National Information Technologies JSC

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

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Statement of National Information Technologies JSC management responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2021

The following statement which should be read together with the Auditor's Responsibilities section of the accompanying Independent Auditor's Report is made to distinguish the respective responsibilities of the Auditors and Company management concerning the financial statements of National Information Technologies JSC.

Management of the National Information Technologies JSC (the 'Company') is responsible for the preparation of the financial statements that present fairly in all material respects, the financial position of the Group as of 31 December 2021, its performance, cash flows, and changes in equity for the year then ended, under International Financial Reporting Standards ('IFRS').

In preparing the financial statements, management is responsible for:

- Selecting appropriate accounting principles and applying them consistently
- Applying reasonable judgments and estimates
- Compliance with the requirements of the IFRS or disclosure of all material deviations from the IFRS in the notes to the financial statements, and
- Preparation of the consolidated financial statements assuming that the Company will continue as a going concern, except where such an assumption is unlawful.

Management is also responsible for:

- Designing, implementing, and ensuring reliable internal control in the Company
- Record keeping that allows at any time to present the information on the Company's financial position with a sufficient degree of accuracy and ensuring that the financial statements comply with IFRS requirements
- Record keeping under the legislation of the Republic of Kazakhstan
- Taking all reasonable efforts falling within the management competence to ensure the safety of Company assets, and Mismanagement detection and prevention.
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Financial statements for the year ended 31 December 2021 were approved for issue by National Information Technologies JSC management on 26 April 2022.

On behalf of Company management:

Konyashkin R.A. Chairperson of the Board	Smagulova A.S. Head of accounting department - Chief Accountant

Daulbayev A.S.
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the equity holders and management of National Information Technologies JSC

Audit conclusion

Opinion

We have audited the financial statements of National Information Technologies JSC (the 'Company') which comprise the statement of financial position as of 31 December 2021, and statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the consolidated financial statements in 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 Statement

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 misstatements, whether due to fraud or error.

In preparing the separate financial statement management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 it does not 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statement, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of the internal control system that is relevant for 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 Group'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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

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Auditor Aslan Barkinhoyev
Auditor Qualifying Certificate No.МФ-0001362
issued by the Qualifying Committee
on Attestation of Auditors of the RK on 29.01.2021

BDO Qazaqstan LLP

State license on audit No.21012748 issued on 19 March 2021 by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan, Nur-Sultan.

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Chingiz Sadykov
BDO Qazaqstan LLP Director
6 Gabdullin Street, Bostandyksiy District
Almaty, Republic of Kazakhstan
26 April 2022

National Information Technologies JSC

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021
(KZT thousand)

	Notes	31 December 2021	31 December 2020 (restated)
ASSETS			
Current assets			
Cash and cash equivalents	5	30,267,003	22,604,397
Other current financial assets	6	72,912	19,651
Trade receivables	7	348,657	220,800
Financial assets measured at amortized cost	8	90,197	-
Inventories	9	205,534	210,624
Prepayments made		1,610	2,884
VAT recoverable	10	-	1,324,886
Other taxes prepaid		21,619	24,674
Income tax prepaid		212,099	1
Other current assets	11	559,199	560,686
Total current assets		**31,778,830**	**24,968,603**
Non-current assets			
Financial assets measured at amortized cost	8	-	81,260
Property, plant, and equipment	12	10,232,954	11,998,918
Right-of-use assets	13	5,607,723	4,768,627
Intangible assets	14	2,005,931	2,424,373
Other non-current assets		-	51,642
Total non-current assets		**17,846,608**	**19,324,820**
TOTAL ASSETS		**49,625,438**	**44,293,423**
LIABILITIES			
Current liabilities			
Trade payables	15	10,242,461	11,217,910
Employee benefits	16	852,676	804,822
Current lease liabilities	13	2,500,709	1,537,563
Contract liabilities		19,108	14,614
Accrued liabilities	17	2,113,721	31,753
Corporate income tax payable		-	54,589
Other current liabilities	18	678,241	245,155
Total current liabilities		**16,406,916**	**13,906,406**
Non-current liabilities			
Non-current lease liabilities	13	3,778,991	3,503,602
Deferred tax liabilities	25	505,823	281,528
Total non-current liabilities		**4,284,814**	**3,785,130**
EQUITY			
Issued capital	19	13,507,365	13,497,723
Retained earnings		15,426,343	13,104,164
Total equity		**28,933,708**	**26,601,887**
TOTAL EQUITY AND LIABILITIES		**49,625,438**	**44,293,423**

Konyashkin R.A.
Chairperson of the Board

Smagulova A.S.
Head of accounting department
Chief Accountant

Daulbayev A.S.
Chief Financial Officer

Notes on pages 11- 61 are an integral part of these financial statements.
Independent auditor’s report is presented in pages 7 to 10.

