023 and 2022, the Company does not have branches or representative offices.

The number of employees of the Company as of December 31, 2023 is 139 people, as of December 31, 2022 - 2 people.

**Participants**

As of December 31, 2023, and 2022, the Company's participants are the following legal entities and individuals:

Participant	December 31, 2023 share of participation		December 31, 2022 share of participation	
	in thousands of tenge	%	in thousands of tenge	%
DELTA CAPITAL LLC (Lithuania)	99 900	99,9	99 900	99,9
Alzhan Artykbaevich Datkaev	100	0,1	100	0,1
	<b>100 000</b>	<b>100</b>	<b>100 000</b>	<b>100</b>

As of December 31, 2023, the ultimate controlling party of the Company is the sole participant of DELTA CAPITAL LLC, Alexander Kalinichenko, a citizen of the Republic of Lithuania.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The reporting year covers the period from January 1 to December 31.

The Company's responsible persons for the financial statements are:

Director – A.A. Datkaev;

Chief accountant – A.A. Seitkulova.

**Statement of Compliance with IFRS**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the International Accounting Standards Board ("IASB").

**Going Concern Principle**

These financial statements do not contain adjustments that would be necessary if the Company were unable to continue its financial and business activities on a going concern basis.

The financial statements have been prepared on the assumption that the Company will continue to operate as a normal business for the foreseeable future, which assumes that assets will be recovered and liabilities will be settled in the normal course of business.

**Accrual Method**

Accrual-based financial statements inform users not only about past transactions involving the payment and receipt of cash, but also about obligations to pay money in the future, and about resources representing cash that

will be received in the future.

***Measurement and Reporting Currency***

The Company keeps records in Kazakhstani monetary units (tenge), in accordance with the current legislation of the Republic of Kazakhstan. These financial statements are presented in thousands of tenge.

***Conditions for Carrying out Financial and Economic Activities in the Republic of Kazakhstan***

The Company operates primarily in Kazakhstan. As a result, it is exposed to economic and financial risks in the markets of Kazakhstan, which exhibit characteristics inherent in emerging markets. The regulatory framework and tax laws continue to evolve, but are subject to varying interpretations and frequent changes, which, when combined with other weaknesses in the legal and fiscal systems, create additional difficulties for businesses operating in Kazakhstan.

In addition, the recent significant depreciation of the Kazakhstani tenge has led to an increased level of uncertainty in the business environment.

The accompanying financial statements reflect the Company's management's assessment of the possible impact of the existing conditions of financial and economic activities on the results of operations and its financial position. Subsequent developments in the conditions for carrying out financial and business activities may differ from management's assessment.

**3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

A number of new standards and amendments to existing standards came into force for annual reporting periods beginning on January 1, 2023. The requirements of these standards and amendments to existing standards have been considered in preparing these financial statements.

***IFRS 17 - Insurance Contracts***

In May 2017, the IASB released IFRS 17 *Insurance Contracts*, a new financial reporting standard for insurance contracts that addresses recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts, regardless of the type of entity that issues them, and to certain guarantees and financial instruments with discretionary participation features. There are several exceptions to the scope. The main objective of IFRS 17 is to provide an accounting model for insurance contracts that is more efficient and consistent for insurers. Unlike the requirements of IFRS 4, which are primarily based on previous local accounting policies, IFRS 17 provides a comprehensive model for accounting for insurance contracts, covering all relevant aspects of accounting. IFRS 17 is effective for accounting periods beginning on or after January 1, 2023. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date of first application of IFRS 17.

This standard is not applicable to the Company.

***Amendments to IAS 1 and IFRS Practice Statement 2 on the Application of IFRS – Disclosure of Accounting Policies***

The amendments and recommendations provide guidance and examples to assist entities in making materiality judgments when disclosing accounting policies. The amendments should help entities disclose more useful accounting policies by changing the requirement for entities to disclose “significant accounting policies” to requiring entities to disclose “significant information” about accounting policies, and management's view on how entities should apply materiality when adopting decisions on disclosure of information about accounting policies.

The amendments have been taken into account when disclosing accounting policies in these financial statements of the Company.

***Amendments to IAS 8 – Definition of Accounting Estimates***

The amendments introduced a definition of “accounting estimates” and also clarified the difference between changes in accounting estimates and changes in accounting policies and corrections of errors, and how entities use measurement methods and inputs to develop accounting estimates.

The amendments had no impact on these financial statements of the Company.

***Amendments to IAS 12 – “Deferred tax associated with assets and liabilities that arise as a result of a single transaction”***

The amendments reduced the scope of the exemption from recognizing deferred tax assets and deferred tax liabilities upon initial recognition. It no longer applies to transactions in which equal amounts of deductible and chargeable temporary differences arise at initial recognition, such as leases and decommissioning obligations.

The amendments had no impact on these financial statements of the Company.

***Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules***

The amendments provide for a mandatory temporary exclusion from deferred tax accounting under such tax laws.

The amendments had no impact on these financial statements of the Company.

***Standards and amendments that have been issued but not yet effective***

The following are standards and amendments that have been issued but are not yet effective at the date of issue of the Company's financial statements. The Company did not apply these standards and amendments early.

***Amendments to IAS 1 - Classification of Liabilities as Current or Non-current***, enters into force on January 1, 2024, early application is allowed;

***Amendments to IAS 1 – “Long-term liabilities with covenants”*** enters into force on January 1, 2024, early application is allowed;

***Amendments to IAS 16 – Sale and Leaseback Lease Liabilities*** enters into force on January 1, 2024, early application is allowed;

***Amendments to IAS 7 and IFRS 7 – “Disclosure: Supplier Financing Agreement”*** enters into force on January 1, 2024, early application is allowed;

***Amendments to IAS 12 – “Limitations on Currency Convertibility”*** enters into force on January 1, 2025, early allocation is allowed;

The Company's management is currently evaluating the issued amendments to the financial statements and results of operations and expects that the adoption of the amendments listed above will not have a material effect on the Company's financial statements and financial position in the period of their first application.

**4. SIGNIFICANT ACCOUNTING POLICIES****Classification of assets and liabilities into current/short-term and non-current/long-term**

In the statement of financial position, the Company presents assets and liabilities based on their classification as current/short-term and non-current/long-term. An asset is current if:

- it is intended to be sold or is intended for sale or consumption in the normal operating cycle;
- it is intended primarily for trading purposes;
- it is expected to be sold within twelve months after the end of the reporting period; or
- it represents cash or cash equivalents unless there are restrictions on its exchange or use to settle liabilities for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

A liability is short-term if:

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

The Company classifies all other liabilities as long-term.

