KASE Clearing Center JSC

Financial statements for the year ended on December 31, 2022 with an independent auditor's report

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Content

Statement of the Management of KASE Clearing Center JSC about responsibility for preparation and approval of financial statements for the year ended on December 31, 2022

The following statement, which must be read together with description of responsibilities of auditors set out in the submitted independent auditor’s report, is made for the purpose of delineating the responsibilities of auditors in relation to the financial statements of KASE Clearing Center JSC (hereinafter referred to as the “Company”).

The management of the Company is responsible for preparation of financial statements that fairly reflect, in all material respects, financial position as of December 31, 2022, as well as its performance, cash flows and changes in equity for the year ended on that date subject to the International Financial Reporting Standards (hereinafter referred to as IFRS).

In preparing the financial statements, the management is responsible to:

- Ensure correct selection and application of accounting policies;
- Provide information, including accounting policies, in a form that ensures that such information is relevant, reliable, comparable and understandable;
- Disclose additional information in cases where compliance with IFRS requirements is not sufficient for users of financial statements to understand the impact that certain transactions, as well as other events or conditions, have on the financial position and financial results of activities of the Company;
- Assessing ability of the Company to continue its activities in the foreseeable future.

The management is also responsible to:

- Develop, implement and ensure operation of an effective and reliable internal control system in the Company;
- Maintain an accounting system, at any time preparing with a sufficient degree of accuracy information on the financial position of the Company and ensuring compliance of the financial statements with the requirements of the Management;
- Take measures within its competence to protect assets of the Company and detect and prevent fraud and other abuses.

These Financial Statements for the year ended on December 31, 2022 were approved for issue on March 30, 2023.

Chairman of the Management Board	**Chief Accountant**
Sabitov S.M.	**Makater S.S.**
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Independent auditor’s report

To the management and Shareholder of KASE Clearing Center JSC (hereinafter referred to as the Company)

Opinion

We have audited the financial statements of the Company which consists of a statement of financial position as of December 31, 2022, a statement of profit or loss and other comprehensive income, a statement of changes in equity, a statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described further in the “Auditor's Responsibilities for Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and 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.

Other information

An audit of the financial statements of the Company as of December 31, 2021 and for the period from January 1, 2021 to December 31, 2021 was not carried out.

Responsibility of management and persons in charge of governance for the financial statements

The management is responsible for preparation and fair presentation of these financial statements in accordance with IFRS and for the system of internal control that the management considers necessary to produce financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of the Company to continue as a going concern, disclose, as appropriate, matters related to going concern and using the going concern basis of accounting unless the management intends to liquidate the Company or to cease operations, its activities or when it has no other realistic alternative other than liquidation or cessation of activities.

Persons charged with corporate governance are responsible for overseeing the preparation of the financial statements of the Company.

SFAI SANTA FE ASSOCIATES INTERNATIONAL

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Auditor's responsibilities for audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that contains our opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit conducted subject to the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and they are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Within the audit conducted in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we do the following:

- identify and assess the risks of material misstatement of financial statements due to fraud or error; develop and perform audit procedures in response to these risks; 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 greater than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumventions of internal control;
- obtain an understanding of the internal control system relevant to the audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on effectiveness of the internal control system of the Company;
- evaluate appropriateness of the accounting policies applied and reasonableness of accounting estimates and related disclosures prepared by the management;
- we draw a conclusion about legality of management’s use of the going concern assumption, and based on the audit findings obtained, draw a conclusion whether there is a material uncertainty due to events or conditions that may cast significant doubt on ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor report to relevant disclosures in the financial statements or, if those disclosures are inadequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to become unable to continue as a going concern;
- assess the overall presentation of the financial statements, their structure and content, including disclosures, and whether the financial statements present their underlying transactions and events in a manner that enables them to be presented fairly.

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We communicate with persons in charge of governance, communicating to them, among other things, a target volume and timeframe of the audit, as well as significant audit findings, including significant weaknesses in internal control that we identify. during the audit process.

We also provide persons in charge of governance with a statement that we have complied with all relevant ethical requirements regarding independence and have communicated to those charged with all relationships and other matters that may reasonably be considered to have an impact on auditor's independence and, where appropriate, about appropriate precautions.

Olzhas Kuanyshbekov **General Director** **SFAI Kazakhstan LLP** State license to carry out audit activities No. 22001146 issued by the Ministry of Finance of the Republic of Kazakhstan on January 25, 2022	**Olzhas Kuanyshbekov** **Auditor** Qualification auditor's certificate No. MF0000516 dated January 12, 2018

March 30, 2023
Almaty City, Republic of Kazakhstan

	Note	2022	2021 (unaudited)
Earnings	**5**	34,159	50,499
Cost of sales	**6**	(4,889)	(21,392)
Gross profit		**29,270**	**29,107**
General and administrative expenses	**7**	(13,892)	(19,542)
Exchange difference, net		(202)	472
Other costs	**8**	(12,846)	(423)
Other income	**9**	14,956	444
Results of operating activities		**17,286**	**10,058**
Interest income	**11**	14,652	-
Pre-tax income		**31,938**	**10,058**
Income tax expenses	**10**	(6,473)	(1,976)
Income for reporting period		**25,465**	**8,082**
Total comprehensive income for period		**25,465**	**8,082**

Financial Statements for the year ended on December 31, 2022 were approved by the management of the Company on March 30, 2023 and were signed on its behalf by.

Chairman of the Management Board | **Chief Accountant**

Sabitov I.M. | **Makater S.S.**

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Statement of Profit or Loss and Other Comprehensive Income must be read with notes to these financial statements which are their integral part.

KASE Clearing Center JSC
Statement of Financial Position
as of December 31m 2022
(k KZT)

	Note	December 31, 2022	December 31, 2021 (unaudited)
ASSETS			
Cash and cash equivalents	**11**	26,695	26,603
Funds with financial organizations	**12**	161,927	-
Trade receivables	**13**	-	1,163
Other short-term assets		166	512
Long-term assets		**188,788**	**28,278**
Fixed assets	**14**	141	1,361
Intangible assed	**15**	55	13,890
Deferred tax assets	**10**	968	5,109
Long-term assets		**1,164**	**20,360**
Total assets		**189,952**	**48,638**
LIABILITIES			
Trade and other payables		100	446
Income tax liabilities		675	3,503
VAT liabilities		616	2,542
Interest to employees	**16**	1,483	7,374
Liabilities under contracts	**17**	2,298	18,340
Short-term liabilities		**5,172**	**32,205**
EQUITY CAPITAL			
Share capital		178,872	1,945
Retained earnings		5,908	14,488
Own capital		**184,780**	**16,433**
Total own capital and liabilities		**189,952**	**48,638**

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Chairman of the Management Board **Chief Accountant**

Sabitov I.M. **Makater S.S.**

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Statement of Financial Position must be read with notes to these financial statements being their integral part.