National Information Technologies JSC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(KZT thousand)

	Notes	For the years ended 31.12.2021	31.12.2020 (restated)
Sales revenue	20	46,689,885	43,568,665
Cost of sales	21	(36,002,834)	(33,560,882)
Gross profit		**10,687,051**	**10,007,783**
Selling expenses		(1,433)	(19,885)
Administrative expenses	22	(1,169,578)	(1,296,844)
Other income	23	170,154	324,406
Other expenses	23	(198,487)	(113,315)
Operating profit		**9,487,707**	**8,902,145**
Foreign currency translation difference, net		(599)	5,849
Finance income	24	1,309,819	976,673
Finance costs	24	(768,294)	(589,981)
Profit before tax		**10,028,633**	**9,294,686**
Income tax expenses	25	(2,564,639)	(1,949,235)
PROFIT FOR THE YEAR		**7,463,994**	**7,345,451**
Other comprehensive income		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,463,994**	**7,345,451**

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National Information Technologies JSC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(KZT thousand)

	Notes	Issued capital	Retained earnings	Total equity
Balance as of 01 January 2020		**13,497,723**	**10,157,962**	**23,655,685**
Profit for the year		-	7,345,451	7,345,451
Dividends distribution	19	-	(4,399,249)	(4,399,249)
Balance as of 31 December 2020		**13,497,723**	**13,104,164**	**26,601,887**
Transactions with equity holder	19	9,642	-	9,642
Profit for the year		-	7,463,994	7,463,994
Dividends distribution	19	-	(5,141,815)	(5,141,815)
Balance as of 31 December 2021		**13,507,365**	**15,426,343**	**28,933,708**

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National Information Technologies JSC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(KZT thousand)

	Notes	2021	2020 (restated)
Operating activities			
Sales of goods and services		52,157,413	48,760,570
Interest received		1,146,748	831,159
Other receipts		9,053	3,819
Payments to suppliers for goods and services		(23,951,676)	(26,438,708)
Payroll		(7,043,089)	(6,298,743)
Income tax paid		(2,506,262)	(2,299,493)
Settlements with the budget		(3,798,167)	(5,063,757)
Other payments		(369,986)	(208,915)
Net cash flows from/(used in) operating activities		**15,644,034**	**9,285,932**
Investing activities			
Proceeds from repurchase of bonds		13,236	16,524
Purchase of property, plant, and equipment		(315,334)	(3,376,010)
Purchase of intangible assets		(32,341)	(171,225)
Net cash from investing activities		**(334,439)**	**(3,530,711)**
Financing activities			
Dividends paid	20	(5,141,815)	(4,399,249)
Right-of-use assets liabilities payment	13	(2,542,011)	((1,847,487)
Net cash used in financing activities		**(7,683,826)**	**(6,246,736)**
Effect of changes in foreign exchange rates on cash and cash equivalents		(1,478)	5,386
Change in allowance for expected credit losses		38,315	74,429
Net change in cash and cash equivalents		7,662,606	(411,700)
Cash and cash equivalents at the beginning of the year	5	22,604,397	23,016,097
Cash and cash equivalents at the end of the year	**5**	**30,267,003**	**22,604,397**

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Chief Accountant

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1. CORPORATE INFORMATION

National Information Technologies JSC (the 'Company') was established following the Decree of the Government of the Republic of Kazakhstan dated April 4, 2000, No. 492 on the Development of a Single Information Space in the Republic of Kazakhstan. The company was reorganized following the Law of the Republic of Kazakhstan on Joint Stock Companies No. 415 of May 13, 2003, and re-registered on October 1, 2004, under the number 9922-1901 of the joint-stock company assigned by the Ministry of Justice of the Republic of Kazakhstan.

National Infocommunication Holding Zerde JSC is the sole shareholder of the Company (the 'Sole Shareholder'). The Government of the Republic of Kazakhstan, represented by the Committee on State Property and Privatization of the Republic of Kazakhstan, is the founder of the Sole Shareholder of the Company. The rights of ownership and use of the state-owned block of shares of the Sole Shareholder of the Company, owned by the Republic of Kazakhstan, according to the Decree of the Government of the Republic of Kazakhstan dated June 16, 2016, No. 353 Some issues of the Ministry of Information and Communications of the Republic of Kazakhstan were transferred to the authorized body for state property, the Ministry of Information and Communications of the Republic Kazakhstan.

By the Decree of the Government of the Republic of Kazakhstan dated January 29, 2016, No. 40, the Company was determined to be the operator of the information and communication infrastructure of the "electronic government" and according to the decree of the Government of the Republic of Kazakhstan dated February 26, 2016, No. 118, the Company was determined as the Unified Contact Center. Also, by the Decree of the Government of the Republic of Kazakhstan dated December 31, 2015, No. 1177, the Company was determined to be the operator of these control meters in the field of production of ethyl alcohol and alcoholic products, the production and circulation of petroleum products and by the Decree of the Government of the Republic of Kazakhstan dated August 22, 2019, No. 621. The company was determined the operator of a unified information system for the mandatory technical inspection of motor vehicles and trailers for them.