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

**Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in an obligatory market at the measurement date under current market conditions, whether that price is directly observable or estimated using another assessment methods.

The Company must have access to the main or most favorable market. The fair value of an asset or liability is measured using the assumptions that market participants would use in determining the price of the asset or liability, assuming that market participants act in their best interests. The measurement of the fair value of a non-financial asset takes into account the ability of market participants to generate economic benefits from using the asset in its best and most efficient manner or from selling it to another market participant that will use the asset in its best and most efficient manner.

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

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

- Level 1 - Market quotations of prices in an active market for identical assets or liabilities (without any adjustments);
- Level 2 - Valuation models in which inputs that are significant for fair value measurement are directly or indirectly observable in the market;
- Level 3 - Valuation models in which inputs that are significant for fair value measurement, 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 periodic basis, the Company determines whether there has been a transfer 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**

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contract in respect of the relevant financial instrument. The Company accounts for recurring acquisitions and disposals of financial assets and liabilities using the settlement date accounting method. Financial instruments acquired in this manner that will subsequently be measured at fair value are treated in the same way as acquired instruments from the time the transaction is entered into until the settlement date.

Financial assets and liabilities are initially recognized at fair value plus transaction costs incurred that are directly attributable to the acquisition or origination of the financial asset or the issue of the financial liability. The accounting principles used to subsequently measure the values of financial assets and liabilities are disclosed in the relevant accounting policies described below.

**Financial Assets**

The classification of financial assets at initial recognition is determined based on the single business model under which the Company manages the financial assets:

- A business model, the purpose of which is to hold assets to collect contractual cash flows, in accordance with which the Company accounts for cash, trade receivables, issued microloans and other financial assets.

The business model whose objective is to hold assets to collect contractual cash flows provides for the recording of financial assets at amortized cost.

**Reclassification**

The classification of financial assets does not change after initial recognition except in the period subsequent to the Company changing its business model for managing financial assets.

***Impairment of Financial Assets***

The Company recognizes a provision for expected credit losses on all financial assets measured at amortized cost. On initial recognition of a financial asset, the Company recognizes a provision for expected credit losses in an amount equal to the 12-month expected credit loss or the period of the loan, whichever is shorter.

12-month expected credit losses are the portion of expected credit losses due to events of default on a financial instrument that are possible within 12 months after the reporting date.

If, after initial recognition, the credit risk of a financial asset has increased significantly, the Company recognizes a provision for expected credit losses in an amount equal to the expected credit loss over the life of the contract.

At each reporting date, the Company assesses whether there is objective evidence that financial assets measured at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events occur that have an adverse effect on the estimated future cash flows of that financial asset.

Evidence that a financial asset is credit-impaired includes, but is not limited to, the following observable data:

- significant financial difficulties of the issuer or counterparty;
- violation of the terms of the contract (for example: refusal or evasion to pay interest or principal);
- high probability of bankruptcy or financial reorganization of the issuer;
- the disappearance of an active market for that financial asset due to financial difficulties;
- retrospective analysis of the maturity of receivables, showing that the entire nominal amount of receivables will not be collected.

If such indicators exist, the recoverable amount of the assets is calculated.

The recoverable amount of long-term receivables and other financial assets is calculated as the present value of estimated future cash flows, discounted at the asset's original effective interest rate.

Provision amounts for expected credit losses are presented in the financial statements as a reduction from the gross carrying amount of such assets. The reduction in book value is carried out through the creation of a valuation provision for expected credit losses, as a contractual account of the corresponding asset accounts. Financial assets measured at amortized cost that are determined to be uncollectible are written off against the valuation provision. Subsequent recoveries of amounts previously written off are restored against such provision. Changes in the provision are recognized in profit or loss.

***Financial Liabilities***

The Company recognizes a financial liability in the statement of financial position only when it becomes a contractual party to the financial instrument. Upon initial recognition, financial liabilities are measured at fair value, which is usually the transaction price, i.e. fair value of consideration paid or received.

Subsequently, the Company classifies financial liabilities as measured at amortized cost.

The classification of financial liabilities cannot be changed after their initial recognition.

***Borrowings***

Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method. Expenses on such financial liabilities are recognized as interest expense using the effective interest rate.

***Accounts Payable and Other Liabilities***

Accounts payable and other liabilities refer to the Company's obligations as a result of various transactions and are the legal basis for subsequent payments for goods, work performed and services provided. Liabilities are measured by the amount of money needed to pay the debt. Accounts payable are taken into account from the moment of their formation and are listed until repayment.

***Derecognition of Financial Assets and Liabilities******Financial Assets***

Financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its right to receive cash flows from the asset or has retained the right to receive cash

flows from the asset, but has assumed an obligation to transfer them in full without significant delay to a third party in accordance with the agreement of redistribution; or when the Company either (a) has transferred substantially all the risks and rewards of the asset ownership, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset ownership, but has transferred control over the asset.

#### *Financial Liabilities*

A financial liability is derecognized in the statement of financial position when the liability is extinguished, canceled or expires.

#### *Offsetting Financial Assets and Liabilities*

Financial assets and liabilities are off set and recorded on the net basis in the statement of financial position, when the Company has a legally enforceable right to set off the recognised amounts, and the Company intends to settle them on the net basis or to realise the asset and repay the liability simultaneously. In the event of a transfer of a financial asset that does not qualify for derecognition, the Company does not record the transaction as derecognition of the asset transferred and the associated liability.

#### **Cash**

Cash includes cash on hand, funds held in current accounts with banks, and funds held in accounts with payment providers that are readily convertible into a specified amount of cash and are subject to an insignificant risk of changes in value and are not subject to any contractual obligations.

#### **Property, Plant and Equipment**

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

Depreciation of an object begins when it becomes available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Useful lives, (number of years)
Computers and office equipment	2-5
Other property, plant and equipment	2-5

Residual values, useful lives and depreciation methods are reviewed at the end of each reporting year and adjusted as necessary.

#### **Intangible Assets**

The Company's intangible assets include its software.

Intangible assets acquired separately are initially measured at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. Intangible assets are reviewed for impairment when there are indications that they may be impaired.

#### **Impairment of Non-financial Assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired by testing whether there is any indication that the carrying amount of the asset is impaired. If such indications exist, the Company estimates the asset's recoverable amount and compares it with its carrying amount. The recoverable amount of an asset is the higher of the asset's or cash-generating unit's fair value less costs to sell or value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of its cash inflows, generated by other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and its value is written down to its recoverable amount. The impairment loss is expensed in the statement of profit or loss and other comprehensive income or in other comprehensive income (for revalued assets within the revaluation reserve).