	2022	**2021 (unaudited)**
Operating cash flows		
Receipts from customers	23,061	64,362
Interests received	11,044	-
Payments to suppliers	(5,316)	(5,195)
Payments for remuneration of labor	(11,978)	(23,058)
Taxes and other payments to budget	(10,169)	(14,359)
Other payments	(27)	-
Net operating cash flow before income tax	**6,615**	**21,750**
Income tax paid	(5,160)	(3,886)
Net operating cash flow	**1,455**	**17,864**
Investment cash flows		
Receipts from sale of fixed assets	1,175	444
Receipts from sale of intangible assets	13,781	-
Acquisition of fixed assets	-	(755)
Acquisition of intangible assets	-	(5,143)
Acquisition of financial instruments	(644,524)	-
Repayment of financial instruments	485,524	-
Net cash flow used in investment activities	**(144,044)**	**(5,454)**
Financial cash flows		
Receipts from issue of shares	151,205	-
Dividends paid	(8,323)	(13,977)
Net cash flow from/ (used in) financial activities	**142,882**	**(13,977)**
Effect of changes in exchange rates on cash and cash equivalents	(201)	472
Net increase/ (decrease) in cash and cash equivalents	92	(1,095)
Cash and cash equivalents as of January 1	26,603	27,698
Cash and cash flows as of December 31	**26,695**	**26,603**

Financial Statements for the year ended on December 31, 2022 were approved by the management of the Company on March 30, 2023 and were signed on its behalf by.

Chairman of the Management Board | **Chief Accountant**

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Cash Flow Statement must be read with notes to these financial statements being their integral part.

	Share capital	Retained earnings	Total capital
As of January 1, 2021 (unaudited)	**1,945**	**20,383**	**22,328**
Income for reporting period	-	8,082	8,082
Transactions with owner			
Dividends paid	-	(13,977)	(13,977)
As of December 31, 2021 (unaudited)	**1,945**	**14,488**	**16,433**
As of January 1, 2022 (unaudited)	1,945	14,488	16,433
Income for reporting period	-	25,465	25,465
Transactions with owner			
Proceeds from issue of shares	151,205	-	151,205
Other contributions *(see Note 1)*	25,722	(25,722)	-
Dividends paid	-	(8,323)	(8,323)
As of December 31, 2022	**178,872**	**5,908**	**184,780**

Financial Statements for the year ended on December 31, 2022 were approved by the management of the Company on March 30, 2023 and were signed on its behalf by.

Chairman of the Management Board **Chief Accountant**

Sabitov I.M. **Makater S.S.**

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Capital Statement must be read with notes to these financial statements being their integral part.

1. General

1. Corporate structure and activities

eTrade.kz Limited Liability Partnership was established on July 11, 2002 subject to the laws of the Republic of Kazakhstan.

Core activities of eTrade.kz LLP were:

- production, sale, installation, configuration, support and modification of software products;
- Internet connection, sale of Internet cards, hosting;
- consulting, expert, research and marketing services in programming and computer technology.

On June 21, 2022, eTrade.kz LLP was reorganized through transformation into KASE Clearing Center Joint Stock Company (hereinafter referred to as the "Company"). The Agency of the Republic of Kazakhstan for Regulation and Development of the Financial Market carried out state registration of an issue of authorized shares of the Company. The issue is divided into 400,000 common shares with assigned international identification number KZ1C00014612. As of December 31, 2022, 55 common shares with a face value of 3,252,210 KZT per 1 share were paid.

During 2022, 151,205 thousand KZT of share capital was paid by contribution in cash and 25,722 thousand KZT as a difference between assets and liabilities on the date of reorganization subject to a transfer act established by the Laws of the Republic of Kazakhstan.

Core activities of the Company are:

- clearing activities;
- activities of central counterparty;
- certain types of banking operations.

The company is registered at: Republic of Kazakhstan, Almaty City, Bayzakov str., bldg. 280, apt. (office) North Tower of multifunctional complex Almaty Towers.

Sole participant of the Company is Kazakhstan Stock Exchange JSC, which publishes financial statements that are in the public domain.

These financial statements were approved for release by the management of the Company on March 30, 2023.

2. Conditions for conduct of economic activities in the Republic of Kazakhstan

The Company operates in the Republic of Kazakhstan. Assets and liabilities of the Company are located in the Republic of Kazakhstan. As a result, the Company is exposed to economic and financial risks on the markets of the Republic of Kazakhstan. The regulatory framework and tax laws continue to improve but are subject to varying interpretations and are subject to frequent changes, which, together with other deficiencies in the legal and fiscal systems, create additional challenges for enterprises operating in the Republic of Kazakhstan.

The attached financial statements reflect the assessment of the Company's management about the possible impact of the existing conditions for conduct of the financial and economic activities on results of the operations and financial position of the Company. Actual impact of future business conditions may differ from current estimates by the Company's management.

2. Basic principles for preparing financial statements

1. Statements of conformity

These financial statements of the Company have been prepared subject to the International Financial Reporting Standards (hereinafter referred to as “IFRS”) as amended by the International Financial Reporting Standards Board (hereinafter referred to as the “IFRS Board”).

2. Going concern principle

These financial statements have been prepared on a going concern basis, which is to realize assets and settle liabilities in the normal course of business.

The management has reviewed future plans of the Company, as well as positive cash flows from operating activities and current and deposit account balances, and has concluded that the Company will continue to operate for the foreseeable future.

3. Functional currency

Functional currency of the Company is the Kazakhstan tenge (hereinafter referred to as the “KZT”), which, being the national currency of the Republic of Kazakhstan, best reflects the economic essence of the operations carried out by the Company and related circumstances affecting its activities. The Kazakhstan tenge is a the presentation currency of these financial statements.

All figures presented in KZT are rounded to the nearest thousand unless otherwise stated.

