

**REPORT ARCHIVE COPY**

**JOINT STOCK COMPANY  
"KAZTELEPORT"-  
SUBSIDIARY COMPANY OF  
HALYK BANK OF KAZAKHSTAN"**

Financial Statements and  
Independent Auditor's Report  
For the Year Ended 31 December 2021

# **Joint Stock Company “Kazteleport” - Subsidiary Company of Halyk Bank of Kazakhstan”**

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# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan"

## Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31 December 2021

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Management of Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan" ("the Company") is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2021, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and of significant accounting policies and notes to the financial statements in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:


- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

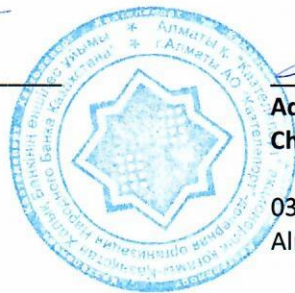
- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of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


These financial statements of the Company for the year ended 31 December 2021 were authorized for issuance by the Chairman of the Management Board of the Company on 03 March 2022.

On behalf of the Management of the Company:

  
Kussainov A. M.  
Chairman

03 March 2022  
Almaty, Kazakhstan



  
Adylova K. R.  
Chief Accountant

03 March 2022  
Almaty, Kazakhstan



## INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan"

### Opinion

We have audited the financial statements of Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan" ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for 2021 in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* ("the IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

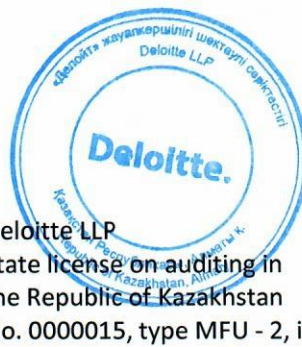
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Zhangir Zhilyysbayev  
Qualification certificate in  
the Republic of Kazakhstan  
#MF-0000116,  
dated 22 November 2012  
General Director  
Deloitte LLP



Deloitte LLP  
State license on auditing in  
the Republic of Kazakhstan  
No. 0000015, type MFU - 2, issued by the  
Ministry of finance of  
the Republic of Kazakhstan  
dated 13 September 2006

Kanyshai Sadyrbekova  
Engagement Partner

03 March 2022  
Almaty, Kazakhstan



# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan"

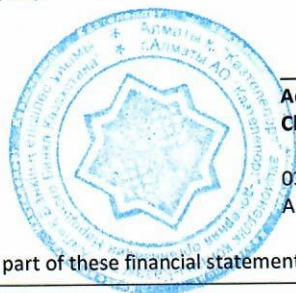
## Statement of Financial Position as at 31 December 2021 (in thousands of Kazakhstani Tenge)

|   | Notes  | 31 December<br>2021 | 31 December<br>2020 |
|---|--------|---------------------|---------------------|
| <b>ASSETS:</b>                                  |        |                     |                     |
| <b>CURRENT ASSETS:</b>                          |        |                     |                     |
| Cash and cash equivalents                       | 5, 25  | 656,479             | 1,332,189           |
| Restricted cash                                 |        | 28,372              | 60,995              |
| Trade accounts receivable                       | 6, 25  | 402,892             | 741,376             |
| Advances paid                                   | 7, 25  | 620,712             | 622,018             |
| Withholding tax assets                          |        | 14,329              | 14,747              |
| Current income tax assets                       |        | 52,613              | 35,797              |
| Inventories                                     | 8      | 908,074             | 706,125             |
| Other current assets                            | 25     | 150,712             | 104,405             |
| <b>TOTAL CURRENT ASSET</b>                      |        | <b>2,834,183</b>    | <b>3,617,652</b>    |
| <b>NON-CURRENT ASSETS:</b>                      |        |                     |                     |
| Property and equipment                          | 9      | 3,491,209           | 1,892,033           |
| Right-of-use assets                             | 10     | 32,354              | -                   |
| Intangible assets                               | 11     | 704,344             | 789,562             |
| <b>TOTAL NON-CURRENT ASSETS</b>                 |        | <b>4,227,907</b>    | <b>2,681,595</b>    |
| <b>TOTAL ASSETS</b>                             |        | <b>7,062,090</b>    | <b>6,299,247</b>    |
| <b>LIABILITIES AND EQUITY:</b>                  |        |                     |                     |
| <b>CURRENT LIABILITIES:</b>                     |        |                     |                     |
| Trade accounts payable                          | 12, 25 | 282,758             | 300,377             |
| Short-term portion of borrowings                | 16, 25 | 210,867             | -                   |
| Short-term lease liabilities                    | 10, 25 | 9,468               | -                   |
| Advances received                               | 14, 25 | 79,831              | 251,819             |
| Tax payable, other than income tax              | 15     | 188,243             | 206,113             |
| Other current liabilities                       | 13     | 300,388             | 353,174             |
| <b>TOTAL CURRENT LIABILITIES</b>                |        | <b>1,071,555</b>    | <b>1,111,483</b>    |
| <b>NON-CURRENT LIABILITIES:</b>                 |        |                     |                     |
| Long-term portion of borrowings                 | 16, 25 | 751,544             | -                   |
| Lease liabilities                               | 10, 25 | 23,079              | -                   |
| Deferred tax liabilities                        | 23     | 144,726             | 107,853             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>            |        | <b>919,349</b>      | <b>107,853</b>      |
| <b>TOTAL LIABILITIES</b>                        |        | <b>1,990,904</b>    | <b>1,219,336</b>    |
| <b>EQUITY:</b>                                  |        |                     |                     |
| Share capital                                   | 17     | 1,428,494           | 1,428,494           |
| Property revaluation reserve                    | 9      | 20,775              | 20,778              |
| Additional contribution from the Parent company |        | 76,661              | 76,661              |
| Retained earnings                               |        | 3,545,256           | 3,553,978           |
| <b>TOTAL EQUITY</b>                             |        | <b>5,071,186</b>    | <b>5,079,911</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>             |        | <b>7,062,090</b>    | <b>6,299,247</b>    |

On behalf of the Management of the Company:

Kussainov A. M.  
Chairman

03 March 2022  
Almaty, Kazakhstan



Adylova K. R.  
Chief Accountant

03 March 2022  
Almaty, Kazakhstan

The notes on pages 10-45 form an integral part of these financial statements.



**Joint Stock Company "Kazteleport" -  
Subsidiary Company of Halyk Bank of Kazakhstan"**

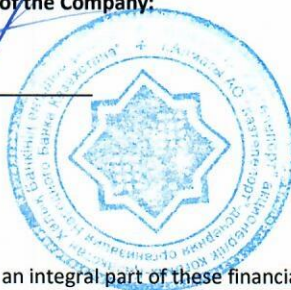
**Statement of Profit or Loss and Other Comprehensive Income  
for the Year Ended 31 December 2021  
(in thousands of Kazakhstani Tenge)**

|  | Notes  | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|--|--------|-----------------------------------|-----------------------------------|
| Revenue  | 18, 25 | 7,454,130                         | 7,722,423                         |
| Revenue from rent of equipment and software  | 19, 25 | 1,088,144                         | 896,983                           |
| Cost of services   | 20, 25 | (6,633,602)                       | (6,704,901)                       |
| <b>GROSS PROFIT</b>  |        | <b>1,908,672</b>                  | <b>1,914,505</b>                  |
| General and administrative expenses  | 21, 25 | (883,185)                         | (670,270)                         |
| Rent expenses  | 22, 25 | (82,265)                          | (84,875)                          |
| Net loss on foreign exchange operations  |        | (9,183)                           | (15,044)                          |
| Interest income  | 25     | 95,101                            | 98,697                            |
| Other income   |        | 96,323                            | 37,746                            |
| Other expenses   |        | (21,330)                          | (54,565)                          |
| <b>PROFIT BEFORE INCOME TAX EXPENSE</b>  |        | <b>1,104,133</b>                  | <b>1,226,194</b>                  |
| Income tax expense   | 23     | (242,905)                         | (259,040)                         |
| <b>NET PROFIT FOR THE YEAR</b>   |        | <b>861,228</b>                    | <b>967,154</b>                    |
| <b>OTHER COMPREHENSIVE INCOME:</b>   |        |                                   |                                   |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>                               |        |                                   |                                   |
| Gain on property revaluation (net of deferred income tax – KZT Nil and KZT 5,195 thousand, respectively) |        | -                                 | 20,778                            |
| Other comprehensive income   |        | -                                 | 20,778                            |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |        | <b>861,228</b>                    | <b>987,932</b>                    |

On behalf of the Management of the Company:

Kussainov A. M.  
Chairman

03 March 2022  
Almaty, Kazakhstan



Adylova K. R.  
Chief Accountant

03 March 2022  
Almaty, Kazakhstan

The notes on pages 10-45 form an integral part of these financial statements.