#### **Leases**

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



***Company as a short-term lease tenant***

The Company applies the right-of-use asset and lease liability exemption for short-term leases to office leases. Lease payments under short-term leases are recognized as an expense on a straight-line basis over the lease term.

**Taxation**

Income tax includes current and deferred taxes. Income taxes are recognized in profit (loss) unless they relate to items recognized directly in equity or other comprehensive income. In these cases, it is recognized in equity or other comprehensive income. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's income tax expense for the current year is calculated using tax rates in effect at the date of the financial statements.

Current tax is the expected tax payable on taxable income for the year, calculated using tax rates in effect at the reporting date and any adjustments to tax payable in respect of prior years.

Deferred tax is determined using the liability method, taking into account temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for tax purposes. The calculation of deferred tax is based on the expected manner in which the carrying amount of assets or liabilities will be realized or settled using tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that the tax asset can no longer be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient tax benefits will be available to allow all or part of the asset to be recovered.

In addition to income tax, in the Republic of Kazakhstan there are a number of taxes and payments related to the Company's operating activities. These taxes are included in operating expenses in the statement of profit or loss and other comprehensive income for the reporting year.

**Pension and Other Obligations**

The Company does not have any pension arrangements other than the state pension scheme of the Republic of Kazakhstan, which requires employers to withhold an amount calculated as a certain percentage of current total salary payments. The Company made contributions to the Unified Accumulative Pension Fund JSC for its employees. In addition, the Company has neither current nor future payment liabilities to their employees after their retirement.

**Equity**

The authorized capital is recognized at historical cost, by combining the contributions of the Company's participants. The contribution to the authorized capital of the Company is the funds of the Company participant.

**Income and Expense Recognition**

An accrual basis is used in determining the results of financial and economic activities of the Company, in accordance with the accrual basis the revenue is recognized (recorded) when it is earned, and expenses as incurred.

Income and expense are recognized when the services are provided based on the respective contracts and agreements for the provision of services.

***Income from lending and financial activities***

Interest income is recognized on an accrual basis and calculated using the effective interest method. The effective interest method is a method that involves calculating the amortized cost of a financial asset or financial liability (or a group of financial assets, a group of financial liabilities), as well as allocating interest income or interest expense to the relevant period. The effective interest rate is the interest rate that normalizes expected future cash payments or receipts to the net present value of the financial asset or financial liability.

If a financial asset or a group of similar financial assets is written down (partially written down) as a result of impairment, interest income is determined by taking into account the interest rate used to discount future cash flows for the purpose of calculating impairment losses.

*Recognition of fee and commission income and expenses*

Fee and commission on microcredits issued are recorded as an adjustment to the effective interest rate on borrowings. If it is probable that a microcredit agreement will be entered into as a result of the commitment to provide a microcredit, the fee and commission is included in the amount of the loan amount and is amortized over the entire term of the agreement using the effective interest method. Other fee and commission are included in the statement of profit or loss and other comprehensive income as the Company provides services.

Income from penalties (fines) on microcredits issued is recognized as part of the Company's other income in the statement of profit or loss and other comprehensive income as received.

*The Company's income is:*

- income from principal activities (interest income on issued microcredits and loans and other interest income);
- income from non-principal activities (income from penalties (fine) on microcredits issued, income from exchange rate differences, etc.);
- other income.

*Expenses include the following types:*

- interest expenses on borrowings and other financing;
- operating and administrative expenses;
- other expenses.

*Expense Recognition*

Expenses should be recognized in the same period in which goods are received or work is performed, regardless of the time of actual payment of funds or other form of implementation.

Expenses are recognized regardless of how they are accepted for tax purposes.

The Company's expenses include interest expenses, operating and administrative expenses and other expenses (losses).

Interest expenses include interest paid on loans received and leasing fees.

Other expenses (losses) are items that fall within the definition of expenses and may or may not arise during the Company's principal activities. Other expenses represent a reduction in economic benefits and are therefore no different in nature from principal business expenses.

**Revaluation of Foreign Currency**

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

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date.

All exchange differences arising on the settlement or translation of monetary items are recognized in profit or loss, except for monetary items that provide a hedge of the net investment in a foreign operation. They are recognized in other comprehensive income until the disposal of the net investment, when they are recognized in the statement of profit or loss and other comprehensive income. Tax expenses and income from tax refunds for exchange rate differences arising on these monetary items are also included in other comprehensive income.

Non-monetary items that are measured on the basis of historical foreign currency costs are translated at rates prevailing on the dates of the original transactions. Non-monetary items that are measured at fair value in foreign currencies are translated at rates prevailing at the date the fair value is determined.

The official rates in the Republic of Kazakhstan are the weighted average exchange rates established on the Kazakhstani Stock Exchange (KASE).

The following are the exchange rates as of December 31, 2023 and 2022 used by the Company in preparing these financial statements:

	December 31, 2023	December 31, 2022	(tenge)
Euro	502,24		492,86

### Estimated Liabilities, Contingent Liabilities and Contingent Assets

Estimated liabilities are liabilities of uncertain timing or amount and are recognized when:

- as a result of a past event, the Company has a present obligation (legal or imputed);
- it is likely that there will be a need for some outflow of resources to fulfill this responsibility;
- the amount of the obligation can be reliably estimated

Contingent liability is an existing obligation that arises from past events but is not recognized because the need of outflow of resources to perform the obligation is not probable, or because the amount of the obligation cannot be reliably estimated.

Contingent liabilities are not recognized but are subject to disclosure unless the outflow of resources is likely.

Contingent assets are not recognized in the financial statements but are subject to disclosure in cases where obtaining economic benefits is likely.

### Related Party Disclosures

A party is considered related to the Company, if the party, directly or indirectly, through one or more intermediaries, controls the Company or provides a considerable influence on the financial and operating decisions.

Related party transactions involve a transfer of resources, services, or obligations between related parties, regardless of whether for free or not.

### Subsequent Events

Subsequent events are the events both favorable and unfavorable that occur between the reporting date and the date of approval of the financial statements. Events confirming the existence of certain conditions at the reporting date (adjusting events) are reported in the financial statements. Events indicating the occurrence of certain conditions after the reporting date (non-adjusting events) are not reported in the financial statements. If non-adjusting events are material, they should be disclosed in the notes to the financial statements.