By the Decree of the Government of the Republic of Kazakhstan dated November 11, 2016, No. 696 On the reorganization of the joint-stock company National Information Technologies and National Company Kazsatnet JSC, NC Kazsatnet JSC was merged with the Company with the transfer of all property, rights, and obligations.

The Company is registered at 55/15 Mangilik Yel Avenue, Yessil District, Nur-Sultan, 010000, Republic of Kazakhstan.

Following the Law of the Republic of Kazakhstan On Informatization, which entered into force on January 1, 2016, the Company is engaged in the following core activities:

1) Ensuring compliance with common requirements in the field of information and communication technologies and information security and the rules for implementing the service model of informatization.

2) Provision of the system and technical maintenance and support of Internet resources of state bodies and objects of information and communication infrastructure of 'electronic government' following the list approved by the authorized body.

3) Engagement of objects of information and communication infrastructure of other persons for the development of information and communication infrastructure of 'electronic government', other persons for the maintenance and system-technical maintenance of information systems of state bodies.

4) Provision of information and communication services to state bodies based on the information and communication infrastructure of 'electronic government' following the catalogue of information and communication services.

1. CORPORATE INFORMATION (continued)

5) Ensuring the safety of storage of state electronic information resources located on the information and communication infrastructure of the ‘electronic government’ assigned to the operator.

6) Ensuring the safety of storage of state electronic information resources in the provision of information and communication services.

7) Prompt responding to identified shortcomings in the provision of information and communication services, and public services in electronic form and the adoption of measures to eliminate them.

8) Free of charge provision at the request of the service integrator of ‘electronic government’, information and communication infrastructure for the development and testing of service software products by potential suppliers.

9) During integration connecting of e-government informatization facilities to the e-government gateway and the national gateway of the Republic of Kazakhstan, and connects local (except local networks with Internet access), departmental, and corporate telecommunications networks of state bodies to information and communication e-government infrastructure.

10) Provision of communication services to state bodies, their subordinate organizations, local governments, and other informatization entities defined by the authorized body and connected to the unified transport environment of state bodies, for the operation of their electronic information resources and information systems. For the provision of communication services, has the right to attract other persons as subcontractors (co-contractors) of services.

11) Creating and developing an e-government information and communication platform and a unified transport environment for public authorities.

12) Support and system and technical maintenance of the national gateway of the Republic of Kazakhstan.

12-1) Support and system and technical maintenance of the root certification center of the Republic of Kazakhstan, the certification center of state bodies of the Republic of Kazakhstan, the national certification center of the Republic of Kazakhstan, and a trusted third party of the Republic of Kazakhstan.

13) Uploading content of the web portal of ‘electronic government’ with electronic information resources provided by state bodies and other entities providing services in electronic form.

14) Advisory to state bodies in the development of information and communication infrastructure facilities of ‘electronic government’.

15) Managing projects for the development of objects of information and communication infrastructure of ‘electronic government’ and the national gateway of the Republic of Kazakhstan.

16) Collection, processing, storage, and transfer of electronic information resources for data analytics to implement the functions of government agencies as determined by the authorized body.

1. CORPORATE INFORMATION (continued)

In the course of its activities, the Company uses the following licenses:

- State license to certify the conformity of the public key of an electronic digital signature to the private key of an electronic digital signature, to confirm the validity of the registration certificate АБА No. 001300 dated June 12, 2006, issued by the Agency of the Republic of Kazakhstan on Informatization and Communications
- State license for the provision of IT telephony (Internet telephony) АБА No. 002170 dated August 26, 2009, issued by the Agency of the Republic of Kazakhstan on Informatization and Communications
- State license for data transmission АБА No. 000685 dated December 2, 2004, issued by the Agency of the Republic of Kazakhstan for Informatization and Communications
- License No. 072 of March 6, 2019, issued by the National Security Committee of the Republic of Kazakhstan for the provision of services to detect technical channels of information leakage and special technical means for carrying out operational and investigative activities.

As of December 31, 2021, the average number of employees of the Company amounted to 1,860 people (December 31, 2020: 1,750 people)

These financial statements of the Company were approved for issue on April 26, 2022, by the Chairperson of the Board and the Head of the Accounting Department - Chief Accountant. The presented financial statements are included in the consolidated financial statements of the Sole Shareholder.

2. BASIS OF PREPARATION

Presentation currency

The financial statements of the Company are prepared following International Financial Reporting Standards, including all previously adopted standards and interpretations of the IASB (IFRIC), and are fully consistent with them. The preparation of financial statements following IFRS requires the application of certain critical accounting estimates, and also requires management to apply judgments on assumptions in the application of accounting policies. Areas of application that include an increased level of complexity of the application of assumptions, areas in which the application of estimates and assumptions is material to the financial statements, are disclosed below in Note 2.

Functional and presentation currency

The functional currency of the Company is Kazakhstan tenge (‘tenge’), which, being the national currency of the Republic of Kazakhstan, best reflects the economic nature of the majority of operations carried out by the Company and related circumstances affecting its activities. Kazakhstan tenge is also the presentation currency for these separate financial statements. The financial statements are rounded to the nearest thousand tenges. The financial statements present comparative information for the previous period.