3. Main principles of accounting policy

1) Inventories

Inventories are reported at the lower of cost or net realizable value. The cost of inventories is determined on the basis of the weighted average method and includes costs of acquiring inventories, costs of production or processing and other costs of delivering inventories to their present location and bringing them into an appropriate condition.

Net realizable value is an expected (estimated) selling price of inventories in the ordinary course of business of the enterprise, less their selling price.

2) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customer and is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for such goods or services.

Revenue is classified as follows: technical support for electronic digital keys, access services and technical support for the eTransfer system, connection to gateways and information systems.

The Company recognizes revenue in respect of the above services over the period as the customer simultaneously receives and consumes the benefits. The Company uses the result based method to evaluate the extent of completion of services, since there is a direct relationship between efforts (i.e. time spent) of the Company and provision of services to the buyer. The Company recognizes revenue based on time spent relative to the total time provided for in the contracts.

3. Main principles of accounting policy, continued

Contractual obligations

Contractual obligation is an obligation to transfer to the buyer goods or services for which the Company has received a compensation from the buyer. If the buyer pays compensation before the Company transfers goods or services to the buyer, contractual obligation is recognized at the time the payment is made. Contractual obligations are recognized as revenue when the Company discharges its contractual obligations.

3) Taxes

Current income tax

Assets and liabilities under current income tax are measured at the amount expected to be claimed or paid to tax authorities. Tax rates and tax laws used to calculate this amount are the rates and laws adopted or substantially adopted for the reporting period in which the Company operates and receives taxable income.

Deferred tax

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

Carrying amount of deferred tax assets is reviewed on 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 on each reporting date and are recognized to the extent that it is probable that future taxable profits will allow to recover deferred tax assets.

When analyzing recoverability of deferred tax assets, the Company relies on the same assumptions that are used in other sections of the financial statements, as well as management reports.

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 on the reporting date. 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 as part of OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally 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.

3. Main principles of accounting policy, continued

4) Fixed assets

Fixed assets are reported at cost less accumulated depreciation and impairment losses.

The cost includes costs directly related to acquisition of the relevant asset. The cost of assets erected (constructed) with the use of own resources includes the costs of materials, direct labor costs, all other costs directly related to bringing the assets into working condition for their intended use, the costs of dismantling and removing assets and restoring the site they occupy and capitalized borrowing costs.

Subsequent costs

Subsequent costs increase the cost of a fixed asset only if there is a high probability that they cause that the Company receives additional economic benefits in the future.

Costs incurred in connection with day-to-day maintenance of a fixed asset are recognized in profit or loss for the period when incurred.

Depreciation

Depreciation of fixed assets is calculated on a straight-line basis over their estimated useful lives and is recognized in profit or loss. Depreciation is accrued from the date of acquisition of the asset, and for fixed assets constructed using economic methods - from the moment construction of the object is completed and it is ready for operation. Depreciation is not charged for land plots. Useful lives of various fixed assets can be presented as follows:

- Computer hardware 2-10 years;
- Other fixed assets 2-20 years.

Fixed asset is written off when it is sold or when no future economic benefits are expected to flow from the continued use of the asset. Gain or loss on sale or other disposal of fixed assets is determined as the difference between the sale price and the carrying amount of those items and is recognized in profit or loss.

5) Intangible assets

Intangible assets that were acquired separately are measured at cost upon initial recognition. 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 the related costs are recognized in profit or loss in the period in which they are incurred.

Useful life of intangible assets can be either limited or indefinite.

Intangible assets with limited useful lives are amortized over that life and assessed for impairment if there is an indication that the intangible asset is impaired. Amortization period and method for an intangible asset with limited useful life is reviewed at least at the end of each reporting period.

3. Main principles of accounting policy, continued

Changes in the expected useful life or expected consumption pattern of the future economic benefits embodied in the asset change the depreciation period or method, respectively, and are accounted for as a change in accounting estimates. Amortization expense for intangible assets with a limited useful life is recognized in the statement of profit or loss in the expense category that corresponds to the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment on an annual basis, either individually or at the cash-generating unit level. Useful life of an intangible asset with indefinite useful life is reviewed annually to determine whether it is appropriate to continue to classify the asset as an asset with indefinite useful life. If this is not acceptable, changing the useful life estimate from indefinite to limited life is made on a prospective basis.

An intangible asset is derecognised upon its disposal (i.e. the date on which its recipient acquires control) or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an asset is included in the statement of profit or loss.

Research and development costs

Research costs are allocated to expenses when they are incurred. An intangible asset arising from the costs of developing a specific product is recognized when the Company can demonstrate the following:

- technical feasibility of completing the development of the intangible asset and bringing it to a condition suitable for use or sale;
- its intention to complete development of the intangible asset, as well as the ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- availability of sufficient resources to complete development;
- the ability to reliably estimate costs during development of an asset.

After initial recognition of development costs as an asset, assets are accounted at original cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation is calculated based on the cost of the asset less its estimated residual value. Amortization of intangible assets is generally accrued when the assets are ready for use and recognized in profit or loss on a straight-line basis over their respective useful lives because this method most accurately reflects the entity's expected consumption pattern of future economic benefits from those assets.

3. Main principles of accounting policy, continued

Expected useful lives of intangible assets in the reporting and comparative periods were the following:

- Software 2-10 years;
- Software product 2-10 years;
- Other 2-15 years.

6) Provisions

Provisions are recognized when the Company has a current legal or constructive obligation as a result of events that have occurred, and it is probable that an outflow of funds associated with economic benefits will occur to discharge the obligation and the amount of the obligation can be measured reliably.

The amounts recorded as provisions represent the Company's best estimate of the costs that will be required to discharge the obligation at the end of the reporting period, given the risks and uncertainties associated with the obligation. When a provision is measured using the cash flows estimated to settle a current liability, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

7) Employee benefits

Liabilities under short-term employee benefits are recognized as an expense in profit or loss in the period in which the related service is provided. A provision is created for the amount of expected remuneration paid for short-term bonuses, if the Company has a current legal obligation to pay such remuneration as a result of the employee’s performance and the amount of this remuneration can be estimated with a reasonable degree of reliability.

8) Cash and cash equivalents

Cash and cash equivalents consist of available balances on correspondent accounts and amounts due from credit institutions, the original maturity of which does not exceed three months. In the course of its activities, the Company opens current accounts in second-tier banks. Amounts due from credit institutions are carried net of any provision for expected credit losses.