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Company's accounting policies, management must use judgment, make estimates and make assumptions regarding the carrying amounts of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are based on historical experience and other factors considered appropriate in the circumstances. Actual results may differ from these estimates.

Estimates and associated assumptions are reviewed regularly. Changes in estimates are reflected in the period in which the estimate is revised if the revision affects only that period, or in the period to which the revision relates and in future periods if the revision affects both current and future periods.

The significant assumptions and estimates that management has used in applying the Company's accounting policies are listed below.

### Expected Credit Losses on Financial Assets

Estimating losses under IFRS 9 for all categories of financial assets requires the exercise of judgment, in particular, when determining expected credit impairment losses and assessing significant increases 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 impairment allowance amounts. The Company's expected credit loss calculations are the result of complex models that include a number of underlying assumptions regarding the selection of input variables and their interdependencies.

Elements of expected credit loss models that are considered judgments and estimates include the following:

- the criteria used by the Company to assess whether there has been a significant increase in credit risk such that the allowance for impairment on financial assets should be measured at an amount equal to lifetime expected credit losses and a qualitative assessment;
  - aggregation of financial assets when their expected credit losses are assessed on a group basis;
  - development of models for calculating expected credit losses, including various formulas and selection of input data;
  - determination of probability of default (PD), exposure to default (EAD) and loss given default (LGD);
- Additional information is provided in Notes 6, 7.

#### ***Useful Life of Property, Plant and Equipment and Other Non-current Assets***

The estimated useful lives of property, plant and equipment and other non-current assets are reviewed annually to take into account the effects of changes in estimates on a prospective basis. The changes are accounted for as changes in accounting estimates in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (Note 10).

#### ***Impairment of Non-current Assets***

The Company assesses all non-current assets at each reporting date to determine whether there are any indicators of impairment. Non-financial assets are tested for impairment when there is an indication that the carrying amount may not be recoverable. When calculating value in use, management estimates the expected future cash flows from the cash-generating asset or unit by selecting an appropriate discount rate to calculate the present value of those cash flows.

#### ***Estimating the Impact of Deferred Taxes***

At each reporting date, the Company's management determines the future impact of deferred taxes by reconciling the carrying amounts of assets and liabilities in the financial statements with the applicable tax bases. Deferred assets and liabilities are measured at tax rates applicable to the period in which the assets are expected to be realized and the liabilities to be settled. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profit will be available in the future from which temporary differences can be utilized for tax purposes. Deferred tax assets are assessed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized (Note 22).

## **6. CASH**

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Cash on hand	1	1
Cash in current bank accounts in tenge	30 034	100 450
Cash in current bank accounts in foreign currency	-	1 625
Cash in payment providers' accounts	323 672	-
Provision for expected credit losses on funds held in payment providers' accounts	(16 193)	-
<b>Total</b>	<b>337 514</b>	<b>102 076</b>

The Company's cash are unencumbered and free of collateral obligations.

#### *Cash in bank accounts:*

	Rating		Currency	(in thousands of tenge)	
	2023	2022		December 31, 2023	December 31, 2022
Halyk Bank of Kazakhstan JSC	BBB- (BBB-) (Stable) Fitch Ratings	BBB- (BBB-) (Stable) Fitch Ratings	KZT	30 034	100 450
			EUR	-	1 625
<b>Total</b>				<b>30 034</b>	<b>102 075</b>

The credit rating of Halyk Bank of Kazakhstan JSC is presented in accordance with the standards of the Fitch Ratings international rating agency.

As of December 31, 2023, the Company considers cash in current bank accounts as not impaired, since, according to the international rating agency, Halyk Bank of Kazakhstan JSC, in which the Company's current accounts are opened, has a high rating.

*Cash in payment providers' accounts*

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
QIWI Kazakhstan LLP	663	-
New Pay LLP	323 009	-
<b>Total</b>	<b>323 672</b>	<b>-</b>

As of December 31, 2023, cash in payment providers account are also considered by the Company as not impaired since payment providers demonstrate financial stability. However, the Company's management decided to accrue provisions for expected credit losses in the amount of 5% on cash balances on providers' accounts in accordance with the risk assessment policy adopted by the Company

*Movement of the provision for expected credit losses on cash in payment providers' account*

	(in thousands of tenge)	
	2023	2022
At the beginning of the period	-	-
Accrual expenses (Note 21)	(16 193)	-
At the end of the period	(16 193)	-

## 7. MICROLOANS TO THE CLIENTS

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Loans issued to individuals	4 072 676	-
Short-term interest receivable on loans provided	480 896	-
<b>Amount of microloans before provision for expected credit losses</b>	<b>4 553 572</b>	<b>-</b>
Provision for expected credit losses	(3 142 963)	-
<b>Amount of microloans after deduction of provision for expected credit losses</b>	<b>1 410 609</b>	<b>-</b>

The maximum microcredit amount is 170 thousand tenge. The weighted average interest rate as of December 31, 2023, was 19.6% annual.

The Company's portfolio consists of unsecured microcredits, mainly issued throughout the Republic of Kazakhstan for consumer purposes.

Overdue debt on microcredits and on interest on them represents a failure to fulfill the obligations of borrowers on the principal amount of the debt and on interest, which exceeds 1 day.

As of December 31, 2023, the Company's microcredit portfolio consists of 67,419 units of unsecured microcredits issued to individuals for a period from 5 to 20 days. The total portfolio size, considering the deduction of the provision for expected credit losses, amounted to 1,410,609 thousand tenge.

During 2023, the Company sold to collection agencies a portion of microcredits and remunerations on them overdue for more than 90 days in the amount of 5,585 units for a total amount of 383,424 thousand tenge. The amount of compensation amounted to 157,917 thousand tenge. Losses from the sale of part of the loan portfolio in the amount of 225,507 thousand tenge are reflected as part of the Company's other expenses (Note 21).

*The movement in the provision for expected credit losses on microcredits:*

	(in thousands of tenge)	
	2023	2022
At the beginning of the period	-	-
Expenses for accrual of the reserve	(3 150 936)	-
Write-off of bad debts on microloans using accrued reserves	7 973	-
At the end of the period	(3 142 963)	-

As of the end of 2023, the total amount of restructured microloans and microloans with overdue payments, including accrued interest, amounted to 3,269,803 thousand tenge or 71.8% of the total portfolio before deduction of the provision for expected credit losses.