Transactions and events in foreign currency

Transactions and events in foreign currency are recorded in the national currency of the Republic of Kazakhstan using the market exchange rate. Exchange differences arising in the calculation of monetary items or in the translation of monetary items at rates different from the rates at which they were translated at initial recognition during the reporting period are recognized in profit or loss in the period in which they arise.

(KZT thousand)

2. BASIS OF PREPARATION (continued)

The following table shows the exchange rates in tenge for the following dates:

	31 December 2021	31 December 2020
USD	431.67	420.71
RUB	5.77	5.65
Euro	487.79	516.13

Operating environment

The Republic of Kazakhstan continues to carry out economic reforms and develop its legislative tax and regulatory framework as required by the conditions of a market economy. The future stability of the Kazakhstan economy is more dependent on these reforms and the development of the effectiveness of economic-financial and monetary measures undertaken by the Government of the Republic of Kazakhstan. The Kazakhstan economy is sensitive to a decline in business activity and a slowdown in economic development in the world. The impact of the global crisis caused by the COVID 19 coronavirus pandemic can lead to instability in the capital market and a significant deterioration in liquidity in the banking sector.

Although the government of Kazakhstan introduced several stabilization measures aimed at supporting the economy of Kazakhstan, nevertheless, there is uncertainty regarding the access to capital and the cost of capital for the Company and its counterparties, which may affect the financial position of the Company, the results of its activities and economic prospects.

Although management is confident that it is taking appropriate measures to support the sustainability of the Company's operations in the current environment, unforeseen further deterioration in the areas described above may have a negative impact on the financial results and financial position of the Company in a way that is not currently identifiable.

Going concern

The financial statements have been prepared on the assumption that the Company will adhere to the principle of continuing operations, which assumes that the Company will continue to operate in the foreseeable future and will be able to realize its assets and pay off its debts and fulfil its obligations. The Company does not have the intention or need to liquidate or substantially reduce future operations.

The accompanying financial statements do not contain the adjustments necessary if the Company could not continue as a going concern.

Cost basis

These financial statements have been prepared in general following historical cost accounting principles; fair value measurement has been used for certain items of the financial statements.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in a voluntary transaction between market participants at the measurement date, regardless of the direct observability of this value or its determination using a different method. In preparing the statements, the fair value measurement is classified by levels depending on the observability of the source data and their materiality for the assessment:

- Level 1 - quoted prices (without adjustments) for the same assets and liabilities in an active market that the Company can observe at the valuation date

2. BASIS OF PREPARATION (continued)

- Level 2 - initial data that does not correspond to Level 1, but is observed for an asset or liability directly or indirectly
- Level 3 — Unobservable inputs for an asset or liability.

Recognition of elements of financial statements

The accompanying financial statements include all transactions and events that meet tire definition of elements of the financial statements and the condition for their recognition:

- The company is largely confident that any economic benefits associated with the facility will be received (or lost)
- The object has a value or value that can be measured reliably.

All elements of the financial statements are presented in the accompanying statement of financial position and statement of comprehensive income in the form of articles. The combination of several elements of financial statements in one article was made taking into account their characteristics (functions) in the activities of the Company.

Order of presentation

The presentation and classification of items in the financial statements are retained from the current period to the next. A significant review of the presentation of the financial statements may require changes to the presentation of the financial statements. A Company makes changes to the presented financial statements only if the amended presentation gives such information that is reliable and more significant for users of the financial statements, while the revised structure will be preserved and the comparability of information will not be affected.

New standards, interpretations, and amendments to existing standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's financial statements for the year ended December 31, 2020, except for the adoption of new standards and interpretations effective from January 01, 2021. The Company did not prematurely apply any other standards, clarifications, or amendments issued but were not yet effective.

The Company applies the following amendments and clarifications for the first time in 2021, but they have no impact on its financial statements:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments

- include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

2. BASIS OF PREPARATION (continued)

These amendments do not have any impact on the Company's financial statements, the Company intends to adopt the practical expedients in future periods if necessary.

Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

On May 28, 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but due to the continuing impact of the Covid-19 pandemic, the IASB decided on March 31, 2021, to extend the application of the practical expedient until June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after June 01, 2020.

The Company does not have any Covid-19-related rent concession but plans to apply the practical expedients during the allowable period, if necessary.

Standards issued but not yet effective

The following are the new standards, amendments, and interpretations that have been issued but are not yet effective as of the Company financial statements issue date. The Company intends to adopt these standards, amendments, and interpretations, if applicable when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) is mainly for short-duration contracts.

IFRS 17 is effective for reporting periods starting on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial

Instruments on or before the date it first applies IFRS 17. IFRS 17 does not apply to the Company.

2. BASIS OF PREPARATION (continued)

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

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of liability not impact its classification.