9) Recognition and measurement of financial instruments

Financial assets and financial liabilities are reported in the Company's statement of financial position when the Company becomes a party to a contract related to a relevant financial instrument. The Company reflects regular acquisitions and disposals of financial assets and liabilities using the accounting method as of the settlement date. 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 financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) increase or decrease the fair value of the financial assets or financial liabilities on initial recognition, respectively. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in profit or loss.

3. Main principles of accounting policy, continued

The accounting principles used to subsequently measure the values of financial assets and financial liabilities are disclosed in the relevant accounting policies described below.

Financial assets

All financial assets are recognized and derecognized on a transaction date when purchase or sale of a financial asset is subject to a contract that requires delivery of the financial asset within the timeframe specified by the relevant market and is initially measured at fair value plus transaction costs, other than those financial assets that are classified as measured at fair value. Transaction costs that are directly attributable to acquisition of financial assets classified as measured at fair value are recognized immediately in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 Financial Instruments must subsequently be measured at amortized cost or fair value based on the Company's business model for management of financial assets and contractual cash flow characteristics of the financial assets.

Reclassification of financial assets

If the business model under which the Company holds certain financial assets changes, such assets are subject to reclassification. Classification requirements and assessments related to the new category are applied prospectively from the first day of the first reporting period following the occurrence of changes in the business model that led to the reclassification of the Company's financial assets. Changes in contractual cash flows are analyzed in accordance with the accounting policies below, “Modification and derecognition of financial assets.”

Modification and derecognition of financial assets

Modification of a financial asset occurs if, between the date of initial recognition and the maturity date of the financial asset, contractual terms that govern the cash flows of the asset are renegotiated or otherwise modified. The modification affects the amount and/or timing of the contractual cash flows, either at the same time or at a future time.

Upon modification of a financial asset, the Company assesses whether this modification entails derecognition of the asset. In accordance with the Company's policy, a modification causes derecognition if it entails significant differences in contractual terms. In order to determine whether the amended terms differ significantly from the original contractual terms, the Company analyzes qualitative factors. For example, after a change in terms, contractual cash flows include payments of principal and interest.

When a financial asset is derecognised, the ECL provision is remeasured on the date of derecognition to determine the carrying amount of the asset on that date. Difference between the revised carrying amount and the fair value of the new financial asset under the new terms will result in a gain or loss from derecognition. The ECL provision for a new financial asset will be calculated based on the ECL in the subsequent 12 months, except in rare cases where a new financial asset is considered credit-impaired at origin.

3. Main principles of accounting policy, continued

Impairment of financial assets

The Company always recognizes expected credit losses (ECL) for the entire term of trade receivables. Expected credit losses under such financial instruments are estimated using an estimated provision matrix based on historical credit loss experience of the Company, adjusted for borrower-specific factors, general economic conditions and an assessment of both current and projected developments in conditions on the reporting date.

For other financial instruments, the Company recognizes lifetime expected credit losses when there is a significant increase in credit risk since the initial recognition. However, if, as of the reporting date, there has been no significant increase in the credit risk of a financial instrument since initial recognition, the Company must measure the credit loss provision for that financial instrument in an amount equal to 12-month expected credit losses.

Lifetime expected credit losses are expected credit losses that arise from all possible events of default over the expected life of the financial instrument. 12-month expected credit losses, on the other hand, are a part of lifetime expected credit losses that represent the expected credit losses that arise from default on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

When analyzing whether the credit risk of a financial instrument has increased significantly since its initial recognition, the Company must compare the risk of default on the financial instrument on the reporting date with the risk of default on the financial instrument on the date of the initial recognition. In the course of such analysis, the Company must consider quantitative and qualitative information that is reasonable and verifiable, including past experience and forward-looking information that is available without undue cost or effort. Forecast information for performing the analysis must include data on development prospects of industries in which debtors of the Company operate, obtained from economic experts, financial analysts, public authorities and other similar organizations, as well as analysis of various external sources of actual and forecast economic information related to core activities of the Company.

In particular, the following information must be taken into account when assessing whether credit risk has increased significantly since the initial recognition:

1. actual or expected significant deterioration in the internal or external credit rating of a financial instrument;
2. existing or predicted adverse changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to discharge its obligations;
3. actual or expected significant deterioration in operating results of the debtor;
4. significant increase in credit risk for other financial instruments of the same debtor.

Regardless of results of the above-mentioned assessment, the Company assumes that credit risk of the financial asset has increased significantly since initial recognition when contractual payments are overdue by more than 30 days.

3. Main principles of accounting policy, continued

Write-off

Financial assets are written off when the Company has no reasonable expectation of recovery of the financial asset (either in whole or in part). This is a case where the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts to be written off. A write-off represents derecognition. Recovery will result in an impairment gain. Financial assets that are secured are written off upon receipt of any proceeds from sale or recovery of collateral.

Definition of default

The Company believes that default will occur no later than when a financial asset is 91 days or more past due, unless the entity has reasonable and supported information demonstrating that the use of a default criterion involving greater delay in payment is more appropriate.

Financial obligations

Financial liabilities are classified as measured at fair value through profit or loss if financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liability is classified as held for trade if:

- it is accepted for the primary purpose of repurchase in the near future; or
- upon initial accounting, it is part of a portfolio of identified financial instruments that are managed by the Company as a single portfolio, for which there is a recent history of short-term purchases and resales, or
- it is a derivative that is not designated or used as a hedging instrument.

Financial liability that is not a financial liability held for trade may qualify as a financial liability at FVTPL at the time of recognition if:

- application of such classification eliminates or significantly reduces imbalances in the measurement or accounting of assets or liabilities that might otherwise arise; or
- financial liability is part of an instrument that contains one or more embedded derivatives, and IFRS 9 permits the entire instrument (asset or liability) to be designated at fair value through profit or loss.

Financial liabilities measured at fair value through profit or loss are reported in the statement of financial position at fair value. Changes in fair value are reflected in net (loss)/gain on financial liabilities measured at fair value through profit or loss.

3. Main principles of accounting policy, continued

10) Funds in financial institutions

In the course of its activities, the Company opens current accounts, limited in use, or places deposits for various periods of time with banks. Funds in financial institutions with fixed maturities are subsequently measured at amortized cost using the effective interest method. Funds that do not have fixed maturities are accounted at historical cost. Funds in financial institutions are reported net of any provision for expected credit losses.