**Joint Stock Company "Kazteleport" -  
Subsidiary Company of Halyk Bank of Kazakhstan"**

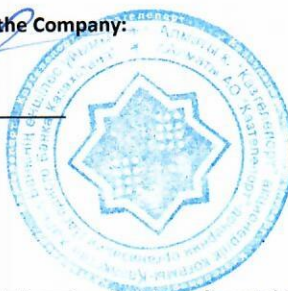
**Statement of Changes in Equity  
for the Year Ended 31 December 2021  
(in thousands of Kazakhstani Tenge)**

|                                       | Notes | Share<br>capital | Property<br>revaluation<br>reserve | Additional<br>contribution<br>from the<br>Parent<br>company | Retained<br>earnings | Total<br>equity  |
|---------------------------------------|-------|------------------|------------------------------------|---|----------------------|------------------|
| <b>As at 31 December 2019</b>         |       | <b>1,428,494</b> | <b>-</b>                           | <b>76,661</b>   | <b>2,586,824</b>     | <b>4,091,979</b> |
| Net profit for the year               |       | -                | -                                  | -   | 967,154              | 967,154          |
| Other comprehensive income            | 9     | -                | 20,778                             | -   | -                    | 20,778           |
| <b>Total comprehensive income</b>     |       | <b>-</b>         | <b>20,778</b>                      | <b>-</b>  | <b>967,154</b>       | <b>987,932</b>   |
| <b>As at 31 December 2020</b>         |       | <b>1,428,494</b> | <b>20,778</b>                      | <b>76,661</b>   | <b>3,553,978</b>     | <b>5,079,911</b> |
| Net profit for the year               |       | -                | -                                  | -   | 861,228              | 861,228          |
| Dividends paid                        | 17    |                  |                                    |   | (869,953)            | (869,953)        |
| Reclassification to retained earnings | 9     |                  | (3)                                |   | 3                    | -                |
| <b>As at 31 December 2021</b>         |       | <b>1,428,494</b> | <b>20,775</b>                      | <b>76,661</b>   | <b>3,545,256</b>     | <b>5,071,186</b> |

On behalf of the Management of the Company:

Kussainov A. M.  
Chairman

03 March 2022  
Almaty, Kazakhstan



Adylova K. R.  
Chief Accountant

03 March 2022  
Almaty, Kazakhstan

The notes on pages 10-45 form an integral part of these financial statements.

**Joint Stock Company “Kazteleport” -  
Subsidiary Company of Halyk Bank of Kazakhstan”**

**Statement of Cash Flows  
for the Year Ended 31 December 2021  
(in thousands of Kazakhstani Tenge)**

|  | Notes                | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|--|----------------------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                      |                                   |                                   |
| Profit before income tax expense   |                      | 1,104,133                         | 1,226,194                         |
| Adjustments for:   |                      |                                   |                                   |
| Depreciation and amortization of property and equipment and intangible assets                  | 9, 10, 11,<br>20, 21 | 433,635                           | 332,662                           |
| (Recovery of)/additional allowance on trade accounts receivable, advances paid and inventory   |                      | (28,162)                          | 10,099                            |
| Net loss on foreign exchange operations  |                      | 9,183                             | 15,044                            |
| Loss on property revaluation   | 9                    | -                                 | 10,386                            |
| Loss from disposal of property and equipment   |                      | 491                               | 424                               |
| Interest income  |                      | (95,101)                          | (98,697)                          |
| Other  |                      | (4,151)                           | -                                 |
| <b>Cash flows from operating activities before changes in operating assets and liabilities</b> |                      | <b>1,420,028</b>                  | <b>1,496,112</b>                  |
| Changes in operating assets and liabilities  |                      |                                   |                                   |
| Decrease/(increase) in operating assets:   |                      |                                   |                                   |
| Restricted cash  |                      | 32,623                            | (47,627)                          |
| Trade accounts receivable  |                      | 366,270                           | (91,889)                          |
| Other current assets, inventory and advances paid  |                      | (239,530)                         | (178,901)                         |
| (Decrease)/increase in operating liabilities:  |                      |                                   |                                   |
| Trade accounts payable   |                      | 160,048                           | 188,927                           |
| Advances received  |                      | (171,988)                         | (238,915)                         |
| Tax payable, other than income tax   |                      | (17,869)                          | 48,494                            |
| Other current liabilities  |                      | (52,786)                          | 33,400                            |
| <b>Cash inflow from operating activities before taxation</b>                                   |                      | <b>1,496,796</b>                  | <b>1,209,601</b>                  |
| Interest paid on borrowings  |                      | (3,848)                           | -                                 |
| Interest paid on lease liabilities   |                      | (374)                             | -                                 |
| Income tax paid  |                      | (222,430)                         | (220,863)                         |
| <b>Net cash inflow from operating activities</b>   |                      | <b>1,270,144</b>                  | <b>988,738</b>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                      |                                   |                                   |
| Purchase of property and equipment   | 9                    | (2,077,561)                       | (777,376)                         |
| Purchase of intangible assets  | 11                   | (58,740)                          | (133,111)                         |
| Interest income received from deposits   |                      | 95,101                            | 98,697                            |
| <b>Net cash outflow from investing activities</b>  |                      | <b>(2,041,200)</b>                | <b>(811,790)</b>                  |



**Joint Stock Company "Kazteleport" -  
Subsidiary Company of Halyk Bank of Kazakhstan"**

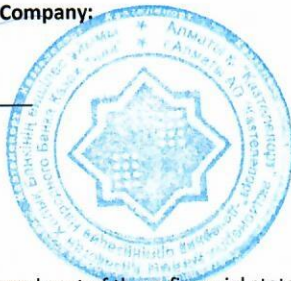
**Statement of Cash Flows (continued)  
for the Year Ended 31 December 2021  
(in thousands of Kazakhstani Tenge)**


|  | Notes    | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|--|----------|-----------------------------------|-----------------------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                   |          |                                   |                                   |
| Proceeds from borrowings   | 16       | 973,134                           | -                                 |
| Repayment of borrowings  | 16       | (6,989)                           | -                                 |
| Repayment of lease liabilities   |          | (731)                             | -                                 |
| Dividends paid   | 17       | (869,953)                         | -                                 |
| <b>Net cash inflow from financing activities</b>                               |          | <b>95,461</b>                     | <b>-</b>                          |
| <i>Effect of changes in foreign exchange rate on cash and cash equivalents</i> |          | (115)                             | (15,584)                          |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>                    |          | <b>(675,710)</b>                  | <b>161,364</b>                    |
| <b>CASH AND CASH EQUIVALENTS, beginning of the year</b>                        | <b>5</b> | <b>1,332,189</b>                  | <b>1,170,825</b>                  |
| <b>CASH AND CASH EQUIVALENTS, end of the year</b>                              | <b>5</b> | <b>656,479</b>                    | <b>1,332,189</b>                  |

On behalf of the Management of the Company:

  
Kussainov A. M.  
Chairman

03 March 2022  
Almaty, Kazakhstan



  
Adylova K. R.  
Chief Accountant

03 March 2022  
Almaty, Kazakhstan

The notes on pages 10-45 form an integral part of these financial statements.

# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank of Kazakhstan"

Notes to the financial statements  
for the year ended 31 December 2021  
*(in thousands of Kazakhstani Tenge, unless otherwise indicated)*

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## 1. General information

Joint Stock Company "Kazteleport" - subsidiary company of Halyk Bank of Kazakhstan ("the Company") was incorporated on 9 November 1999 as a closed joint stock company in accordance with the laws of the Republic of Kazakhstan and was re-registered as a joint stock company on 28 October 2004.

The Company's registered office is **109 B Abay Avenue**, Almaty.

The Company is the subsidiary of JSC Halyk Bank of Kazakhstan ("the Parent company" or "the Bank"). As at 31 December 2021 and 2020, the Bank owns 100% of the common shares of the Company. JSC Halyk Bank of Kazakhstan is ultimately controlled by Timur Kulibayev and his wife Dinara Kulibayeva.

The primary activities of the Company include providing telecommunication services, data processing centers (DPC), provision of services related to technical support of self-servicing equipment (ATM) of the Bank, maintenance services of containment (germozone). The Company performs delivery of materials and telecommunication equipment, set-up of structured cabling system, systems of video surveillance and firefighting, technical service of DPC equipment and POS-terminals.

The Company operates under licenses issued by the Committee for Construction and Housing and Communal Services of the Ministry of Regional Development of the Republic of Kazakhstan: # 13005408 issued on 5 April 2013 for construction and installation works and the License, # 13005409 issued on 5 April 2013 for project development, and the License issued by National Security Committee of the Republic of Kazakhstan # 191 issued on 15 April 2013 for development and sale (including other transfer) of the tools for cryptographic protection of information.

As at 31 December 2021 and 2020, the number of the Company's employees was 546 and 527, respectively.

These financial statements were authorized for issue by the Chairman of the Management Board of the Company on 03 March 2022.

## 2. Significant accounting policies

### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements are presented in thousands of *Kazakhstani tenge* ("KZT thousand"), unless otherwise indicated.

These financial statements have been prepared assuming that the Company is a going concern and will continue operation for the foreseeable future.



## **Joint Stock Company “Kazteleport” - Subsidiary Company of Halyk Bank”**

**Notes to the financial statements (continued)  
for the year ended 31 December 2021  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)**

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### **Operating environment**

Emerging markets such as the Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in the Republic of Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of the Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because the Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market.

The impact of changes in economic conditions on the Company's future results of operations and financial position may be significant.

In addition to that, starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have significant impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including, but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing. In addition, the Company may face the increasingly broad effects of COVID-19 as a result of its negative impact on the global economy and major financial markets. The significance of the effect of COVID-19 on the Company's business largely depends on the duration and the incidence of the pandemic effects on the world and Kazakhstani economy.

Management analysed the impact of COVID-19 on the Company's operations in 2021.

As a result of the procedures carried out in terms of the Company's revenue, it was revealed that there was no decrease in the number of clients and the volume of services provided. For some of the Company's large customers, an increase in the volume of consumed services was observed in 2021. New consumer trends in the world and the Republic of Kazakhstan show that such sectors of information technology as cloud hosting, information security services and internet access are developing faster than before the pandemic. COVID-19 has impacted the implementation of new large projects, the execution of which was postponed till the end of 2022.

Based on the above, there was no significant impact of COVID-19 on the Company's operations.

Management of the Company is monitoring current changes in the economic environment and taking measures it considered necessary in order to support the sustainability and development of the Company's business in the foreseeable future. The impact of further economic developments on future operations and financial position of the Company is at this stage difficult to determine.



# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank"

Notes to the financial statements (continued)  
for the year ended 31 December 2021  
(in thousands of Kazakhstani Tenge, unless otherwise indicated)

## Basis of preparation

These financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Active market (IFRS 13) is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Exchange rates for the currencies in which the Company transacts were as follows:

|                               | 31 December<br>2021 | 31 December<br>2020 |
|-------------------------------|---------------------|---------------------|
| <b>Closing exchange rates</b> |                     |                     |
| KZT/ 1 U.S. Dollar            | 431.80              | 420.91              |
| KZT/ 1 Euro                   | 489.10              | 516.79              |
| KZT/ 1 Ruble                  | 5.76                | 5.62                |

## Foreign currencies

For the purpose of the financial statements, the results and financial position of the Company are expressed in Kazakhstani tenge which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank"

Notes to the financial statements (continued)  
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Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

## **Financial instruments**

The Company recognizes financial assets and liabilities on its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised in the financial statements and derecognised using settlement date accounting.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

## Classification and measurement

For financial assets accounting IFRS 9 provides for three classification categories:

- instruments estimated at amortised value;
- instruments estimated at fair value, which changes are reflected in other comprehensive income;
- instruments estimated at fair value, which changes are reflected in profit or loss statement for the reporting period.

All financial assets of the Company are classified as assets estimated at amortised cost. The company has following financial assets which are valued in accordance with IFRS 9:

- Cash and cash equivalents;
- Trade accounts receivable.

In accordance with IFRS 9 recommendations the Company uses the following financial assets management business models:

- *Retention of an asset to obtain the cash flows stipulated by the contract.* This business model suggests financial asset management aims to realize cash flows by receiving principal and interest payments over the life of the financial instrument. Within the framework of this business model, holding a financial asset to maturity is a priority, but early disposal is not prohibited.



## Joint Stock Company “Kazteleport” - Subsidiary Company of Halyk Bank”

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### Impairment

Calculation of financial assets impairment was made taking into account the following factors:

- Expected credit losses (further – “ECL”) on deposits and transactions on current bank accounts are calculated using credit ratings of the counterparty, probability of default, duration of the transaction and loss given default (further – LGD).
- the Company calculates expected credit losses on trade accounts receivable using lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).
- the Company uses in calculation the ECL the following matrixes and provision rates: for trade accounts receivable with overdue days between 1 and 90 using provision rate of 1.7% from total accounts receivable in this bucket; for accounts receivables with 91 overdue days using provision rate of 100% of outstanding debt.

Financial assets such as deposits and current bank accounts are segmented by stages in accordance with the following approach:

- Stage 1: There is no significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the next 12 months;
- Stage 2: Significant increase in credit risk since recognition of an asset, impairment is recognised as expected losses over the life of a financial asset;
- Stage 3: Financial asset is in default or has signs of impairment.

### **Reclassifications**

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company’s financial assets. Changes in contractual cash flows are considered under the accounting policy.

### **Credit-impaired financial assets**

A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.



## Joint Stock Company “Kazteleport” - Subsidiary Company of Halyk Bank”

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In some circumstances, it may not be possible to identify a single discrete event instead; as the combined effect of several events may have caused financial assets to become credit-impaired.

### ***Significant increase in credit risk***

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL. In performing such analysis, the Company shall 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. Forward-looking information for analysis should include data on the prospects for the development of industries in which the Company's debtors operate, obtained from economic experts, financial analysts, government bodies, relevant research centers and other similar organizations, as well as an analysis of various external sources of actual and forecast economic information related to the Company's core business.

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

- an actual or expected significant deterioration in the internal or external (if any) credit rating of the financial instrument;
- a significant deterioration in external market credit risk measures for a particular financial instrument, i.e. a significant increase in the credit spread, credit default swap prices for the obligor, the period of time for which, or the extent to which, the fair value of the financial asset was less than its amortized cost;
- existing or forecast adverse changes in commercial, financial or economic conditions that are expected to result in a significant change in the debtor's ability to meet its debt obligations;
- actual or expected significant deterioration in the debtor's operating results;
- significant increase in credit risk on other financial instruments of the same obligor;
- actual or anticipated significant adverse changes in the debtor's regulatory, economic or technological environment that result in a significant reduction in the debtor's ability to meet its debt obligations.

### ***Definition of default***

The Company considers the following as constituting an event of default:

- The borrower is past due more than 91 days on any material credit obligation to the Company; or
- The borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources.



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**Notes to the financial statements (continued)**  
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## ***Derecognition of financial assets***

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition.

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

## ***Derecognition of financial liabilities***

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred and the consideration paid, including any non-monetary assets transferred or liabilities assumed, is recognised in profit or loss.

## **Cash and cash equivalents**

Cash and cash equivalents consist of unrestricted balances on correspondent accounts in banks and short-term deposits in banks with original maturity of less than three months that are free from contractual encumbrances.

## **Trade accounts receivable**

Trade accounts receivable are recognised and carried at original invoice amount less an allowance for any doubtful debts.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The Company has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.



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The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

## Inventory

Inventories of materials and supplies are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. The Company creates provisions for slow moving and obsolete inventory based on inventory turnover ratios and current marketing plans.

## Property and equipment

Land and buildings held for the rendering of services are carried in the statement of financial position at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any revaluation increase arising on the revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Construction in progress is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such construction in progress is classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land owned by the Company is not depreciated.

Equipment and other property are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged on the carrying value of property and equipment and is designed to write off assets over their useful economic lives. Depreciation is calculated on a straight line basis at the following useful lives:

|                             | Years  |
|-----------------------------|--------|
| Buildings                   | 51     |
| Telecommunication equipment | 3-15   |
| Vehicles                    | 7      |
| Computers and peripherals   | 3.75-9 |
| Other                       | 3-15   |



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Expenses incurred after the equipment was put into operation, or related to repairs, servicing and technical servicing are charged when incurred. When expenses result in increase of economic benefits expected to arise due to using property and equipment over its assessed performance (increase of useful lives, productivity, etc.), such expenses are capitalized as added cost of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

## Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Depreciation is calculated on the basis of the straight-line method of depreciation using the following established useful lives:

|          | Years |
|----------|-------|
| Software | 5-10  |
| Licenses | 3-10  |

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



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**Notes to the financial statements (continued)  
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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. If the impairment loss exceeds the surplus from the revaluation of that asset, the additional impairment loss is recognized in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Any increase above this amount is treated as a revaluation surplus.

## **Trade accounts payable**

Trade accounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

## **Retirement and pension obligations**

In accordance with the requirements of the legislation of the Republic of Kazakhstan the current pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by Integrated Accumulative Pension Fund. The Company does not have any pension arrangements separate from the current pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

## **Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

## **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



# Joint Stock Company "Kazteleport" - Subsidiary Company of Halyk Bank"

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## Share capital

Contributions to share capital are recognised at cost.

Dividends on common shares are recognised in equity as a reduction in the period in which they are declared. Dividends that are declared after the reporting date are treated as a subsequent event under IAS 10 "Events after the reporting period" and disclosed accordingly.

## Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## Revenue recognition

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Company recognizes revenue from the following major types of services:

- Services related to technical support of self-servicing equipment (ATM) of the Bank
- Provision of telecommunication services.
- Provision of service of data processing center (DPC).
- Installation of structured cabling system, systems of video surveillance and firefighting
- Services related to technical support of DPC equipment and POS-terminals.
- Provision of service of containment area (germozone)
- Equipment sales, the price of which includes a service charge and a manufacturer's warranty included in the price. Manufacturer's warranties cannot be purchased separately, and they serve as an assurance that the products sold comply with agreed-upon specifications of the manufacturer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reasonably measured. Revenue is recognised net of indirect taxes and is recognised based on invoices issued during the reporting period.



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**Notes to the financial statements (continued)  
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All types of revenue from service provision including revenue from telecommunication services and revenue from set-up of structured cabling system are mainly represented by the amounts of revenue that are agreed by the contracts and which are recognised over a period of time based on monthly acts of work done and invoices formed by the Company.

Revenue from sale of equipment is recognised at the point of transfer of risks and rewards of the ownership of the equipment, normally when the equipment is shipped. If the Company agrees to transport goods to specific location, revenue is recognised when the equipment is passed to the customer at the destination point.

## **Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding (excluding interest) and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## **Expenses recognition**

Expenses are recognised at the time the actual receipts of the related goods or services occurs, regardless of when cash and cash equivalent is paid, and are reported in the financial statements in the period to which they relate.

## **Leases**

IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

## ***Operating lease accounting***

### **Company as a Lessee**

Instead of applying the recognition requirements of IFRS 16, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- i) leases with a lease term of 12 months or less and containing no purchase options; and
- ii) leases where the underlying asset has a low value.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

## Company as a Lessor

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

Lease classification is made at the commencement date of the lease and is re-evaluated only if the lease is modified.

Operating lease income is recognised on a straight-line basis over the lease term.

## **Finance lease accounting**

### Company as a Lessee

For finance lease agreements under IFRS 16 leases, the Company has the following accounting principles:

- (a) Recognises right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- (b) Recognises depreciation of right of use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income;
- (c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (rent free period) are recognised as part of the measurement of the right of use assets and lease liabilities.

Right of use assets tested for impairment in accordance with IAS 36 “Impairment of Assets”.

## **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



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## *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

In the Republic of Kazakhstan there are also various other taxes, which are assessed on the Company's activities. These taxes are included as a component of general and administrative expenses in the statement of profit or loss and other comprehensive income.

## *Other taxes*

Republic of Kazakhstan also has various other taxes, which are assessed on the Company's activities. These taxes are included as a component of general and administrative expenses in the consolidated statement of profit or loss and statement of profit or loss and other comprehensive income.