These amendments are effective for annual periods beginning on or after January 01, 2023, and are applied retrospectively. The Company is currently estimating the potential impact of these amendments on the current classification of liabilities.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities, and Contingent Assets or IFRIC 21 Levies if incurred separately.

At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for the annual reporting periods beginning on or after January 01, 2022, and must be applied prospectively.

Proceeds before Intended Use – Amendments to IAS 16 In May 2020 IASB issued Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'.

The amendment prohibits entities from deducting from the cost of an item of property, plant, and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to the annual reporting periods beginning on or after January 1, 2022, and only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. It is expected that these amendments will not significantly impact the Company. Property, Plant, and Equipment:

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'.

2. BASIS OF PREPARATION (continued)

The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendment is effective for annual periods beginning on or after January 1, 2022. An entity will apply those amendments to contracts in which it has not yet satisfied all of its obligations at the beginning of the annual reporting period in which it first applies those amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

As a part of the 2018-2020 annual improvements cycle the ISAB issued the amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS.

This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities

As a part of the 2018-2020 annual improvements cycle the ISAB issued the amendment to IFRS 9 Financial Instruments. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity shall apply the amendment to financial liabilities modified or replaced at the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The Company shall apply the amendment to financial liabilities modified or replaced at the beginning of the annual reporting period in which the entity first applies the amendment.

It is expected that this amendment will not significantly impact the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after January 1, 2023, and apply to changes in accounting policies and accounting estimates that occur on or after the beginning of that period.

Early application is permitted provided that this is disclosed.

It is expected that the amendments will not significantly affect the Company.

3. BASIS OF PREPARATION (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, which provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. As the amendments to IFRS 2 provide a Practical Statement on the application of the definition of 'material' to the accounting policy information, it is not required to specify the effective date of the amendments.

The Company is currently assessing the impact the amendments may have on the Company's accounting policy disclosures.

Amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

On December 9, 2021, the International Accounting Standards Board (IASB or the Board) issued an amendment to IFRS 17 Insurance Contracts (IFRS 17 or the standard), to add a transition option relating to comparative information presented on the initial application of IFRS 17 and IFRS 9. This amendment follows from the Exposure Draft (ED) on Initial Application of IFRS 17 and IFRS 9—Comparative Information, published in July 2021, and subsequent redeliberations based on feedback from stakeholders.

The IASB decided to introduce this transition option, a classification overlay for financial assets in the comparative period, in response to concerns raised by stakeholders regarding accounting mismatches that could arise between financial assets and insurance contract liabilities in the comparative information when IFRS 17 and IFRS 9 Financial Instruments (IFRS 9) are first applied in 2023.

It is expected that these amendments will not significantly impact the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

On May 07, 2021, the International Accounting Standards Board (the IASB or Board) issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12. The Board amended the standard to reduce diversity in the way that entities account for deferred tax on transactions and events, such as leases and decommissioning obligations, that lead to the initial recognition of both an asset and a liability.

The amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such

deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist in the initial recognition of the asset and liability.

The amendments apply to annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Company is currently assessing the impact of the amendments to determine the effect they will have on the Company's accounting policy disclosures.

2. BASIS OF PREPARATION (continued)

Changes in presentation of the statement of financial position:

	For the year ended 31 December 2020		
KZT thousand	**As per the issued financial statements**	**Reclassification**	**Restated**
Trade payables	11,037,520	180,390	11,217,910
Current lease liabilities	1,717,953	(180,390)	1,537,563

Changes in presentation of the statement of profit or loss and other comprehensive income

	For the year ended 31 December 2020		
KZT thousand	**As per the issued financial statements**	**Reclassification**	**Restated**
Other income	315,935	8,471	324,406
Finance income	985,144	(8,471)	976,673

Changes in presentation of the statement of cash flows:

	For the year ended 31 December 2020		
KZT thousand	**As per the issued financial statements**	**Reclassification**	**Restated**
Right-of-use assets liabilities payment	(1,080,341)	(767,146)	(1,847,487)

a) The Company reclassified to trade payables mistakenly recognised lease liabilities.

b) The Company reclassified to other income the reversal of the impairment mistakenly recognised in finance income.

c) The Company reclassified the settlement of lease liabilities mistakenly recognised in payments to suppliers.

3. SIGNIFICANT ACCOUNTING POLICIES

Property, plant, and equipment

Property, plant and equipment are initially recognised at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The initial cost of assets consists of the purchase or construction price, any costs directly related to bringing the asset into working condition, and an initial estimate of the cost of liquidating the asset, if necessary.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Group	**Useful lives**
Buildings	40 years
Facilities	10-20 years
Machinery and equipment	4-10 years
Vehicles	5-10 years
Other	3-10 years

The estimated useful lives of property, plant and equipment may be reviewed on an annual basis and, if necessary, changes in the terms are adjusted in subsequent periods. The carrying amount of property, plant and equipment is reviewed for impairment any events or changes in circumstances occur that indicate that the carrying value is not recoverable.