11) Lease

At the time of entry into the agreement, the Company assesses whether the agreement is a lease or whether it contains signs of lease. In other words, the Company determines whether the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Company as a tenant

The Company applies a uniform approach to recognition and measurement of all leases, with the exception of short-term leases and leases of low-value assets. The Company recognizes lease liabilities in relation to making lease payments and right-of-use assets, which represent the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets on the lease commencement date (i.e. 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. 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 lease commencement date, less lease incentive payments received. Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is shorter. The Company has determined the following useful life:

- Other 2 - 15 years.

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

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities, which are measured at the present value of lease payments to be made during the lease term. Lease payments include fixed payments (including substantially fixed payments) less any lease incentive payments receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects potential exercise by the Company of the lease termination option.

3. Main principles of accounting policy, continued

Variable lease payments that do not depend on an index or rate are recognized as an expense (except when they are incurred to produce inventory) in the period in which the event or condition that gives rise to such payments occurs.

In order to calculate the present value of lease payments, the Company uses the incremental borrowing rate at the start date of the lease, since the interest rate included in the lease agreement cannot be easily determined. After the lease commencement date, the lease liability is increased to reflect accrued interest and decreased to reflect lease payments made. In addition, the Company re-evaluates the carrying amount of lease liabilities in case of a modification, change in lease term, change in lease payments or change in the valuation of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The Company applies the short-term lease recognition exemption to its short-term office lease contracts (i.e. contracts that have a lease term of 12 months or less at the commencement date and that do not contain an option to buy the underlying asset).

12) Capital

Share capital

Common shares and non-redeemable preferred shares with discretionary dividend rights are recorded in equity. Costs of third party services that are directly attributable to the issue of new shares, other than in a business combination, are recognized in equity as a reduction from proceeds of the issue. Excess of the fair value of the proceeds received over the par value of the shares issued is recorded as additional capital.

Dividends

Dividends are recognized as a liability and deducted from equity on the reporting date only if they are declared on or before the reporting date. Dividends are disclosed if they are offered before the reporting date or if they are offered or declared after the reporting date but before the consolidated financial statements are authorized for issue.

13) New standards, clarifications and amendments to existing standards and clarifications

The following amendments to the standards and interpretations became applicable to the Company starting from January 1, 2022:

'Onerous Contracts – Cost of Fulfilling a Contract'– Amendments to IAS 37

An onerous contract is a contract in which the inevitable costs (i.e. costs in connection with the contract that the Company cannot avoid) for discharge of obligations under which exceed the economic benefits expected from its performance. The amendments clarify that, in assessing whether a contract is onerous or unprofitable, an entity must consider costs directly attributable to the contract to provide goods or services, which include both incremental costs (for example, direct labor and materials costs) and allocated costs directly related to performance of the contract (for example, depreciation costs of equipment used to perform the contract, as well as costs of support and control of performance of the contract).

3. Main principles of accounting policy, continued

General and administrative costs are not directly related to the contract and are not included unless they are expressly recoverable by the contracting party.

References to the Conceptual Framework - Amendments to IFRS 3

As a result of the amendments, references to the IASB's previous Conceptual Framework have been replaced by references to the current Conceptual Framework issued in March 2018, without making significant changes to the requirements contained in this document.

The amendments added an exception to the recognition principle in IFRS 3 Business Combinations to avoid potential day 2 gains or losses for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Required Payments if they arose in separate transactions. Under this exception, instead of applying the Conceptual Framework, entities must apply the criteria of IAS 37 or IFRIC 21 to determine whether a liability exists at the acquisition date.

The amendments also added a new clause to IFRS 3 to clarify that recognition of a contingent asset is not permitted on the acquisition date.

Amendments to IAS 16 – Property, plant and equipment — proceeds before intended use

Under these amendments, entities must not deduct from the original cost of a fixed assets from the sale of items produced in the process of delivering the item to a location and bringing it into condition that are required to operate it in accordance with management's intentions. Instead, the entity recognizes the revenues from sale of such items, as well as the cost of producing those items, in profit or loss.

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

Under this amendment, a subsidiary that elects to apply clause D16(a) of IFRS 1 is permitted to measure accumulated exchange differences using the amounts reported in consolidated financial statements of the holding company based on the date of the transition of the holding company to the IFRS, if it has not done any adjustments for consolidation purposes to reflect the results of a business combination in which the parent acquired the subsidiary. This amendment also applies to an associate or joint venture that elects to apply clause D16(a) of IFRS 1.

Amendment to IFRS 9 Financial Instruments – Commission fee for 10 per cent test for derecognition of financial liabilities

The amendment clarifies the amounts of fees that an entity considers when assessing whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. Such amounts include only those fees paid or received between a particular lender and borrower, including fees paid or received by the lender or borrower on behalf of another party. No similar amendment is provided for IAS 39 Financial Instruments: Recognition and Measurement.

3. Main principles of accounting policy, continued

Amendment to IAS 41 Agriculture – Taxation of fair value measurements

This amendment removes the requirement in clause 22 of IAS 41 that entities exclude tax-related cash flows when measuring the fair value of assets within the scope of IAS 41.

The above standards and interpretations were reviewed by the Company's management, but they did not have a significant impact on financial statements of the Company.

14) New and revised IFRS issued but not yet effective

At the time of approval of these financial statements, the Company did not apply the following new and revised IFRS that were issued but not yet effective:

IFRS 17 Insurance Contracts, January 1, 2023

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosure. When IFRS 17 comes into force, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life and non-life insurance, direct insurance and reinsurance), regardless of the type of entity that issues them, and to certain guarantees and financial instruments with conditions discretionary participation.

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 largely based on previous local accounting policies, IFRS 17 provides a comprehensive model for accounting for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, complemented by the following:

- Certain modifications for insurance contracts with direct participation provisions (variable remuneration method).
- Simplified approach (premium sharing approach) mainly for short-term contracts. IFRS 17 is effective for reporting periods beginning on or after January 1, 2023 and requires comparative information to be presented. Earlier 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.

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

In January 2020, the IASB issued amendments to clauses 69–76 IAS 1, which clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

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

3. Main principles of accounting policy, continued

These amendments are effective for annual periods beginning on or after January 1, 2023 and are applied retrospectively.

Amendments to IAS 8 Determining Accounting Estimates, January 1, 2023

In February 2021, the IASB issued amendments to IAS 8 introducing a definition of “accounting estimates”. The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the document explains how organizations use measurement methods and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of those periods. Early application is permitted subject to disclosure of this fact.