# Joint Stock Company “Kazteleport” - Subsidiary Company of Halyk Bank”

Notes to the financial statements (continued)  
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## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Key sources of estimation uncertainty

The below are listed key estimations that the management have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Impairment of trade accounts receivable*

Trade accounts receivable are carried at amortised cost less allowance for any doubtful debts. The valuation of the allowance includes the subjective factor. The Company makes valuation of the allowance for doubtful debts to maintain the allowance on the level that Company's management thinks is enough for coverage of the losses on trade accounts receivable.

## 4. Adoption of new and revised Standards

### New and amended IFRS Standards that are effective for the current year

The following amendments and interpretations are effective for the Company starting from 1 January 2021 but have not significantly affected the Company:

|  |   |
|--|---|
| Amendments to IFRS 9, IFRS 39 and IFRS 7, IFRS 4 and IFRS 16 | <i>Interest Rate Benchmark Reform (Phase 2)</i> |
| Amendments to IFRS 16  | <i>Covid-19-Related Rent Concessions</i>        |

The application of the new standards and interpretations did not lead to significant changes in the accounting policies of the Company affecting the reporting data of the current and previous periods.



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## New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

| New or revised standard or interpretation   | Applicable to annual reporting periods beginning on or after |
|---|--|
| IFRS 17 “Insurance contracts”   | 1 January 2023   |
| Amendments to IFRS 17 “Insurance contracts”   | 1 January 2023   |
| Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (as part of the project to formulate Annual Improvements to IFRS 2010-2012 cycles). | 1 January 2023   |
| Amendments to IAS 8 – “Definition of Accounting Estimates”  | 1 January 2023   |
| Amendments to IAS 1 and IFRS Practice Statement 2 – “Disclosure of Accounting Policies”   | 1 January 2023   |
| Annual Improvements to IFRS Standards 2018-2020:  |  |
| Amendments to IFRS 3 – “Reference to the Conceptual Framework”  | 1 January 2022   |
| Amendments to IAS 16 Property, Plant and Equipment – Revenue Before Intended Use  | 1 January 2022   |
| Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” – “Loss-making Contracts – Completion Value”                                      | 1 January 2022   |
| Amendments to IAS 12 <i>Deferred Tax Relating to Assets and Liabilities Arising from a Single Transaction</i>   | 1 January 2023   |
| Amendment to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>                                      | Date to be determined by the IASB                            |

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

## 5. Cash and cash equivalents

|  | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
| Short-term deposits in banks with original maturity less than three months | 441,075             | 1,282,501           |
| Cash on current and card-accounts  | 215,408             | 49,699              |
| Allowance for expected credit losses                                       | (4)                 | (11)                |
| <b>Total cash and cash equivalents</b>                                     | <b>656,479</b>      | <b>1,332,189</b>    |

As at 31 December 2021 and 2020, all short-term deposits were opened at the Parent company with the annual interest rate of 7.5% and 7%, respectively.

The Company monitors all financial assets that are subject to the impairment requirements for a significant increase in credit risk from the date of initial recognition. As at 31 December 2021 and 2020, the Company has not identified any significant increase in credit risk, therefore, it calculates the amount of the expected credit loss based on the amount of credit losses expected during next 12 months.

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**6. Trade accounts receivable**

|  | 31 December<br>2021 | 31 December<br>2020 |
|--|---------------------|---------------------|
| Trade accounts receivable              | 430,379             | 804,779             |
| Allowance for expected credit losses   | (27,487)            | (63,403)            |
| <b>Total trade accounts receivable</b> | <b>402,892</b>      | <b>741,376</b>      |

The following table details the risk profile of trade accounts receivable based on the Company's provision matrix as at 31 December 2021 and 2020:

| 31 December 2021                                 | Trade accounts receivable<br>past due days |        |         |
|--|--|--------|---------|
|  | Not past due                               | >90    | Total   |
| Expected credit loss rate                        | 1.7%                                       | 100%   |         |
| Estimated total gross carrying amount at default | 409,860                                    | 20,519 | 430,379 |
| Lifetime expected credit loss                    | 6,968                                      | 20,519 | 27,487  |

| 31 December 2020                                 | Trade accounts receivable<br>past due days |        |         |
|--|--|--------|---------|
|  | Not past due                               | >90    | Total   |
| Expected credit loss rate                        | 1.7%                                       | 100%   |         |
| Estimated total gross carrying amount at default | 754,197                                    | 50,582 | 804,779 |
| Lifetime expected credit loss                    | 12,821                                     | 50,582 | 63,403  |

Movements in the allowance for expected credit losses on trade accounts receivable for the years ended 31 December are presented in the table below:

|  | 2021          | 2020          |
|--|---------------|---------------|
| <b>As at January 1</b>                 | <b>63,403</b> | <b>45,931</b> |
| Write-off of trade accounts receivable | (7,760)       | (3,650)       |
| Accrual of additional reserves         | 94,004        | 76,545        |
| Recovery of reserves                   | (122,160)     | (55,423)      |
| <b>As at 31 December</b>               | <b>27,487</b> | <b>63,403</b> |

As at 31 December 2021 and 2020, trade accounts receivables were classified into stages 2 and 3.



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## 7. Advances paid

As at 31 December 2021 and 2020, the Company paid advances for:

|                                     | 31 December<br>2021 | 31 December<br>2020 |
|-------------------------------------|---------------------|---------------------|
| Delivery of equipment and materials | 387,733             | 428,384             |
| Deferred expenses                   | 163,070             | 128,951             |
| Construction of data center         | 55,558              | -                   |
| Installation works                  | 389                 | 23,347              |
| Other                               | 13,962              | 41,617              |
| Allowance for impairment            | -                   | (281)               |
| <b>Total advances paid</b>          | <b>620,712</b>      | <b>622,018</b>      |

Advances paid for the delivery of equipment and materials represent advances paid for equipment that will be subsequently delivered and installed to the Company's customers. As at 31 December 2021 and 2020 advances paid in the amount of KZT 297,927 thousand and KZT 321,458 thousand, respectively, were paid for telecommunications equipment, services and materials for ATM maintenance, installation of structured cabling systems and video surveillance systems, data center maintenance, which will be supplied and installed in the offices of the Parent company.

Due to the completion of work under a subcontract with LLP “AzimutStroy Contract” in 2020 and the absence of similar contracts in 2021, the amount for installation works amounted to KZT 389 thousand in 2021.

As at 31 December 2020, advances paid for installation works amounted to KZT 23,347 thousand of which the Company paid KZT 22,160 thousand to LLP Miras Engineering.

## 8. Inventories

|                                   | 31 December<br>2021 | 31 December<br>2020 |
|-----------------------------------|---------------------|---------------------|
| Materials and spare parts at cost | 904,421             | 699,650             |
| Other raw materials               | 15,118              | 17,946              |
| Allowance on inventory write-off  | (11,465)            | (11,471)            |
| <b>Total inventories</b>          | <b>908,074</b>      | <b>706,125</b>      |

Materials and spare parts at cost for provision of services consist of spare parts used for provision of technical support for ATMs of the Parent company, equipment for the installation of structured cable systems and video surveillance systems, fire extinguishing systems, access control systems, spare parts for maintenance of air conditioners and uninterruptible power supply (UPS).

As at 31 December 2021 and 2020, the balance of allowance on inventory write-off amounted to KZT 11,465 thousand and KZT 11,471 thousand, respectively.

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**9. Property and equipment**

|  | Land           | Buildings     | Telecom-<br>munication<br>equipment | Computers and<br>peripherals | Vehicles      | Construction in<br>progress | Other          | Total            |
|--|----------------|---------------|-------------------------------------|------------------------------|---------------|-----------------------------|----------------|------------------|
| <b>At cost/ revalued cost</b>          |                |               |                                     |                              |               |                             |                |                  |
| <b>31 December 2019</b>                | <b>141,308</b> | <b>29,587</b> | <b>1,540,530</b>                    | <b>685,646</b>               | <b>27,838</b> | <b>231,348</b>              | <b>97,488</b>  | <b>2,753,745</b> |
| Additions                              | 117,800        | -             | 102,142                             | 99,568                       | 7,820         | 222,308                     | 4,861          | 554,499          |
| Disposals                              | -              | (677)         | (15,243)                            | (22,291)                     | (2,848)       | -                           | (821)          | (41,880)         |
| Transfer                               | -              | -             | 347,585                             | -                            | -             | (347,585)                   | -              | -                |
| Gains/(losses) on property revaluation | 25,806         | (10,219)      | -                                   | -                            | -             | -                           | -              | 15,587           |
| Reclassification to intangible assets  | -              | -             | -                                   | -                            | -             | (3,090)                     | -              | (3,090)          |
| Reclassification from inventories      | -              | -             | 4,246                               | 1,609                        | -             | -                           | 205            | 6,060            |
| <b>31 December 2020</b>                | <b>284,914</b> | <b>18,691</b> | <b>1,979,260</b>                    | <b>764,532</b>               | <b>32,810</b> | <b>102,981</b>              | <b>101,733</b> | <b>3,284,921</b> |
| Additions                              | -              | -             | 257,157                             | 157,911                      | -             | 1,418,704                   | 9,824          | 1,843,596        |
| Internal movement                      | -              | -             | (1,906)                             | 1,906                        | -             | -                           | -              | -                |
| Disposals                              | -              | -             | (317,557)                           | (10,338)                     | -             | -                           | (1,302)        | (329,197)        |
| Transfer                               | -              | -             | 179,922                             | -                            | -             | (179,922)                   | -              | -                |
| Reclassification from inventories      | -              | -             | 20,472                              | 23,930                       | -             | -                           | 422            | 44,824           |
| <b>31 December 2021</b>                | <b>284,914</b> | <b>18,691</b> | <b>2,117,348</b>                    | <b>937,941</b>               | <b>32,810</b> | <b>1,341,763</b>            | <b>110,677</b> | <b>4,844,144</b> |
| <b>Accumulated depreciation</b>        |                |               |                                     |                              |               |                             |                |                  |
| <b>31 December 2019</b>                | -              | (145)         | (885,250)                           | (288,725)                    | (6,119)       | -                           | (26,080)       | (1,206,319)      |
| Charge for the year                    | -              | (563)         | (113,599)                           | (94,726)                     | (5,061)       | -                           | (14,076)       | (228,025)        |
| Disposals                              | -              | 677           | 15,232                              | 22,161                       | 2,728         | -                           | 658            | 41,456           |
| <b>31 December 2020</b>                | -              | (31)          | (983,617)                           | (361,290)                    | (8,452)       | -                           | (39,498)       | (1,392,888)      |
| Charge for the year                    | -              | (375)         | (164,276)                           | (104,197)                    | (5,209)       | -                           | (14,773)       | (288,830)        |
| Disposals                              | -              | -             | 317,420                             | 10,269                       | -             | -                           | 1,094          | 328,783          |
| <b>31 December 2021</b>                | -              | (406)         | (830,473)                           | (455,218)                    | (13,661)      | -                           | (53,177)       | (1,352,935)      |
| <b>Net book value</b>                  |                |               |                                     |                              |               |                             |                |                  |
| <b>As at 31 December 2021</b>          | <b>284,914</b> | <b>18,285</b> | <b>1,286,875</b>                    | <b>482,723</b>               | <b>19,149</b> | <b>1,341,763</b>            | <b>57,500</b>  | <b>3,491,209</b> |
| <b>As at 31 December 2020</b>          | <b>284,914</b> | <b>18,660</b> | <b>995,643</b>                      | <b>403,242</b>               | <b>24,358</b> | <b>102,981</b>              | <b>62,235</b>  | <b>1,892,033</b> |