Intangible assets

Intangible assets that were acquired separately are initially measured at the initial cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with a limited useful life are amortized over the amortisation period and are assessed for impairment if there is any indication that the intangible asset is impaired. The period and method of amortisation for an intangible asset with a limited useful life are reviewed at least at the end of each reporting year. Changes in the estimated useful lives or estimated consumption patterns of future economic benefits embodied in the asset are reflected in the financial statements as a change in the period or method of amortisation, as appropriate, and are accounted for as changes in accounting estimates. Amortisation expenses on intangible assets with a limited useful life are recognized in the statement of comprehensive income in the category of expenses that corresponds to the function of the intangible asset.

Amortisation of intangible assets, except assets under development, is calculated on a straight-line basis over the following useful lives:

Group	**Useful lives**
Licenses	1-10 years
Software	1-10 years

The income or expense from the write-off of an intangible asset is measured as the difference between the net proceeds from the disposal of the asset and the current value of the asset and is recognized in the statement of comprehensive income at the time the asset is written off.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from product-specific development costs are recognized only when the Company can demonstrate:

- The technical feasibility of creating an intangible asset so that the asset is available for use or sale
- Intention to complete development of the intangible asset and its ability and intention to use or sell the asset
- Asset’s ability to generate future economic benefits

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Availability of sufficient resources for exploration completion
- Ability to reliably evaluate costs related to the intangible asset during development
- Ability to use the created intangible asset.

After initial recognition of development costs as an asset, assets are carried at cost less accumulated depreciation and accumulated impairment losses. An asset is depreciated when development is complete, the asset is available for use, and is produced during the future economic benefits estimated period. Depreciation is recorded as part of the cost of sales. The asset is tested for impairment annually.

Impairment of non-financial assets

At each reporting date, the Company determines whether there is evidence of a possible impairment of the asset. If such indicators occur, or if annual impairment of the asset is required, the Company assesses the recoverable amount of the asset. Intangible assets at the development stage are not depreciated but are tested annually for impairment regardless of the presence/absence of signs of impairment. The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of the following fair values of the asset (CGU) less the cost of sale and the value in use of the asset (CGU). The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of the inflows generated by other assets or groups of assets. If the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and deducted from its recoverable amount. In assessing value in use, future cash flows are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions (if any) are taken into account. In their absence, an appropriate assessment model is applied.

Impairment losses for continuing operations (including impairment of inventories) are recognized in the income statement as an expense category that corresponds to the function of the impaired asset.

Financial assets

Initial recognition and measurement

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

The classification of financial assets upon initial recognition depends on the characteristics stipulated by the cash flow agreement for the financial asset and the business model used by the Company to manage these assets. Except for trade receivables, which do not contain a significant financing component or for which the Company has applied practical expediene, the Company initially measures financial assets at fair value, increased for financial assets not measured at fair value through profit or loss, by expenses on the deal.

Trade receivables that do not contain a significant financing component or for which the Company has applied practical facilitation are measured at transaction price, as described in the Revenue from contracts with customers section.

For a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, the contractual terms of this asset must determine the receipt of cash flows, which are ‘solely payments of principal and interest’ on the unpaid principal portion.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

This assessment is called the SPPI test and is carried out on an instrument-per-instrument basis.

The business model used by the Company to manage financial assets describes how the Company manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the receipt of contractual cash flows, the sale of financial assets, or both.

All transactions of purchase or sale of financial assets that require the delivery of assets within the period established by law or following the rules adopted in a particular market are recognized at the date of the transaction, i.e., at the date when the Company undertakes to buy or sell assets.

The Company's financial assets include cash and cash equivalents, banking fees, trade receivables, and investments in bonds.

Subsequent measurement

For subsequent measurement, financial assets are classified into four categories:

- Financial assets measured at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income with the subsequent reclassification of accumulated gains and losses (debt instruments)
- Financial assets classified at the discretion of the entity as measured at fair value through other comprehensive income without subsequent reclassification of accumulated gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

This category fits the Company mostly. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company classifies trade receivables, investments in bonds and amounts due from credit institutions (bank deposits, cash and cash equivalents) as financial assets measured at amortised cost.

The Company accounts for all financial assets at amortised cost.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., excluded from the statement of financial position) if:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- The rights to receive cash flows from the asset have expired, or
- The Company transferred its rights to receive cash flows from the asset or undertook to pay a third party the received cash flows in full and without significant delay under the 'transit' agreement; and either
- (a) transferred almost all risks and rewards from the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company transferred all rights to receive cash flows from the asset or entered into a transit agreement, it assesses whether it retained the risks and benefits associated with the ownership right, and, if so, to what extent. If the Company has not transferred, but has not retained practically all the risks and benefits of the asset, and has not transferred control of the asset, the Company continues to recognize the transferred asset to the extent that it continues to participate in it.

In this case, the Company also recognizes the corresponding liability. The transferred asset and related liability are measured on a basis that reflects the rights and obligations retained by the Company. Continuing participation, which takes the form of a guarantee for the transferred asset, is recognised at the lower of the initial carrying amount of the asset or the maximum amount of consideration that may be required to be paid by the Company.