Amendments to IAS 1 and Practice Note 2 on the application of IFRS Disclosures of Accounting Policies, January 1, 2023

In February 2021, the IASB issued amendments to IAS 1 and Practice Note 2 on Making Materiality Judgments, which provide guidance and examples to help entities apply materiality judgments when disclosing the accounting policies.

The amendments must help entities disclose more useful accounting policies by replacing the requirement for entities to disclose “significant accounting policies” to requiring entities to disclose “significant information” about accounting policies, and by adding guidance on how entities must apply the concept materiality when making decisions on disclosing information about accounting policies.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. Because the amendments to IFRS Practice Note No. 2 provide for non-mandatory guidance on application of the definition of materiality to accounting policy information, the effective date of the amendments is not required.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction, January 1, 2023

In May 2021, the IASB issued amendments to IAS 12 narrowing the application of the initial recognition exception under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

Adjustments must be applied to transactions that occurred at or after the beginning of the earliest comparative period presentation. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (if sufficient taxable profit is available) and a deferred tax liability must also be recognized for all deductible and taxable temporary differences associated with the lease and decommissioning liability.

The Company does not expect that the application of the standards listed above will have a significant impact on the financial statements in future periods.

4. Use of estimates and professional judgment

Preparation of the financial statements of the Company requires management to make estimates and judgments that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. The management regularly reviews its estimates and assumptions. The management bases its estimates and assumptions on historical experience and on other various factors believed to be reasonable in the circumstances. Actual results may differ from these estimates and judgments under different assumptions or conditions. The following estimates and assumptions are considered important for reflecting the financial condition of the Company:

Taxation

When assessing tax risks, the management considers possible areas of non-compliance with the tax laws that the Company cannot challenge or does not believe that it will be able to successfully appeal if additional taxes are assessed by the tax authorities. This determination requires significant judgment and is subject to change as a result of changes in tax laws and regulations.

Expected credit loss provision

The Company estimates provisions for expected credit losses associated with financial assets carried at amortized cost. This means that provisions for expected credit losses are recognized for all financial assets measured at amortized cost even if there is no objective evidence that they are impaired.

The Company applies the simplified approach of IFRS 9 "Financial Instruments" to calculate expected credit losses for the entire life of receivables. Changes in the economy and business conditions of borrowers may require adjustments to the probability of default and loss given default ratios and thus affect the adjustment to the allowance for doubtful accounts reported in the financial statements.

5. Revenue

k KZT	**2022**	**2021 (unaudited)**
Technical support of electronic keys	22,289	23,245
Services of access and technical support of eTransfer system	10,184	20,821
Connection to gates and information systems	1,686	6,433
	34,159	**50,499**

Timeframe of revenue recognition

k KZT	**2022**	**2021 (unaudited)**
Services transmitted at a certain point in time	-	-
Services transmitted during a period	34,159	50,499
	34,159	**50,499**

6. Cost of sales

k KZT	**2022**	**2021 (unaudited)**
Depreciation of intangible assets	2,049	2,719
Salary and relevant taxes	1,893	16,884
Execution of registration certificate	743	1,554
Other	204	235
	4,889	**21,392**

7. General and administrative expenses

k KZT	**2022**	**2021 (unaudited)**
Salary and relevant taxes	8,815	14,053
Courier services	1,657	1,446
Professional services	990	-
Expected credit loss provision	913	289
Bank services	586	268
Premise lease and cleaning	184	1,837
Depreciation of fixed assets	160	836
Derecognition of raw and other materials	114	185
Other	473	628
	13,892	**19,542**

8. Other expenses

k KZT	**2022**	**2021 (unaudited)**
Retirement of intangible assets	11,786	22
Retirement of fixed assets	1,060	401
	12,846	**423**

9. Other revenue

k KZT	**2022**	**2021 (unaudited)**
Sale of intangible assets	13,781	-
Sale of fixed assets	1,175	444
	14,956	**444**

10. Income tax expense

k KZT	**2022**	**2021 (unaudited)**
Costs of current income tax	2,332	3,503
Costs/(savings) of deferred income tax	4,141	(1,527)
	6,473	**1,976**

Following is reconciliation of costs of corporate income tax and accounting income multiplied by the corporate income tax rate of 20% for the years ended on December 31, 2022 and December 31, 2021:

k KZT	**2022**	**2021 (unaudited)**
Income before tax	31,938	10,058
Income interest rate in Kazakhstan	20%	20%
Income tax at standard rate	**6,388**	**2,012**
Other permanent differences	85	(36)
Income tax expense	**6,473**	**1,976**

Flows of temporary differences during 2022:

k KZT	**December 31, 2021 (unaudited)**	**Recognized in P&L S**	**December 31, 2022**
Fixed assets and intangible assets	123	20	143
Trade receivables	-	46	46
Funds in financial organizations	-	136	136
Remuneration to employees	1,475	(1,210)	265
Contractual obligations	3,511	(3,133)	378
	5,109	**(4,141)**	**968**

Flows of temporary differences during 2021:

k KZT	**December 31, 2020 (unaudited)**	**Recognized in P&L S**	**December 31, 2021 (unaudited)**
Fixed assets and intangible assets	(63)	186	123
Trade receivables	65	(65)	-
Remuneration to employees	1,492	(17)	1,475
Contractual obligations	2,088	1,423	3,511
	3,582	**1,527**	**5,109**

11. Cash and cash equivalents

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
Cash in banks		
with ‘BB+’ credit rating	26,685	-
with ‘B+’ credit rating	10	26,603
	26,695	**26,603**

12. Funds in financial organizations

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
Fixed deposits with over 90-day maturity	162,609	-
Provision for expected credit losses	(682)	-
	161,927	**-**

Fixed deposits placed with a bank that has a 'BB+' credit rating according to the Standard & Poor's. Fixed deposits are deposits with over 90-day maturity with an effective interest rate of 11.25% to 11.35% per annum. For the year ended 31 December, interest income is as follows:

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
Interest income on deposit accounts	14,652	-

Changes in estimated provision for expected credit losses with respect to cash and cash equivalents as of December 31, 2022 and 2022 are set out below:

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
As of January 1	-	-
Accrued	(682)	-
As of December 31	**(682)**	**-**