Below is information on microloans in terms of the presence or absence of overdue debt as of December 31, 2023:

Loan category	Principal and interest	Reserve	(in thousands of tenge)
			Total as of December 31, 2023
No overdue debt	1 283 769	(120 416)	1 163 353
Restructured	2 235 383	(2 235 383)	-
With overdue debt	1 034 420	(787 164)	247 256
<b>Total</b>	<b>4 553 572</b>	<b>(3 142 963)</b>	<b>1 410 609</b>

*Information on changes in debt on microloans issued in 2023*

	(in thousands of tenge)						
	December 31, 2022	Issued	Repaid	Sold	Written off from reserve	Remuneratio n accrued	December 31, 2023
Debt on the principal amount of microloans	-	13 848 709	(9 439 289)	(328 995)	(7 749)	-	4 072 676
Remuneration debt	-	-	(2 582 403)	(54 429)	(224)	3 117 952	480 896
<b>Total:</b>	-	<b>13 848 709</b>	<b>(12 021 692)</b>	<b>(383 424)</b>	<b>(7 973)</b>	<b>3 117 952</b>	<b>4 553 572</b>

**8. SHORT-TERM RECEIVABLES**

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Receivables from the sale of portfolios	110 321	-
<b>Total</b>	<b>110 321</b>	<b>-</b>

As of December 31, 2023, receivables from collection agencies from the sale of part of the loan portfolio amounted to 110,321 thousand tenge (Note 7).

**9. OTHER CURRENT ASSETS**

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Advances paid for goods and services	11 541	211
Prepayment for insurance and subscription	794	-
Prepayment of taxes and other obligatory payments to the budget	23 484	-
<b>Total</b>	<b>35 819</b>	<b>211</b>

**10. PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS**

	(in thousands of tenge)			
	Computers and office equipment	Others	Intangible assets	Total
<b>Original value</b>				
As of December 31, 2022	-	-	-	-
Additions	32 959	13 266	211	46 436
As of December 31, 2023	32 959	13 266	211	46 436
<b>Accumulated depreciation</b>				
As of December 31, 2022	-	-	-	-
Accrued depreciation	(2 814)	(733)	(28)	(3 575)
As of December 31, 2023	(2 814)	(733)	(28)	(3 575)
<b>Book value:</b>				
As of December 31, 2022	-	-	-	-
As of December 31, 2023	30 145	12 533	183	42 861

As of December 31, 2023, the Company's property, plant, and equipment have no signs of impairment and are not pledged with collateral obligations

**11. TRADE PAYABLES**

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Short-term debt to suppliers and contractors	122 409	-
<b>Total</b>	122 409	-

**12. OBLIGATIONS FOR TAXES AND OTHER OBLIGATORY PAYMENTS TO THE BUDGET**

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
Corporate income tax	6 491	285
Individual income tax	5 858	125
Value added tax	17 930	-
Social tax	4 317	98
Medical insurance obligations	3 240	60
Pension obligations	7 356	152
Other taxes and obligatory payments	1 871	30
<b>Total</b>	47 063	750

**13. RESERVE FOR UNUSED VACATION OF EMPLOYEES**

The change in the reserve for unused employee vacations was as follows:

	(in thousands of tenge)	
	2023	2022
At the beginning of the period	144	-
Accrued	23 857	144
At the end of the period	24 001	144

## 14. OTHER SHORT-TERM LIABILITIES

	(in thousands of tenge)	
	December 31, 2023	December 31, 2022
<b>Other financial liabilities</b>		
Overpayments / advances by borrowers on loans issued	337	-
<b>Total other financial liabilities</b>	<b>337</b>	<b>-</b>
<b>Other non-financial liabilities</b>		
Advances received	-	530
Wage arrears	24 101	-
Other	315	-
<b>Total other non-financial liabilities</b>	<b>24 416</b>	<b>530</b>
<b>Total</b>	<b>24 753</b>	<b>530</b>

## 15. FINANCIAL LIABILITIES

	December 31, 2023			(in thousands of tenge)
	Short-term part	Long-term part	Total	December 31, 2022
Financial assistance received from the participant	10 072	-	10 072	-
Loans received from related legal entities	-	1 610 000	1 610 000	-
Accrued interest on loans received from related legal entities	20 836	-	20 836	-
Loans received from third parties	-	1 430 040	1 430 040	-
Accrued interest on loans received from third parties	20 784	-	20 784	-
<b>Total</b>	<b>51 692</b>	<b>3 040 040</b>	<b>3 091 732</b>	<b>-</b>

*Financial liabilities are presented as follows:*

	Currency	Receipt period	Repayment period	Rate	(in thousands of tenge) December 31, 2023 principal amount
Alzhan Artykbaevich Datkaev	KZT	2023	2024	-	10 072
MFO Credit365 Kazakhstan LLP (subordinated loans)	KZT	2023	2028	19,0%	1 610 000
ALDEGA UAB (Lithuania)	EUR	2023	2028	19,5%	1 130 040
MFO "Kredit Seven Kazakhstan" LLP	KZT	2023	2026	19,5%	300 000
<b>Total</b>					<b>3 050 112</b>

*MFO Credit365 Kazakhstan LLP (subordinated loans)*

Loans without collateral were raised from MFO Credit365 Kazakhstan LLP, repayment period is 5 years. The Company has the right to early repay obligations both on the principal debt and on interest; the lender has no right



to demand early repayment of obligations. In the event of possible liquidation of the borrower, the loan must be repaid last, before final payments to the Company's participants.

*ALDEGA UAB (Lithuania)*

Under Loan Agreement No. 2023-06-14 dated June 14, 2023, the Company raised unsecured loans from ALDEGA UAB in Euros for 5 years. The credit limit is 5,000,000 Euro. As of December 31, 2023, the loan amount is 2,500,000 Euros or 1,130,040 thousand tenge.

*MFO «Kredit Seven Kazakhstan» LLP*

Loans without collateral in the total amount of 300,000 thousand tenge were raised from MFO Kredit Seven Kazakhstan LLP, repayment period is September 2026.