Impairment of financial assets

The Company recognizes the estimated allowance for expected credit losses (ECLs) for all debt instruments that are not measured at fair value through profit or loss. ECLs are calculated based on the difference between the cash flows due under the contract and all cash flows that the Company expects to receive, discounted using the original effective interest rate or its approximate value.

In respect of trade and other receivables, the Company has adopted the simplified approach provided by the standard and calculated the expected credit losses for the entire term. The Company used the provision matrix, based on its experience of credit losses, adjusted for forecast factors specific to borrowers and general economic conditions. In the case of other debt financial assets, including loans issued, expected credit losses are calculated for 12 months. 12-month expected credit losses are part of the expected credit losses for the entire period, which are the expected credit losses that arise as a result of defaults on a financial instrument that are possible within 12 months after the reporting date. However, in the event of a significant increase in the credit risk of a financial instrument from the time of initial recognition, the estimated loss allowance is estimated at the amount equal to the expected credit losses for the entire term.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans, and borrowings, payables, or derivatives.

All financial liabilities are initially recognized at fair value, less (in the case of loans, borrowings, and payables) directly related to transaction costs.
The Company's financial liabilities include trade and other payables.

Subsequent measurement

For the subsequent measurement, financial liabilities are classified into the following two categories:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

- Financial liabilities at fair value through profit or loss
- Financial liabilities measured at amortized cost (loans and borrowings).

Trade and other payables
Trade payables are initially measured at fair value and subsequently measured at historical cost.

The recognition of financial liability in the statement of financial position is terminated if the obligation is settled, cancelled, or has expired. If an existing financial liability is replaced by another liability to the same lender, on substantially different conditions, or if the terms of the existing liability are significantly changed, such a replacement or changes are accounted for as the derecognition of the original liability and the beginning of recognition of the new liability, and the difference in their carrying amount is recognized in the report about comprehensive income.

Fair value of financial instruments

The fair value of financial instruments traded in active markets at each reporting date is determined based on market quotes or dealer quotes (buy quotes for long positions and sell quotes for short positions), without deducting transaction costs.

For financial instruments that are not traded in an active market, fair value is determined by applying appropriate valuation techniques. The techniques may include the use of prices, recently completed commercial transactions, the current fair value of similar instruments; discounted cash flow analysis, or other valuation models.

The best evidence of the fair value of a financial instrument at initial recognition is usually the transaction price, that is, the fair value of the consideration paid or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not supported by current quoted prices in an active market for a similar asset or liability and is not based on valuation methods using only observable inputs, the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the difference is recognized in profit or loss appropriately over the life of the instrument, but no later than when the valuation is fully supported by observable inputs or when the transaction is completed.

Derecognition

The recognition of a financial liability is terminated if the obligation is settled, cancelled, or has expired.

If an existing financial liability is replaced by another obligation to the same lender on substantially different terms or if the terms of the existing obligation are significantly changed, such a replacement or changes are taken into account as the derecognition of the initial obligation and the beginning of recognition of a new obligation, and the difference in their carrying amount is recognized in the profit or loss.

Offsetting of financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are measured at cost or net realisable value whichever is lower.

The cost of inventories comprises all costs incurred in the normal course of business in bringing them to their existing location and condition.

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

The cost of inventory is determined using the weighted average cost method.

Cash and cash equivalents

Cash includes funds in current bank accounts and deposits with a maturity of up to 3 months. Cash in credit institutions in the statement of financial position has an initial maturity of up to one year.

Reverse repurchase agreements

Securities purchased under agreements to resell ('reverse repo') are recorded as cash and cash equivalents. The difference between the purchase and resale prices represents interest income and is accrued over the term of the reverse repo agreement using the effective interest method.

Provisions

Provisions are recognized if the Company has a current obligation (legal or practical) arising from a past event, the outflow of economic benefits that will be required to settle this obligation is probable, and a reliable estimate of the amount of such obligation can be obtained. If the Company intends to receive a reimbursement of provisions, then the reimbursement is recognized as a separate asset, but only if the receipt of reimbursement is not in doubt. The expense related to the provision is recognized in the statement of comprehensive income. If the effect of the time value of money is material, provisions are determined by discounting future cash flows at a pre-tax rate that reflects the current market for the time value of money and, where possible, the risks associated with the liability. Using discounting, an increase in the provision due to the passage of time is recognized as a financial expense.

Lease

At contract inception, the Company evaluates whether the agreement is a lease or whether it contains signs of a lease. In other words, the Company determines whether the contract transfers the right to control the use of the identified asset for a certain period in exchange for compensation.

The Company as a lessee

The Company takes a unified approach to the recognition and measurement of all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease obligations for making lease payments and right-of-use assets that represent the right to use underlying assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-use assets

The Company recognizes right-of-use assets at commencement of the lease (that is, the date on which the underlying asset becomes available for use). Assets in the form of a right of use are measured at historical cost, less accumulated depreciation, and accumulated impairment losses, adjusted for revaluation of lease obligations. The initial cost of right-of-use assets includes the recognized lease obligations, initial direct costs incurred, and lease payments incurred on the date the lease commences or before that date, net of any incentive lease payments received. Right-of-use assets are amortized on a straight-line basis over the shorter of the following periods: the lease term or the estimated useful life of the assets. Right-of-use assets are also tested for impairment.