13. Trade receivables

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
Trade receivables	231	1,163
Estimated provision for expected credit losses and doubtful debts	(231)	-
	-	**1,163**

13. Trade receivables, continued

Changes in estimated provision for expected credit losses and doubtful debts for trade receivables as of December 31, 2022 and 2021 are as follows:

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
At the beginning of period	**-**	**(323)**
Accrued	(231)	(289)
Debited	-	612
At the end of period	**(231)**	**-**

14. Fixed assets

k KZT	Computer hardware	Other fixed assets	Total
Original cost			
Balance as of January 1, 2021 (unaudited)	2,170	1,367	**3,537**
Receipts (unaudited)	487	268	**755**
Retirements (unaudited)	(886)	(777)	**(1,663)**
Balance as of December 31, 2021 (unaudited)	**1,771**	**858**	**2,629**
Balance as of January 1, 2022 (unaudited)	1,771	858	**2,629**
Retirements	(1,248)	(725)	**(1,973)**
Balance as of December 31, 2022	**523**	**133**	**656**
Depreciation			
Balance as of January 1, 2021 (unaudited)	(752)	(942)	**(1,694)**
Depreciation for reporting year (unaudited)	(634)	(202)	**(836)**
Retirements (unaudited)	522	740	**1,262**
Balance as of December 31, 2021 (unaudited)	**(864)**	**(404)**	**(1,268)**
Balance as of January 1, 2022 (unaudited)	(864)	(404)	**(1,268)**
Depreciation for reporting year	(122)	(38)	**(160)**
Retirements	586	327	**913**
Balance as of December 31, 2022	**(400)**	**(115)**	**(515)**
Book value			
As of January 1, 2021 (unaudited)	1,418	425	1,843
As of December 31, 2021 (unaudited)	**907**	**454**	**1,361**
As of December 31, 2022	**123**	**18**	**141**

15. Intangible assets

k KZT	Software product	Software	Total
Original cost			
Balance as of January 1, 2021 (unaudited)	32,142	867	33,009
Receipts (unaudited)	5,143	-	5,143
Retirements (unaudited)	(15,639)	(696)	(16,335)
Balance as of December 31, 2021 (unaudited)	**21,646**	**171**	**21,817**
Balance as of January 1, 2022 (unaudited)	21,646	171	21,817
Retirements	(21,646)	(50)	(21,696)
Balance as of December 31, 2022	**-**	**121**	**121**

k KZT	Software product	Software	Total
Depreciation and impairment			
Balance as of January 1, 2021 (unaudited)	(20,818)	(703)	(21,521)
Depreciation for reporting year (unaudited)	(2,686)	(33)	(2,719)
Retirements (unaudited)	15,639	674	16,313
Balance as of December 31, 2021 (unaudited)	**(7,865)**	**(62)**	**(7,927)**
Balance as of January 1, 2022 (unaudited)	(7,865)	(62)	(7,927)
Depreciation for reporting year	(2,029)	(20)	(2,049)
Retirements	9,894	16	9,910
Balance as of December 31, 2022	**-**	**(66)**	**(66)**
Book value			
As of January 1, 2021 (unaudited)	11,324	164	11,488
As of December 31, 2021 (unaudited)	**13,781**	**109**	**13,890**
As of December 31, 2022	**-**	**55**	**55**

The initial cost of a number of software products, which are software intended for trading of financial instruments, was completely impaired in the amount of 15,639 thousand KZT. The need for a full impairment was due to the fact that the software products were not in demand on the active market, as a result of which benefits associated with the sale of functionality of the software products could not be realized as previously expected.

The management of the Company assessed recoverable cost of the software products and concluded that as of December 31, 2020, it did not expect any future economic benefits associated with these products. During 2021, these products were completely written off.

During 2022, the Company sold the remaining software products with a carrying value of 11,786 thousand KZT in favor of the sole Shareholder.

16. Remuneration of employees

k KZT	December 31, 2022	December 31, 2021 (unaudited)
Salary	158	-
Future leave provisions	1,325	4,926
Annual bonus provisions	-	2,448
	1,483	**7,374**

Provisions accrued and used in cost of sales for the year ended on December 31, 2022 totaled 135 thousand KZT and 3,985 thousand KZT, respectively (2021: 3,043 thousand KZT and 3,463 thousand KZT).

Provisions accrued and used as part of general and administrative expenses for the year ended on December 31, 2022 made 604 thousand KZT and 2,803 thousand KZT, respectively (2021: 2,131 thousand KZT and 1,796 thousand KZT).

The table below provides information on movement of reserves as of December 31, 2022 and 2021:

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
As of January 1	**7,374**	**7,459**
Accrued	739	5,174
Used	(6,788)	(5,259)
As of December 31	**1,325**	**7,374**

17. Contractual obligations

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
Liabilities for technical support of electronic keys	1,892	17,557
Advances received	406	783
	2,298	**18,340**

Transactions for technical support of electronic keys for the year ended on:

k KZT	**December 31, 2022**	**December 31, 2021 (unaudited)**
As of January 1	**17,557**	**10,438**
Recognized as earning during year	(22,289)	(23,245)
Cash flows during year	6,624	30,364
As of December 31	**1,892**	**17,557**

17. Contractual obligations, continued

Contractual obligations represent short-term advance payments received for annual technical support of electronic digital keys. This performance obligation is satisfied within one calendar year and reimbursement is generally due and payable in full before services are rendered.

18. Risk management

Financial Risk Management

Use of financial instruments exposes the Company to the following types of risk:

- credit risk;
- liquidity risk;
- market risk.

Basic principles of risk management

Risk management policy of the Company is designed to identify and analyze the risks to which the Company is exposed, establish acceptable risk limits and appropriate control mechanisms, as well as monitor risks and comply with established restrictions. Risk management policies and systems are regularly reviewed to determine the need for changes in connection with changes in market conditions and activities of the Company. The Company establishes training and management standards and procedures to create an orderly and effective control system in which all employees understand their roles and responsibilities.

Credit risk

Credit risk is the risk that the Company will incur financial losses because counterparties do not discharge their obligations under a financial instrument or client agreement. The Company is exposed to credit risk associated with its operating activities (primarily in relation to trade and other receivables) and financial activities, including cash balances on current accounts.

Trade receivables

Buyer credit risk is managed by each business unit in line with the policy established by the Company regarding buyer credit risk management.