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## Notes to the financial statements (continued) for the year ended 31 December 2021

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In 2020, qualified independent appraisers conducted a revaluation of the value of immovable property presented in the form of administrative premises and land. Based on market data, the total amount of real estate, taking into account revaluation, amounted to KZT 303,574 thousand as at 31 December 2020. Gain on revaluation in 2020 was recognised in the amount of KZT 25,973 thousand (land in the amount of KZT 25,806 thousand and buildings in the amount of KZT 167 thousand), which was recognised in other comprehensive income in the amount of KZT 20,778 thousand net of deferred tax in the amount of KZT 5,195 thousand. An impairment loss for buildings was recognised in the amount of KZT 10,386 thousand in other expenses.

Fair value was determined by independent appraisers using comparative and cost approaches. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. When using the cost approach, the actual costs were used with the application of the useful life of the estimated objects. According to the classification of the fair value measurement levels, the fair value hierarchy of the assessed assets are categorised into Level 2. During the period, there were no changes in the assessment methodology.

If land and buildings were measured at historical cost, their carrying amount would be:

|           | 31 December<br>2021 | 31 December<br>2020 |
|-----------|---------------------|---------------------|
| Land      | 259,108             | 259,108             |
| Buildings | 28,282              | 28,862              |

During 2021, construction in progress also included expenses for the construction of BMTS (block-modular transformer substation) and Cable line facilities in the amount of KZT 95,556 thousand. As at 31 December 2021, the works on installation and assembly of facilities for telecommunication systems were completed, and construction in progress in the amount of KZT 179,922 thousand was transferred to property and equipment.

As at 31 December 2020, construction in progress in the amount of KZT 102,981 thousand is represented by a building in which the construction of a data center is planned in the amount of KZT 18,615 thousand, and equipment in the amount of KZT 84,366 thousand necessary for telecommunications systems and which are in process of assembly and installation.

During 2020 construction in progress in the amount of KZT 347,585 thousand was transferred to property and equipment due to completion of works on setting up the network core nodes (communication channel infrastructure) for provision of telecommunication services.

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In 2021, the Company received a loan from JSC Altyn Bank and entered into a contractor agreement with LLP TC Company for the construction of data center in Almaty. All expenses for the construction of the data center, before entering the preliminary facility, are recorded to construction in progress. As of 31 December 2021, construction in progress in the amount of KZT 1,341,763 thousand represents a part of the capitalization of expenses on payments to suppliers for the construction of data center in the amount of KZT 1,311,002 thousand, the building in which the data center is being built, in the amount of KZT 18,615 thousand, the capitalization of the discount in amount of KZT 182 thousand and interest on a loan received from JSC Altyn Bank in the amount of KZT 7,684 thousand and an amount of KZT 4,280 paid for the examination and engineering research on a land plot in Nur-Sultan, where another data center is planned to be built in the future. Completion of the construction of the data center is scheduled for 2022.

As at 31 December 2021, property, plant and equipment with the carrying amount of KZT 369,529 thousand were pledged as security for loans to JSC Altyn Bank, consisting of immovable property (land and buildings in amount of KZT 172,229 thousand) and movable property (automobiles and equipment in amount of KZT 197,300 thousand) (Note 16).

As at 31 December 2021 and 2020, fully depreciated property, plant and equipment were written off in amount of KZT 328,783 thousand and KZT 39,722 thousand, respectively.

As of 31 December, the movements in the property, plant and equipment revaluation reserve are as follows:

|                                       | 2021          | 2020          |
|---------------------------------------|---------------|---------------|
| As at January 1                       |               |               |
| Other comprehensive income            | 20,778        | -             |
| Reclassification to retained earnings | -             | 20,778        |
|                                       | (3)           | -             |
| <b>As at 31 December</b>              | <b>20,775</b> | <b>20,778</b> |

Upon disposal of property, plant and equipment, the portion of the provision relating to the disposal of assets is reclassified to retained earnings net of taxes. The revaluation reserve for property, plant and equipment will not be subsequently reclassified in the statement of profit or loss.

## 10. Right-of-use assets

In November 2021, the Company entered into lease agreements for production premises with Parent company for a period of 36 months. Under the terms of the agreements, the Company acts as a lessor of production premises to accommodate data centers in the cities of Nur-Sultan and Almaty. There were no similar agreements in 2020.

These agreements were classified as leases under IFRS 16 with right-of-use assets and lease liabilities recognized at the present value of the lease payments.



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As at 31 December 2021 right-of-use assets of KZT 32,354 thousand and lease liabilities of KZT 32,547 thousand were recognized.

For the year ended 31 December 2021, the Company recognised depreciation expense on right-of-use assets in the amount of KZT 924 thousand and interest expense on lease liabilities in the amount of KZT 374 thousand, which are included in other expenses. The interest calculation is based on the effective rate of 13.5%.

|                           | 31 December<br>2021 |
|---------------------------|---------------------|
| <b>Maturity analysis:</b> |                     |
| Year 1                    |                     |
| Year 2                    | 13,263              |
| Year 3                    | 13,263              |
|                           | 12,997              |
|                           | <b>39,523</b>       |
| Less: unearned interest   | (6,976)             |
|                           | <b>32,547</b>       |
| <b>Analysed as:</b>       |                     |
| Non-current               | 23,079              |
| Current                   | 9,468               |
|                           | <b>32,547</b>       |

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company’s treasury function.

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**11. Intangible assets**

|   | Software and<br>licenses | Intangible assets<br>in progress of<br>installation | Total            |
|---|--------------------------|---|------------------|
| <b>At cost</b>                                      |                          |   |                  |
| <b>31 December 2019</b>                             | <b>819,497</b>           | <b>97,141</b>                                       | <b>916,638</b>   |
| Additions   | 126,384                  | 6,727   | 133,111          |
| Disposals   | (304)                    | -   | (304)            |
| Reclassification from property, plant and equipment | -                        | 3,090   | 3,090            |
| Transfer  | 96,700                   | (96,700)  | -                |
| <b>31 December 2020</b>                             | <b>1,042,277</b>         | <b>10,258</b>                                       | <b>1,052,535</b> |
| Additions   | 36,698                   | 22,042  | 58,740           |
| Disposals   | (15,469)                 | -   | (15,469)         |
| Transfer  | 11,219                   | (11,219)  | -                |
| <b>31 December 2021</b>                             | <b>1,074,725</b>         | <b>21,081</b>                                       | <b>1,095,806</b> |
| <b>Accumulated amortisation</b>                     |                          |   |                  |
| <b>31 December 2019</b>                             | <b>(158,640)</b>         | <b>-</b>  | <b>(158,640)</b> |
| Charge for the year                                 | (104,637)                | -   | (104,637)        |
| Disposals   | 304                      | -   | 304              |
| <b>31 December 2020</b>                             | <b>(262,973)</b>         | <b>-</b>  | <b>(262,973)</b> |
| Charge for the year                                 | (143,881)                | -   | (143,881)        |
| Disposals   | 15,392                   | -   | 15,392           |
| <b>31 December 2021</b>                             | <b>(391,462)</b>         | <b>-</b>  | <b>(391,462)</b> |
| <b>Net book value</b>                               |                          |   |                  |
| <b>As at 31 December 2021</b>                       | <b>683,263</b>           | <b>21,081</b>                                       | <b>704,344</b>   |
| <b>As at 31 December 2020</b>                       | <b>779,304</b>           | <b>10,258</b>                                       | <b>789,562</b>   |

As at 31 December 2020, construction in progress for the development of intangible assets in the amount of KZT 96,700 thousand was transferred to intangible assets: KZT 10,425 thousand, due to the completion of work on the modules of the BPMonline system responsible for optimizing business processes within the organization; KZT 76,746 thousand, in connection with the completion of work on setting up the communication channel infrastructure software for the provision of telecommunication services; KZT 9,529 thousand, in connection with the transition to software 1C "Integrated Automation".