**Changes in liabilities arising from financing activities in 2023**

	December 31, 2022	Received	Accrued remuneration	Impact of exchange rates	CIT withheld at source	Repaid	(in thousands of tenge) December 31, 2023
Financial assistance received from the participant	-	10 072	-	-	-	-	10 072
<b>Total on financial assistance received from the participant</b>	-	<b>10 072</b>	-	-	-	-	<b>10 072</b>
Loans received from related legal entities	-	1 710 000	-	-	-	(100 000)	1 610 000
Interest on loans received from related legal entities	-	-	111 842	-	(14 588)	(76 418)	20 836
<b>Total for loans received from related legal entities</b>	-	<b>1 710 000</b>	<b>111 842</b>	-	<b>(14 588)</b>	<b>(176 418)</b>	<b>1 630 836</b>
Loans received from third parties	-	1 409 826	-	20 214	-	-	1 430 040
Accrued interest on loans received from third parties	-	-	105 327	45	(11 687)	(72 901)	20 784
<b>Total for loans received from third parties</b>	-	<b>1 409 826</b>	<b>105 327</b>	<b>20 259</b>	<b>(11 687)</b>	<b>(72 901)</b>	<b>1 450 824</b>
<b>Total</b>	-	<b>3 129 898</b>	<b>217 169</b>	<b>20 259</b>	<b>(26 275)</b>	<b>(249 319)</b>	<b>3 091 732</b>

**16. AUTHORIZED CAPITAL**

As of December 31, 2023, the amount of the declared and paid authorized capital of the Company is 200,000 thousand tenge (in 2022: 100,000 thousand tenge).

Information on the composition of the Company's participants is presented in Note 1.

**17. INTEREST INCOME USING THE EFFECTIVE INTEREST RATE**

	2023	(in thousands of tenge) 2022
Interest on microcredits issued (Note 7)	3 117 952	-
<b>Total</b>	<b>3 117 952</b>	<b>-</b>



**18. INTEREST EXPENSES**

	(in thousands of tenge)	
	2023	2022
Interest expenses on loans received from related parties (Note 15)	111 842	-
Interest expenses on loans received from third parties (Note 15)	105 327	-
<b>Total</b>	<b>217 169</b>	<b>-</b>

**19. OPERATING EXPENSES**

	(in thousands of tenge)	
	2023	2022
Labor costs	231 108	-
Deductions from wages	28 253	-
Expenses for accrued reserve for unused vacations of employees	20 134	-
Advertising services	647 172	-
Verification and scoring	6 031	-
Credit reports	78 790	-
Processing services	893	-
Agency services	103 387	-
Internet, communication, and SMS services	101 691	-
Collection services	4 222	-
Depreciation of property, plant and equipment and other non-current assets	3 544	-
Business travel expenses	632	-
Material costs	6 114	-
Other expenses	216	-
<b>Total</b>	<b>1 232 187</b>	<b>-</b>

**20. ADMINISTRATIVE EXPENSES**

	(in thousands of tenge)	
	2023	2022
Labor costs	44 569	1 515
Deductions from wages	5 149	163
Expenses for calculating the reserve for unused vacations of employees	3 723	144
Insurance costs	241	-
Depreciation of property, plant and equipment and other non-current assets	31	-
Rental expenses	4 088	-
Taxes and other payments to the budget	114	92
Banking services	4 099	9
Communication services and Internet	297	-
Utilities	326	-
Business travel expenses	399	-
Material costs	255	-
Expenses for maintenance and repair of property, plant and equipment	1 326	-
Professional services	1 170	-
Other expenses	2 357	100
<b>Total</b>	<b>68 144</b>	<b>2 023</b>



**21. OTHER INCOME/(EXPENSES)**

		(in thousands of tenge)
	2023	2022
<b>Other income</b>		
Income from exchange rate differences, net	-	3 067
Income from penalties (fines) on microloans issued	268 615	-
Income from foreign exchange, net	-	104
Other income	240	-
<b>Total other income</b>	<b>268 855</b>	<b>3 171</b>
<b>Other expenses</b>		
Expenses from exchange rate differences, net	(19 134)	-
Expenses from foreign exchange, net	(5 718)	-
Losses from the sale of part of the loan portfolio (Note 7)	(225 507)	-
VAT not creditable	(20 864)	-
Expenses related to accrual of provision for expected credit losses on cash in providers' accounts (Note 6)	(16 193)	-
Other expenses	(4 652)	-
<b>Total other expenses</b>	<b>(292 068)</b>	<b>-</b>
<b>Total</b>	<b>(23 213)</b>	<b>3 171</b>

**22. INCOME TAX EXPENSES**

In 2023 and 2022, the established corporate income tax rate for legal entities of the Republic of Kazakhstan was 20%.

Income tax expense for 2023 and 2022 is as follows:

		(in thousands of tenge)
	2023	2022
Current income tax expenses	-	285
Corporate income tax withheld at source	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>285</b>

**Reconciliation of the Current Tax Rate**

Due to the fact that some types of expenses are not taken into account for tax purposes, as well as due to the presence of non-taxable income, the Company has certain tax differences.

The amount of corporate income tax differs from its theoretical amount, calculated by multiplying profit before tax by the corporate income tax rate, as follows:

		(in thousands of tenge)
	2023	2022
<b>Profit before tax</b>	<b>(1 573 697)</b>	<b>1 148</b>
Fixed income tax rate	20%	20%
Estimated amount of tax at the fixed rate	314 739	(230)
Tax effect of non-deductible expenses and non-taxable income	(314 739)	(55)
<b>Total income tax expenses</b>	<b>-</b>	<b>(285)</b>

The calculation of deferred tax assets/ (liabilities) as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	(in thousands of tenge) December 31, 2022
<b>Taxable temporary differences:</b>		
Property, plant and equipment and other non-current assets	(2 397)	-
<b>Total deferred tax liabilities</b>	<b>(2 397)</b>	<b>-</b>
<b>Deductible temporary differences:</b>		
Estimated liabilities	4 800	-

Tax liabilities	863	27
Remuneration payable	3 309	-
Carry-forward losses	274 795	-
<b>Total deferred tax assets</b>	<b>283 767</b>	<b>56</b>
<b>Deferred tax assets less deferred tax liabilities</b>	<b>281 370</b>	<b>56</b>

As of December 31, 2023 and 2022, management assessed the recoverability of deferred tax and concluded that the Company is not able to recognize the deferred asset because it is not probable that taxable profit will be available in the next reporting period.

### 23. RELATED PARTIES

Parties are considered related in cases where they are under control of the Company or under common control, or where one party can control the other party or can significantly influence the other party in making financial or operating decisions. When considering each possible relationship with each related party, attention is paid to the economic content of the relationship, not only to its legal form.

There were no related party transactions in 2022.