The need to recognize impairment is analyzed on each reporting date using the allowance matrix to estimate expected credit losses based on experience of the Company. Estimated reserve rates are set depending on the number of days the payment is overdue. The estimates reflect probability-weighted results, time value of money and reasonable and supportable information about past events, current conditions and projected future economic conditions available on the reporting date.

18. Risk management, continued

Below is information on exposure of the Company to credit risk on trade receivables using the valuation allowance matrix:

	December 31, 2022		
	Gross book value	**Expected credit losses**	**% of expected credit losses**
Not overdue	-	-	-
Overdue for 1-90 days	-	-	-
Overdue for over 91 days	231	(231)	100%
	231	**(231)**	**100%**

	December 31, 2021 (unaudited)		
	Gross book value	**Expected credit losses**	**% of expected credit losses**
Not overdue	1,163	-	0.00%
Overdue for 1-90 days	-	-	-
Overdue for over 91 days	-	-	-
	1,163	**-**	**0.00%**

Cash and cash equivalents

As of December 31, 2022, the Company had cash and cash equivalents totaling 26,695 thousand KZT (December 31, 2021: 26,603 thousand KZT), which reflects maximum exposure of the Company to credit risk. Cash and cash equivalents are placed with second-tier banks with credit ratings from ‘B+’ to ‘BB+’ according to the Standard & Poor’s.

Funds in financial institutions

The Company limits its exposure to credit risk by placing available funds in time deposits and only with second-tier banks with credit rating of at least the BB+ according to Standard & Poor. The management actively monitors changes in credit ratings and does not expect defaults from banks.

In the reporting period, the Company accrued expected credit losses on funds held in a second-tier bank in the amount of 682 thousand KZT, which reflects the maximum level of the Company's exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in discharging its obligations related to financial obligations, settlement of which is carried out by transferring cash or another financial asset. Approach of the Company to liquidity management is to ensure, as far as possible, constant availability to

18. Risk management, continued

the Company of liquid funds sufficient to repay its obligations on time, both under normal and stress conditions, without allowing unacceptable losses to occur and without putting reputation of the Company at risk.

Currency risk

Foreign exchange risk is the risk that fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. As of December 31, 2022, the Company does not have any balances in foreign currency.

Capital Management

The main goals of the Company in relation to capital management are compliance with the requirements of the laws of the Republic of Kazakhstan with respect to the composition and structure of the share capital of the Company as well as ensuring activities of the Company on a continuous basis.

Exposure to liquidity risk

Below is information about remaining contractual maturities of financial assets and liabilities for the year ended on:

December 31, 2022:	**Cash flow under contract**			
k KZT	**On demand**	**1-3 months**	**3-12 months**	**Total**
Financial assets				
Cash and cash equivalents	26,695	-	-	26,695
Funds in financial organizations	-	161,927	-	161,927
Financial liabilities				
Short-term trade and other payables	-	(100)	-	(100)
	26,695	**161,827**	**-**	**188,522**

December 31, 2021 (unaudited):	**Cash flow under contract**			
k KZT	**On demand**	**1-3 months**	**3-12 months**	**Total**
Financial assets				
Cash and cash equivalents	26,603	-	-	26,603
Short-term trade receivables	-	1,163	-	1,163
Financial liabilities				
Short-term trade and other payables	-	(446)	-	(446)
	26,603	**717**	**-**	**27,320**

18. Risk management, continued

Fair value

The management has determined that the fair value of financial assets and liabilities approximates their carrying amounts primarily due to the short maturities of these instruments.

The management classifies fair value of the financial assets and liabilities of the Company as Level 2 of the fair value hierarchy.

19. Contingent assets and liabilities

Contingent tax liabilities in Kazakhstan

The tax system of Kazakhstan, being relatively new, is featured by frequent changes in the laws, official explanations and court decisions, which are often unclear and contradictory, which allows for ambiguous interpretation by various tax authorities, including opinions regarding treatment of income, expenses and other items of financial statements subject to the IFRS.

Checks and investigations with respect to correctness of tax calculations are carried out by regulatory authorities at various levels, which have the right to impose large fines and charge interest. Correctness of tax calculations in the reporting period can be verified over the next three calendar years, but under certain circumstances this period can be extended.

These circumstances can entail tax risks in Kazakhstan being much higher than in other countries. The management of the Company, based on its understanding of the applicable tax laws, regulatory requirements and court decisions, believes that the tax liabilities are fully reported. However, interpretation of these provisions by relevant authorities may differ and, if they are able to demonstrate validity of their position, this could have a significant impact on these financial statements.

Litigations

In the normal course of business, the Company may be subject to various lawsuits and claims. The Company assesses the likelihood of a significant liability in the light of specific circumstances and records an appropriate provision in the financial statements only when it is probable that an outflow of resources will be required to settle the liability and the amount of the liability can be measured reliably.

The management believes that actual liabilities, if any, will not significantly affect the current financial statements and financial results of the Company. For this reason, no provisions have been made in these financial statements.

20. Transactions with related parties

Holding company

The only participant of the Company is Kazakhstan Stock Exchange JSC, which publishes financial statements that are in the public domain.

20. Other related-party transactions, continued

Remuneration of senior staff

Remunerations received by senior staff in the reporting year made the following amounts reported within administrative expenses:

k KZT	**2022**	**2021 (unaudited)**
Salary and relevant taxes	6,204	9,136

Other related-party transactions

Statement of financial statement for years ended on December 31, 2022 and December 31, 2021, reported the following balances under related-party transactions.

k KZT	**December 31, 2022**		**December 31, 2021 (unaudited)**	
	Holding company	**Other related parties**	**Holding company**	**Other related parties**
Cash and cash equivalents	-	26,685	-	-
Funds in financial organizations	-	162,609	-	-
Trade receivables	-	37	-	23
Trade and other payables	-	46	-	-
Contractual obligations	-	249	-	688

Statement of profit or loss and other comprehensive income for years ended on December 31, 2022 and December 31, 2021, reported the following amounts arising from related-party transactions.

k KZT	**December 31, 2022**		**December 31, 2021 (unaudited)**	
	Holding company	**Other related parties**	**Holding company**	**Other related parties**
Earnings	273	1,901	260	2,781
Administrative expenses	-	(564)	-	(149)
Other income	14,956	-	-	-
Interest income	-	13,342	-	-

21. Events after reporting date

After the reporting date December 31, 2022 until the approval date of these financial statements there were no significant events.