Intangible assets include software and licenses. The risk management and monitoring system (RMMS) for the Parent company was put into commercial operation in October 2019. For the years ended 31 December 2021 and 2020, the Company recognized income from the lease of equipment and software from the Parent company in accordance with the contract for the provision of software services provision of RMMS in the amount of KZT 158,120 thousand and KZT 291,399 thousand, respectively.

As at 31 December 2021 and 2020, the carrying value of the RMMS software was KZT 309,860 thousand and KZT 361,202 thousand, respectively.



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**12. Trade accounts payable**

|  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
| Trade accounts payable for rent of channels                  | 123,735                     | 64,383                      |
| Trade accounts payable for technical maintenance and support | 98,855                      | 1,438                       |
| Trade accounts payable for equipment                         | 16,965                      | 186,273                     |
| Trade accounts payable for short-term rent of offices        | 16,749                      | 25,178                      |
| Trade accounts payable for subcontracted services            | 9,317                       | 14,546                      |
| Other  | 17,137                      | 8,559                       |
| <b>Total trade accounts payable</b>                          | <b>282,758</b>              | <b>300,377</b>              |

**13. Other current liabilities**

|                                    | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|------------------------------------|-----------------------------|-----------------------------|
| Provision for unused vacation      | 158,325                     | 105,384                     |
| Provision for bonuses to employees | 141,060                     | 246,982                     |
| Other liabilities                  | 1,003                       | 808                         |
| <b>Other current liabilities</b>   | <b>300,388</b>              | <b>353,174</b>              |

**14. Advances received**

|  | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|--|-----------------------------|-----------------------------|
| Advances received from the Parent company (Note 25)    | 51,421                      | 201,258                     |
| Advances received from other related and third parties | 28,410                      | 50,561                      |
| <b>Total advances received</b>                         | <b>79,831</b>               | <b>251,819</b>              |

**15. Tax payable, other than income tax**

|   | <b>31 December<br/>2021</b> | <b>31 December<br/>2020</b> |
|---|-----------------------------|-----------------------------|
| Current value added tax payable                 | 116,289                     | 149,507                     |
| Pension contribution payable                    | 33,428                      | 26,404                      |
| Current personal income tax payable             | 28,767                      | 22,862                      |
| Other payables                                  | 9,759                       | 7,340                       |
| <b>Total tax payable, other than income tax</b> | <b>188,243</b>              | <b>206,113</b>              |

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**16. Borrowings**

As at 31 December 2021 and 2020, borrowing were presented as follows:

|                         | Currency | Interest rate | Maturity date | 2021 r.        | 2020 r.  |
|-------------------------|----------|---------------|---------------|----------------|----------|
| <b>JSC Altyn Bank</b>   |          |               |               |                |          |
| №AMACCO2103021          | KZT      | 12.6%         | August 2026   | 325,499        | -        |
| №AMACCO2102587          | KZT      | 12.5%         | August 2026   | 272,404        | -        |
| №AMACCO2102957          | KZT      | 12.6%         | August 2026   | 156,268        | -        |
| №AMACCO2102920          | KZT      | 12.6%         | August 2026   | 148,898        | -        |
| №AMACCO2102410          | KZT      | 12.5%         | August 2026   | 59,342         | -        |
| <b>Total borrowings</b> |          |               |               | <b>962,411</b> | <b>-</b> |
| Less current portion    |          |               |               | (210,867)      | -        |
|                         |          |               |               | <b>751,544</b> | <b>-</b> |

The Company entered into framework agreement #AMASSO1902410 dated 20 February 2020 with JSC Altyn Bank for the amount of up to KZT 1,800,000 thousand, with maturity on 3 August 2026, with the fixed rate for each tranche. As at 31 December 2021, the Company received and disbursed 5 tranches for a total amount of KZT 973,134 thousand. The loans were issued at market rates.

Under this loan agreement, JSC Altyn Bank obligated the Company to comply with certain financial covenants. As at 31 December 2021, the Company was in compliance with all financial covenants under the loan agreement.

As at 31 December 2021, the carrying value of the Company's pledged property under loans received from JSC Altyn Bank is KZT 369,529 thousand (Note 9).

As at 31 December 2021 loans by maturity were presented as follows:

|                            | JSC Altyn Bank |
|----------------------------|----------------|
| <b>Current portion</b>     | <b>210,867</b> |
| 1-2 years                  | 204,397        |
| 2-3 years                  | 204,828        |
| 3-4 years                  | 205,421        |
| 4-5 years                  | 136,898        |
| <b>Non-current portion</b> | <b>751,544</b> |
| <b>Total</b>               | <b>962,411</b> |



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## Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

|            | 1 January<br>2021 | Borrowings<br>received | Repayments<br>of borrowings | Discount | Interest<br>accrued | 31 December<br>2021 |
|------------|-------------------|------------------------|-----------------------------|----------|---------------------|---------------------|
| Borrowings | -                 | 973,134                | (6,989)                     | (7,570)  | 3,836               | 962,411             |
|            | -                 | 973,134                | (6,989)                     | (7,570)  | 3,836               | 962,411             |

## 17. Share capital

As at 31 December 2021 and 2020, the issued and paid share capital is presented in the amount of KZT 1,428,494 thousand, less unpaid capital in amount of KZT 260,553 thousand.

Authorized and issued number of shares as at 31 December 2021 and 2020, amounted to 1,689,027 shares, with nominal value per share of KZT 1,000.

In 2021, based on the decision of the Board of Directors of the Parent company #25 dated 25 May 2021, the Company declared and paid dividends in the amount of KZT 869,953 thousand for retained earnings of previous years (no dividends were declared and paid in 2020).

## 18. Revenue

|   | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---|-----------------------------------|-----------------------------------|
| Revenue from technical support of ATMs                            | 3,141,940                         | 2,973,454                         |
| Revenue from provision of telecommunication services              | 2,201,764                         | 2,019,520                         |
| Revenue from set-up of structured cabling systems                 | 1,244,240                         | 1,088,724                         |
| Revenue from technical support of the POS-terminals               | 286,704                           | 277,405                           |
| Revenue from supply of equipment                                  | 239,867                           | 668,952                           |
| Revenue from communication services in the data processing center | 156,300                           | 133,522                           |
| Revenue from service of containment area (germozone)              | 80,978                            | 508,774                           |
| Revenue from processing services                                  | -                                 | 2,760                             |
| Other   | 102,337                           | 49,312                            |
| <b>Total revenue</b>  | <b>7,454,130</b>                  | <b>7,722,423</b>                  |

For the years ended 31 December 2021 and 2020, ATM technical support revenue is represented by ATM network maintenance services provided to the Parent company.

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In 2021, revenue from supply of equipment to the Parent company amounted to KZT 208,572 thousand out of KZT 239,867 thousand. In 2021, no similar major agreements were signed. For the year ended 31 December 2020, revenue from sale of equipment in the amount of KZT 668,952 thousand included the supply of equipment to Parent company in the amount of KZT 378,735 thousand, LLP AzimutSroy Contract in the amount of KZT 113,783 thousand and JSC Otbasy bank in the amount of KZT 49,794 thousand.

In 2020, the Company received revenue from service of containment area (germozone) as a result of delivery and installation of equipment under the subcontract agreement with LLP AzimutSroy Contract in the amount of KZT 430,875 thousand. In 2021, no similar major agreements were signed.

## 19. Revenue from rent of equipment and software

In 2021 and 2020, the Company received revenue from the rent of computing resources, equipment of data processing center, cloud services and virtual servers, rent of 1C systems and video conferences. Cloud services are represented by services toward storage of data, backing up and copying a database, and providing Internet access. The amount of revenue received from rent of equipment and software amounted to KZT 1,088,144 thousand and KZT 896,983 thousand for the years ended 31 December 2021 and 2020, respectively.

## 20. Cost of services

|   | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---|-----------------------------------|-----------------------------------|
| Salary and bonuses  | 2,126,636                         | 2,088,197                         |
| Materials and supplies  | 1,364,640                         | 1,556,415                         |
| Rent of communication channels  | 1,288,670                         | 1,237,635                         |
| Depreciation and amortization of property and equipment and intangible assets | 392,349                           | 298,998                           |
| Transportation cost   | 363,387                           | 319,254                           |
| License usage   | 275,185                           | 178,303                           |
| Subcontract works   | 260,378                           | 616,921                           |
| Short-term rent of production facilities                                      | 224,200                           | 210,083                           |
| Repair of property and equipment  | 91,614                            | 53,142                            |
| Business trips  | 85,851                            | 65,564                            |
| Utility costs on the leased areas   | 53,418                            | 13,985                            |
| Other   | 107,274                           | 66,404                            |
| <b>Total cost of services</b>   | <b>6,633,602</b>                  | <b>6,704,901</b>                  |



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**21. General and administrative expenses**

|   | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---|-----------------------------------|-----------------------------------|
| Salary and bonuses  | 543,940                           | 385,842                           |
| Professional services   | 58,507                            | 70,911                            |
| Taxes, other than income tax  | 17,081                            | 9,936                             |
| Depreciation and amortization of property and equipment and intangible assets | 41,286                            | 33,664                            |
| Advertisement   | 37,921                            | 52,867                            |
| Technical support   | 31,227                            | 30,758                            |
| Fines, penalties  | 24,943                            | 4,384                             |
| Representation expenses   | 17,647                            | 3,960                             |
| Mail expenses   | 14,019                            | 11,986                            |
| Utilities   | 13,022                            | 4,896                             |
| Transportation cost   | 12,851                            | 6,474                             |
| Materials and supplies  | 12,320                            | 10,649                            |
| Repair of property and equipment  | 11,805                            | 7,818                             |
| Security expenses   | 6,922                             | 897                               |
| Business trip expenses  | 6,376                             | 4,177                             |
| Bank services   | 6,285                             | 6,093                             |
| Insurance   | 5,837                             | 5,862                             |
| Training of personnel   | 3,870                             | 3,885                             |
| Expenses for cultural events  | 2,411                             | 1,285                             |
| Other   | 14,915                            | 13,926                            |
| <b>Total general and administrative expenses</b>                              | <b>883,185</b>                    | <b>670,270</b>                    |

**22. Rent expenses**

Rent expenses include operational rent includes operating leases of administrative premises, for which IFRS 16 does not apply. For the year ended 31 December 2021 and 2020, the Company entered into office lease agreements with Parent company at a market rate of KZT 82,265 thousand and KZT 84,875 thousand, respectively (Note 25).