The Company's statement of financial position as of December 31, 2023 shows the following balances from transactions with related parties:

	(in thousands of tenge)		
	December 31, 2023		
	Participants	Other related parties	Total
Loans received	10 072	1 630 836	1 640 908
<i>incl. accrued interest payable</i>	-	20 836	20 836
<b>Total liabilities</b>	<b>10 072</b>	<b>1 630 836</b>	<b>1 640 908</b>

The Company's statement of profit or loss and other comprehensive income for 2023 reflects the following amounts of income and expenses from transactions with related parties:

	(in thousands of tenge)		
	2023		
	Participants	Other related parties	Total
<b>Interest expenses</b>			
Expenses for interest on loans received	-	111 842	111 842

#### **Management Remuneration**

As of December 31, 2023 and 2022, the key management personnel consisted of 1 person. The remuneration paid to management for their participation in the work of the Company consists of short-term remuneration, including the salary specified in the contract.

The total amount of remuneration paid to management in 2023, reflected in the statement of profit or loss and other comprehensive income as administrative expenses, amounted to 10,948 thousand tenge, in 2022 – 808 thousand tenge.

### 24. CONTINGENT LIABILITIES

#### **Political and Economic Conditions in the Republic of Kazakhstan**

The markets of developing countries, including Kazakhstan, are exposed to economic, political, social, and legal and legislative risks that are different from risks inherent in more developed countries. The laws and regulations governing the conduct of business in Kazakhstan are subject to quick changes, there is the possibility of their arbitrary interpretation. The future development direction of Kazakhstan is heavily dependent on the fiscal and monetary policies adopted by the government, the laws, and regulations as well as changes in the political situation in the country.

Due to the fact that the Republic of Kazakhstan produces and exports large volumes of oil and gas, the country's economy is especially sensitive to changes in world oil and gas prices.



At present, it is impossible to determine the impact of a subsequent possible devaluation on the country's economy and banking system. The Company's financial condition and future performance may deteriorate as a result of ongoing economic problems inherent in developing countries and the pace of lending to the economy and population. The Company's management cannot predict the extent or duration of economic difficulties or estimate their impact, if any, on the Company's financial results.

**Lawsuits**

From time to time in the Company's course of business, customers and counterparties may bring claims against the Company. Management believes that the Company will not incur substantial losses from such claims.

**Taxes**

Management applies professional judgment regarding the recognition, both payable and reimbursement, of various taxes applicable to the Company. Recognition assumptions are also made in relation to taxes that are recoverable to the Company. In applying tax judgment, management believes that the tax position taken is consistent with applicable law and reflects the likely outcome of tax recognition. Estimates are made to determine the amount of taxes to be paid or reimbursed, including deferred tax assets. Tax liabilities and receivables, subject to future audits by tax authorities, may differ from forward-looking estimates as a result of management's interpretation of tax laws. Such interpretations may affect expected tax amounts and the timing of tax payments and refunds.

**Taxation**

The Government of the Republic of Kazakhstan continues to reform business and commercial infrastructure in the process of transition to a market economy. As a result, the laws and regulations governing the Company's business continue to change rapidly. These changes are characterized by poor presentation, varying interpretations and arbitrary application by authorities.

In particular, taxes are audited by several authorities, which by law have the right to impose fines and penalties. The lack of reference to provisions in Kazakhstan results in a lack of clarity and integrity of the provisions. Frequent conflicts in legal interpretation within government agencies and between companies and government agencies create uncertainty and conflict. These facts create tax risks in Kazakhstan that are much more significant compared to those in countries with more developed tax systems.

Tax authorities have the right to check tax records within three years after the end of the period in which the tax base was determined and the amount of taxes was calculated. Consequently, the Company may be subject to additional tax liabilities as a result of tax audits. The Company believes that it has adequately provided for all tax liabilities based on its understanding of tax laws.

**25. RISK MANAGEMENT POLICY**

The financial and economic activities of the Company are subject to economic and social risks inherent in business activities in Kazakhstan: these risks arise from such objective factors as political decisions of the Government, economic conditions, changes in tax legislation and other regulatory legal acts of the Republic of Kazakhstan, but the Company's management manages and monitors all risk fluctuations in order to minimize their impact on the financial results of their activities.

The main risks inherent in the Company's activities are credit risk, liquidity risk and market risk that arise for the Company during the reporting period. Below are descriptions of the Company's policies regarding the management of these risks.

**Credit Risk**

Credit risk is the risk that the Company will incur losses due to the fact that its customers or counterparties have not fulfilled their contractual obligations. The Company manages credit risk by establishing the maximum amount of risk that the Company is willing to accept for individual counterparties, geographic or industry concentrations of risk, as well as by monitoring compliance with established risk limits.

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. Counterparty limits are

determined using a credit risk classification system that assigns credit risk to each counterparty. Credit risk is reviewed regularly.

The credit quality review procedure allows the Company to assess the size of potential losses for the risks to which it is exposed and take the necessary measures.

The Company constantly monitors the status of individual loans and other credit risks. In addition to analyzing individual borrowers, the Company evaluates the loan portfolio as a whole in relation to loan concentration and market risks.

The Company's maximum exposure to credit risk is best reflected in the carrying amounts of financial assets in the statement of financial position and the amounts of unrecognized contractual liabilities. The ability to offset assets and liabilities is not essential to reducing potential credit risk.

The calculation of credit risk for own assets as of December 31, 2023 and 2022, is presented as follows:

	Total maximum risk amount December 31, 2023	(in thousands of tenge) Total maximum risk amount December 31, 2022
Cash	337 514	102 076
Microloans to clients	1 410 609	-
Accounts receivable	110 321	-
<b>Total amount of credit risk</b>	<b>1 858 444</b>	<b>102 076</b>

### Liquidity Risk

Liquidity risk is defined as the risk that the Company may encounter difficulties in meeting its financial obligations. The Company is exposed to risk due to the daily need to use available cash. Liquidity risk is managed by the Company's Management. Management monitors the Company's cash flow forecasts on a monthly basis.