**23. Income tax expense**

The Company provides for taxes based on the tax accounts maintained and prepared in accordance with the tax regulations of the Republic of Kazakhstan and which may differ from International Financial Reporting Standards.

The Company is subject to certain permanent tax differences due to non-tax deductibility of certain revenues and expenses.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2021 and 2020, relate mostly to different methods/terms of income and expense recognition, and also deferred tax differences, as well as to recorded values of certain assets.

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Deferred tax assets/(liabilities) as at 31 December 2021 and 2020 comprise:

|   | 31 December<br>2021 | 31 December<br>2020 |
|---|---------------------|---------------------|
| <b>Deductible temporary differences:</b>                      |                     |                     |
| Provision for unused vacation                                 | 158,325             | 105,384             |
| Provision for bonuses to employees                            | 141,060             | 246,982             |
| Allowance on trade accounts receivable and advances paid      | 27,487              | 63,684              |
| Allowance on inventory write-off                              | 11,465              | 11,471              |
| Lease liabilities   | 32,547              | -                   |
| <b>Total deductible temporary differences</b>                 | <b>370,884</b>      | <b>427,521</b>      |
| <b>Taxable temporary differences:</b>                         |                     |                     |
| Property, equipment and intangible assets                     | (1,054,591)         | (966,784)           |
| Right-of-use assets   | (32,354)            | -                   |
| Discount on borrowings  | (7,570)             | -                   |
| <b>Total taxable temporary differences</b>                    | <b>(1,094,515)</b>  | <b>(966,784)</b>    |
| Net taxable temporary differences                             | (723,631)           | (539,263)           |
| <b>Net deferred tax liabilities at the statutory tax rate</b> | <b>(144,726)</b>    | <b>(107,853)</b>    |
| <b>Net deferred tax liabilities</b>                           | <b>(144,726)</b>    | <b>(107,853)</b>    |

The tax rate used for the years ended 31 December 2021 and 2020 is the corporate tax rate of 20%, payable by corporate entities in the Republic of Kazakhstan on taxable profits under tax law in that jurisdiction.

Change in net deferred tax assets for years ended 31 December 2021 and 2020 was as follows:

|  | 2021           | 2020           |
|--|----------------|----------------|
| <b>As at 1 January</b>                   | <b>107,853</b> | <b>70,703</b>  |
| Deferred income tax expense included in: |                |                |
| Profit or loss                           | 36,873         | 31,955         |
| Other comprehensive income               | -              | 5,195          |
| <b>As at 31 December</b>                 | <b>144,726</b> | <b>107,853</b> |

Relationships between tax expenses and accounting profit for the years ended 31 December 2021 and 2020 are presented as follows:

|                                       | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Profit before income tax expense      | 1,104,133                         | 1,226,194                         |
| Tax at the statutory tax rate (20%)   | 220,827                           | 245,239                           |
| Tax effect of non-deductible expenses | 22,078                            | 13,801                            |
| <b>Total income tax expense</b>       | <b>242,905</b>                    | <b>259,040</b>                    |



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|                                 | Year ended<br>31 December<br>2021 | Year ended<br>31 December<br>2020 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Current income tax expense      | 206,032                           | 227,085                           |
| Deferred income tax expense     | 36,873                            | 31,955                            |
| <b>Total income tax expense</b> | <b>242,905</b>                    | <b>259,040</b>                    |

## 24. Financial commitments and contingent liabilities

### Capital commitments

As of December 31, 2021, capital expenditure obligations (for the construction of the data processing centers) amounted to KZT 979,739 thousand. There were no similar agreements in 2020.

### Obligations on operational lease agreements

As at 31 December 2021 and 2020, the Company did not have any substantial obligations on leases, excluding the liabilities disclosed in Note 10.

### Legal proceedings

The Company is subject to various legal proceedings related to its business operations. The Company does not believe that the claims of these types, if any incurred, are likely to have any material adverse effect on the Company's financial position and results of operations.

### Taxation

Due to the presence of provisions in commercial law and, in particular, in the tax legislation of the Republic of Kazakhstan, which may have more than one interpretation, and as a result of the practice of tax authorities to make an arbitrary judgment on the issues of the taxpayer's activity, in the event that any specific actions based on the interpretation by the management of the legislation, with regard to the Company's activities, will be challenged by the tax authorities, this may lead to additional taxes, fines and penalties. The Company believes that it has already made all tax payments, and therefore no provisions were made in the financial statements. The tax authorities have the right to review the correctness of tax assessments for five years after the end of the tax period.

### Pensions and retirement plans

Employees of the Company receive pension benefits in accordance with the laws and regulations of the Republic of Kazakhstan. As at 31 December 2021 and 2020, the Company was not liable for any supplementary pensions, post-retirement health care, insurance benefits, or retirement indemnities to its current or former employees.

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## 25. Transactions with related parties

Related parties, or transactions with related parties, are defined by IAS 24 “Related party disclosures”.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. The volumes of related party transactions, outstanding balances as at 31 December 2021 and 2020, and related expenses and incomes for the years then ended are as follows:

|   | 31 December 2021 |                               |                       |  | 31 December 2020 |                               |                       |  |
|---|------------------|-------------------------------|-----------------------|--|------------------|-------------------------------|-----------------------|--|
|   | Parent company   | Entities under common control | Other related parties | Total by category per the financial statements | Parent           | Entities under common control | Other related parties | Total by category per the financial statements |
| <b>Assets</b>                             |                  |                               |                       |  |                  |                               |                       |  |
| Cash and cash equivalents                 | 656,458          | -                             | 21                    | 656,479  | 1,332,181        | -                             | 8                     | 1,332,189                                      |
| Restricted cash                           | 500              | -                             | -                     | 28,372   | -                | -                             | -                     | 60,995   |
| Advances paid                             | -                | -                             | 5,399                 | 620,712  | -                | -                             | -                     | 622,018  |
| Trade accounts receivable                 | 225,397          | 18,840                        | 9,845                 | 402,892  | 338,711          | 11,961                        | 5,578                 | 741,376  |
| Other current assets                      | 43,182           | 14,420                        | -                     | 150,712  | -                | -                             | -                     | 104,405  |
| <b>Liabilities</b>                        |                  |                               |                       |  |                  |                               |                       |  |
| Trade accounts payable                    | 5,909            | 1,628                         | -                     | 282,758  | 13,847           | -                             | -                     | 300,377  |
| Advances received                         | 51,421           | 122                           | -                     | 79,831   | 201,258          | 337                           | -                     | 251,819  |
| Lease liabilities                         | 32,547           | -                             | -                     | 32,547   | -                | -                             | -                     | -  |
| Borrowings                                | -                | -                             | 962,411               | 962,411  | -                | -                             | -                     | -  |
| <b>Revenue and expenses</b>               |                  |                               |                       |  |                  |                               |                       |  |
| Revenue                                   | 6,470,088        | 115,303                       | 87,092                | 7,454,130                                      | 6,068,254        | 109,016                       | 25,594                | 7,722,423                                      |
| Revenue on rent of equipment and software | 202,020          | 105,262                       | 84,643                | 1,088,144                                      | 452,547          | 73,243                        | 30,742                | 896,983  |
| Cost of services                          | (182,008)        | (30,757)                      | -                     | (6,633,602)                                    | (63,194)         | -                             | -                     | (6,704,901)                                    |
| General and administrative expenses       | (29,130)         | 5,837                         | (314)                 | (883,185)                                      | (5,767)          | (5,682)                       | (303)                 | (670,270)                                      |
| Rent expenses                             | (82,265)         | -                             | -                     | (82,265)                                       | (84,875)         | -                             | -                     | (84,875)                                       |
| Other income                              | 1,806            | -                             | -                     | 96,323   | -                | -                             | -                     | -  |
| Interest income                           | 95,101           | -                             | -                     | 95,101   | 98,697           | -                             | -                     | 98,697   |

For the years ended 31 December 2021 and 2020, revenue and revenue on rent of equipment and software received from transactions with related parties amounted to KZT 7,064,408 thousand and KZT 6,759,396 thousand, respectively, or 83% and 78% from total revenue, respectively.



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As of December 31, 2021 and 2020 the number of members of the Management Board and the Board of Directors was 9 and 12 people, respectively. Compensation to Members of Management Board of the Company comprises the following:

|  | Year ended<br>31 December<br>2021 | Total category as<br>per financial<br>statements<br>caption/notes to<br>the financial<br>statements | Year ended<br>31 December<br>2020 | Total category as<br>per financial<br>statements<br>caption/notes to<br>the financial<br>statements |
|--|-----------------------------------|---|-----------------------------------|---|
| Salaries and other short-term benefits   | (212,878)                         | (2,629,750)   | (201,161)                         | (2,474,039)   |
| <b>Total key management compensation</b> | <b>(212,878)</b>                  | <b>(2,629,750)</b>  | <b>(201,161)</b>                  | <b>(2,474,039)</b>  |

## 26. Fair value of financial instruments

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Since for most of the Company's financial instruments there are no existing available market mechanisms for determining fair value, fair value estimation must use assumptions based on current economic conditions and the specific risks inherent in the instrument.

The fair values of the instruments presented here do not necessarily reflect the amounts that the Company would have received from a market sale of all investments in a particular instrument.

The following methods and assumptions have been used by the Company to calculate the fair value of financial instruments:

- The carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments.
- For assets and liabilities with maturities of less than twelve months, the carrying amount approximates fair value due to the short-term nature of these financial instruments.
- For financial assets and liabilities with maturities greater than twelve months, fair value is the present value of discounted expected future cash flows using market rates at the end of the reporting period.

As at 31 December 2021, the fair value of loans received was KZT 953,807 thousand. Loans attracted have fixed rates. Fair value was determined based on market rates at the reporting date for similar maturities.

As at 31 December 2021, the carrying amount of loans received was attributable to Level 3 according to the fair value hierarchy.

As at 31 December 2021, the Company's management reviewed the impact of the COVID-19 pandemic on the fair value estimates and determined that there were no signs of impairment. The Company will continue to monitor its fair value in future periods if circumstances change.

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## 27. Risk management policy

Management of risk is fundamental to the Company's business and is an essential element of the Company's operations. The main risks inherent to the Company's operations are those related to:

- Market risk;
- Credit risk;
- Liquidity risk.

The Company's principal financial instruments comprise cash and cash equivalents, trade receivables and payables, bank deposits, borrowings and other financial assets and liabilities. A summary description of the Company's risk management policies is disclosed below.

### Market risk

The main risks associated with the Company's activities are the risks of fluctuations in foreign exchange rates and interest rates (see below).

#### Interest rate risk

As described in Note 16, in 2021 the Company entered into a Framework Agreement with JSC Altyn Bank for the construction of a data center with a fixed fee rate, set for each individual tranche individually. The Company's operations are not subject to interest rate risk as the Company borrows funds at fixed interest rates.

The Company is not exposed to interest rate risk on financial assets as the Company has no financial assets that bear interest, other than short-term bank deposits with original maturities of less than three months.

#### Currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's financial position and cash flows are exposed to fluctuations in foreign exchange rates.

As at 31 December 2021, financial assets are denominated in Kazakhstani tenge, except for cash and cash equivalents, which are also denominated in rubles (equivalent to KZT 1,220 thousand) and dollars (equivalent to KZT 105 thousand). All financial liabilities are denominated in Kazakhstan Tenge.

As at 31 December 2020, financial assets are denominated in Kazakhstani tenge, except for cash and cash equivalents, which are also denominated in rubles (in the equivalent of KZT 4,954 thousand) and dollars (in the equivalent of KZT 676 thousand). All financial liabilities are denominated in Kazakhstan Tenge.



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## Credit risk

Financial assets, which potentially subject the Company to credit risk, principally consist of bank deposits and trade receivables. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The carrying amount of accounts receivable represents the maximum amount exposed to credit risks.

As at 31 December 2021, the amount of outstanding balance of accounts receivable of the 10 largest counterparties, taking into account an allowance, amounted to KZT 321,731 thousand or 80% (31 December 2020: KZT 664,255 thousand or 90%) of the total amount of trade accounts receivable. As at 31 December 2021 and 2020, accounts receivable of the Parent company, taking into account an allowance, amounted to KZT 225,397 thousand and KZT 338,711 thousand or 56% and 46%, respectively.

As at 31 December 2021 and 2020, outstanding amount of cash and cash equivalents attributable to the Parent company comprises 99.99% and 99.99%, respectively. As at 31 December 2021 and 2020, cash and cash equivalents are held in JSC Halyk Bank of Kazakhstan with an international credit rating of Ba2/stable/NP, Ba1.kz, in accordance with the Moody's rating disclosed on the Kazakhstan Stock Exchange.

As at 31 December 2021 and 2020, the maximum exposure for financial assets, reflected on the financial position accounts, is equal to the carrying amount of those assets prior to any offset or collateral.

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

### *Tables on liquidity risk and interest rate risk*

The following tables reflect the Company's contractual terms for non-derivative financial assets and liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes cash flows for both interest and principal.

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The following table details the Group’s liquidity analysis as at 31 December 2021:

| <b>2021</b>                  | <b>Weighted<br/>average<br/>effective<br/>interest<br/>rate</b> | <b>Up to 1<br/>month</b> | <b>1 month to<br/>3 month</b> | <b>3 month to<br/>1 year</b> | <b>1 year to 5<br/>year</b> | <b>Total</b>     | <b>As per line<br/>items in<br/>the<br/>statement<br/>of financial<br/>position</b> |
|------------------------------|---|--------------------------|-------------------------------|------------------------------|-----------------------------|------------------|---|
| <b>Financial assets</b>      |   |                          |                               |                              |                             |                  |   |
| Trade accounts receivable    |   | 402,892                  | -                             | -                            | -                           | 402,892          | 402,892   |
| Restricted cash              |   | -                        | 28,372                        | -                            | -                           | 28,372           | 28,372  |
| Cash and cash equivalents    |   | 656,479                  | -                             | -                            | -                           | 656,479          | 656,479   |
|                              |   | <b>1,059,371</b>         | <b>28,372</b>                 | <b>-</b>                     | <b>-</b>                    | <b>1,087,743</b> | <b>1,087,743</b>  |
| <b>Financial liabilities</b> |   |                          |                               |                              |                             |                  |   |
| Borrowings                   | 12.5%   | -                        | 79,360                        | 229,274                      | 925,221                     | 1,233,855        | 962,411   |
| Trade accounts payable       |   | 282,758                  | -                             | -                            | -                           | 282,758          | 282,758   |
| Lease liabilities            | 13.5%   | -                        | -                             | 13,263                       | 26,260                      | 39,523           | 32,547  |
| Other current liabilities    |   | -                        | -                             | 300,388                      | -                           | 300,388          | 300,388   |
|                              |   | <b>282,758</b>           | <b>79,360</b>                 | <b>542,925</b>               | <b>951,481</b>              | <b>1,856,524</b> | <b>1,578,104</b>  |
| <b>Net position</b>          |   | <b>776,613</b>           | <b>(50,988)</b>               | <b>(542,925)</b>             | <b>(951,481)</b>            | <b>(768,781)</b> | <b>(490,361)</b>  |

The following table details the Group’s liquidity analysis as at 31 December 2020:

| <b>2020 r.</b>               | <b>Weighted<br/>average<br/>effective<br/>interest rate</b> | <b>Up to 1 month</b> | <b>1 month to 3<br/>month</b> | <b>3 month to 1<br/>year</b> | <b>Total</b>     | <b>As per line<br/>items in the<br/>statement of<br/>financial<br/>position</b> |
|------------------------------|---|----------------------|-------------------------------|------------------------------|------------------|---|
| <b>Financial assets</b>      |   |                      |                               |                              |                  |   |
| Trade accounts receivable    |   | 741,376              | -                             | -                            | 741,376          | 741,376   |
| Restricted cash              |   | -                    | 60,995                        | -                            | 60,995           | 60,995  |
| Cash and cash equivalents    |   | 1,332,189            | -                             | -                            | 1,332,189        | 1,332,189   |
|                              |   | <b>2,073,565</b>     | <b>60,995</b>                 | <b>-</b>                     | <b>2,134,560</b> | <b>2,134,560</b>  |
| <b>Financial liabilities</b> |   |                      |                               |                              |                  |   |
| Trade accounts payable       |   | 300,377              | -                             | -                            | 300,377          | 300,377   |
| Other current liabilities    |   | -                    | -                             | 353,174                      | 353,174          | 353,174   |
|                              |   | <b>300,377</b>       | <b>-</b>                      | <b>353,174</b>               | <b>653,551</b>   | <b>653,551</b>  |
| <b>Net position</b>          |   | <b>1,773,188</b>     | <b>60,995</b>                 | <b>(353,174)</b>             | <b>1,481,009</b> | <b>1,481,009</b>  |



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### 28. Events after the reporting period

At the start of January 2022, Kazakhstan witnessed mass protests, which turned into unrest. On 5 January, the President introduced a state of emergency across the country, which was in place until 19 January. During the mass protests internet access was restricted across Kazakhstan, bank operations and transactions were suspended, stock and commodity exchanges were closed, and flights were cancelled, resulting in businesses being unable to function effectively.

The situation in Kazakhstan stabilised and was under the control of the authorities by 15 January. The government is focusing on addressing the political and socio-economic situation.

The Company continued its activities remotely, except for customer support employees. During the January events, the customer support service operated as usual 24/7. Monitoring of the internal infrastructure and client services was also carried out in the normal mode.

The events of January 2022 did not have a significant impact on the Company's operating and financial activities.

In February 2022, tenge depreciated significantly against major foreign currencies amid the external geopolitical situation. In order to reduce the negative impact of external factors on the Kazakhstani economy, the National Bank of the Republic of Kazakhstan ("NBRK") raised the base rate from 10.25% to 13.5% per annum with a corridor of +/- 1.0 p.p., and interventions on the currency market were performed to support tenge exchange rate against foreign currencies. However, there is uncertainty exists related to the future development of the geopolitical risks and their impact on the economy of the Republic of Kazakhstan.

Management of the Company is monitoring developments in the economic and political situation and taking measures it considers necessary in order to support the sustainability and development of the Company's business for the foreseeable future. However, the consequences of the January events and related future changes may have a significant impact on the Company's operations.