Below is information as of December 31 on contractual undiscounted payments on the Company's financial assets and liabilities by their maturity dates:

December 31, 2023	On-demand	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
<b>FINANCIAL ASSETS:</b>						
Cash	30 035	307 479	-	-	-	337 514
Microloans to clients	-	1 410 609	-	-	-	1 410 609
Accounts receivable	-	-	110 321	-	-	110 321
	<b>30 035</b>	<b>1 718 088</b>	<b>110 321</b>	-	-	<b>1 858 444</b>
<b>FINANCIAL LIABILITIES:</b>						
Financial liabilities	-	-	-	(51 692)	(3 040 040)	(3 091 732)
Trade payables	-	-	(122 409)	-	-	(122 409)
Other short-term liabilities	(337)	-	-	-	-	(337)
	<b>(337)</b>	-	<b>(122 409)</b>	<b>(51 692)</b>	<b>(3 040 040)</b>	<b>(3 214 478)</b>
<b>Net position</b>	<b>29 698</b>	<b>1 718 088</b>	<b>(12 088)</b>	<b>(51 692)</b>	<b>(3 040 040)</b>	<b>(1 356 034)</b>
<b>December 31, 2022</b>						
	On-demand	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Total
<b>FINANCIAL ASSETS:</b>						
Cash	102 076	-	-	-	-	102 076
	<b>102 076</b>	-	-	-	-	<b>102 076</b>
<b>FINANCIAL LIABILITIES:</b>						
	-	-	-	-	-	-
<b>Net position</b>	<b>102 076</b>	-	-	-	-	<b>102 076</b>

**Market Risk**

Market risk is the possible fluctuation in the value of a financial instrument as a result of changes in market prices. The Company manages market risk by periodically assessing potential losses that may arise due to negative changes in market conditions.

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market parameters such as interest rates, foreign exchange rates and equity prices. The Company does not have a significant concentration of market risk, since during the reporting period, for the most part, the financial instruments that the Company operated were financial assets that accrue interest at a fixed rate of interest, which are not exposed to the risk of changes in interest rates in the country and are determined by the prospectus of their issues.

**Currency Risk**

Currency risk is the risk associated with the fact that financial instruments are subject to fluctuations due to changes in exchange rates.

Below is information as of December 31 on contractual undiscounted payments on the Company's financial assets and liabilities by currency:

			(in thousands of tenge)
<b>December 31, 2023</b>	<b>Tenge</b>	<b>Euro</b>	<b>Total</b>
<b>FINANCIAL ASSETS:</b>			
Cash	337 514	-	337 514
Microloans to clients	1 410 609	-	1 410 609
Accounts receivable	110 321	-	110 321
	<b>1 858 444</b>	<b>-</b>	<b>1 858 444</b>
<b>FINANCIAL LIABILITIES:</b>			
Financial liabilities	(1 945 147)	(1 146 585)	(3 091 732)
Trade payables	(68 798)	(53 611)	(122 409)
Other short-term liabilities	(337)	-	(337)
	<b>(2 014 282)</b>	<b>(1 200 196)</b>	<b>(3 214 478)</b>
<b>Net position</b>	<b>(155 838)</b>	<b>(1 200 196)</b>	<b>(1 356 034)</b>
			(in thousands of tenge)
<b>December 31, 2022</b>	<b>Tenge</b>	<b>Euro</b>	<b>Total</b>
<b>FINANCIAL ASSETS:</b>			
Cash	100 451	1 625	102 076
	<b>100 451</b>	<b>1 625</b>	<b>102 076</b>
<b>FINANCIAL LIABILITIES:</b>	-	-	-
<b>Net position</b>	<b>100 451</b>	<b>1 625</b>	<b>102 076</b>

**Sensitivity Analysis**

The main cash flows of the Company are generated primarily in tenge and Russian rubles. As a result, future fluctuations in the tenge exchange rate against foreign currencies may affect the carrying value of the Company's monetary assets and liabilities denominated in foreign currencies.

Currency	Change in exchange rate, %	(in thousands of tenge)	
		Impact on profit before tax 2023	Impact on profit before tax 2022
Euro	20%	(240 039)	325
	-20%	240 039	(325)

*Risk of changes in interest rates*

The Company is not exposed to this risk, since the borrowed funds have a fixed interest rate.

*Other Price Risk*

The Company does not have financial instruments whose value depends on changes in market prices. The Company is not exposed to this risk.

*Operating Risk*

Operating risk is the risk arising from system failure, personnel errors, fraud, or external events. When a control system fails to perform, operating risks can cause damage to reputation, have legal implications or lead to financial losses. The Company cannot make as assumption that all operating risks are eliminated, but through a control system and by monitoring and appropriate responding to potential risks, the Company can manage the risks. The control system includes effective segregation of duties, rights of access, authorization and reconciliation procedures, staff training and assessment procedures.

**26. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Below is a comparison of book values and fair values by class of the Company's financial instruments. The table does not provide fair values of non-financial assets and non-financial liabilities.

	(in thousands of tenge)			
	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash	337 514	337 514	102 076	102 076
Microloans to clients	1 410 609	1 410 609	-	-
Accounts receivable	110 321	110 321	-	-
<b>Total financial assets</b>	<b>1 858 444</b>	<b>1 858 444</b>	<b>102 076</b>	<b>102 076</b>
<b>Financial liabilities</b>				
Financial liabilities	3 091 732	3 091 732	-	-
Trade payables	122 409	122 409	-	-
Other short-term liabilities	337	337	-	-
<b>Total financial liabilities</b>	<b>3 214 478</b>	<b>3 214 478</b>	<b>-</b>	<b>-</b>
<b>Net position</b>	<b>(1 356 034)</b>	<b>(1 356 034)</b>	<b>102 076</b>	<b>102 076</b>

*Assets whose fair value approximates their book value*

For financial assets and financial liabilities that are liquid or have short maturities, their fair value is assumed to approximate their book value.

Below is an analysis of financial instruments measured at fair value by level of the fair value hierarchy.

	December 31, 2023			(in thousands of tenge)
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value is disclosed</b>				
Cash	337 514	-	-	337 514
Microloans to clients	-	1 410 609	-	1 410 609
Accounts receivable	-	110 321	-	110 321
<b>Total</b>	<b>337 514</b>	<b>1 520 930</b>	<b>-</b>	<b>1 858 444</b>
<b>Liabilities for which fair value is disclosed</b>				
Financial liabilities	-	3 091 732	-	3 091 732
Trade payables	-	122 409	-	122 409
Other short-term liabilities	-	337	-	337
<b>Total</b>	<b>-</b>	<b>3 214 478</b>	<b>-</b>	<b>3 214 478</b>



	December 31, 2022			(in thousands of tenge)
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value is disclosed</b>				
Cash	102 076	-	-	<b>102 076</b>
<b>Total</b>	<b>102 076</b>	<b>-</b>	<b>-</b>	<b>102 076</b>

*Financial assets and financial liabilities carried at amortized cost*

The fair value of financial assets and liabilities is estimated by discounting future cash flows using rates that currently exist for debt with similar terms, credit risk and maturity.

There were no movements of financial assets and liabilities between levels of the fair value hierarchy during the reporting period.

**27. SUBSEQUENT EVENTS**

The Company did not have any events that occurred after the reporting date before the date of approval of the financial statements that require adjustment or disclosure in the notes to the financial statements.