Lease liabilities

At the commencement of the lease, the Company recognizes lease obligations that are measured at the present value of the lease payments that must be made during the lease term. Lease payments include fixed payments (as well as substantially fixed payments) less any incentive payments on a lease receivable, variable lease payments that depend on the index or rate, and the amount that is expected to be paid on residual value guarantees. Lease payments also include the exercise price of the purchase option, if there is sufficient confidence that the Company will exercise this option, and payment of penalties for terminating the lease, if the lease term reflects the potential exercise by the Company of the option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognised as an expense (except when incurred to produce inventories) in the period in which the event or condition giving rise to those payments occurs.

To calculate the present value of the lease payments, the Company uses the rate of raising additional borrowed funds on the date the lease begins, since the interest rate laid down in the lease agreement cannot be easily determined. After the lease commencement date, lease obligations increase to reflect interest accruals and decrease to reflect lease payments made.

Short-term leases and low-value assets leases

The Company applies the recognition exemption for short-term leases to its short-term leases (that is, to contracts for which, at the commencement of the lease, the lease term is not more than 12 months and which do not contain an option to purchase the underlying asset). The Company also applies for the exemption from recognition for leases of low-value assets to leases whose value is considered low. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

Leases for which the Company retains almost all of the risks and rewards associated with owning an asset are classified as operating leases. The resulting rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss because of its operational nature. Initial direct costs incurred when entering into an operating lease are included in the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent leases are recognized as revenue in the period in which they are received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Employee benefits include short-term employee benefits, salaries, social security contributions, annual paid leave and sick leave, compensation, and warranties provided for by the labour legislation of the Republic of Kazakhstan, bonuses, non-monetary benefits, and other payments.
The Company recognizes the undiscounted amount of short-term employee benefits payable in exchange for the services provided by the employee.

Revenue from contracts with customers

The activities of the Company are related to the following main types of work and services:

- Ensuring compliance with common requirements in the field of information and communication technologies and ensuring information security and the rules for implementing the service model of informatization
- Systematic maintenance and support of Internet resources of state bodies and objects of information and communication infrastructure of ‘electronic government’ following the list approved by the authorized body
- Provision of information and communication services to state bodies based on the information and communication infrastructure of ‘electronic government’ following the catalogue of information and communication services
- Provision of communication services to state bodies, their subordinate organizations, local self-government bodies, and other informatization entities defined by the authorized body and connected to the unified transport environment of state bodies, for the functioning of their electronic information resources and information systems, etc.

Revenue in respect of core activities is recognized over a while (periodically), as the criteria for recognition of revenue over the period are met, that is, the buyer simultaneously receives and consumes the benefits provided by the Company.

Contracts entered into by the Company with customers, as a rule, include one or several performance obligations, which appear on the same temporary basis. The Company does not have the effect of variable consideration as the contract does not provide for other promises, which may constitute separate performance obligations (for example, guarantees, reward points provided under the customer loyalty program), for which it is necessary to distribute part of the transaction price.

As a rule, the Company receives payments from customers after the provision of services. In rare cases, the Company receives short-term advance payments. As a result of using the practical simplification provided by IFRS 15, the Company does not adjust the promised amount of compensation taking into account the influence of a significant component of financing, if at the time of conclusion of the contract it expects that the period between the transfer of the promised service to the customer and payment by the customer of the service will not exceed one year.

Contract assets

An asset under the contract is the Company's right to receive compensation in exchange for services transferred to the buyer. If the Company transfers the services to the customer before the customer makes a reimbursement or until the reimbursement becomes payable, the contractual asset is recognized in respect of the received reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)
Trade receivables

Receivables represent the Company's right to compensation which is unconditional (i.e., the moment when such compensation is payable is due only to the passage of time). The accounting policies for financial assets are discussed in IFRS 9 Financial Instruments.

Contractual obligations

A contractual obligation is an obligation to transfer to the customer services (goods) for which the Company will receive a refund (or received) from the customer. If the customer pays a refund before the Company transfers the service to the customer, a contractual obligation is recognized at the time the payment is made or when the payment becomes payable (whichever occurs earlier). Contractual obligations are recognized as revenue when the Company fulfils its contractual obligations.

Finance income/costs

For all financial instruments measured at amortised cost and fair value through profit or loss and those measured at fair value through other comprehensive income, interest income or expense is recognised using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. Interest income is recognised as finance income in the statement of comprehensive income.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the Republic of Kazakhstan where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns concerning situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Other income and expenses

Other income includes income in the form of income from disposal of assets, income from exchange rate differences, income from operating leases, and other income (fines, penalties, income from the recovery of impairment losses on financial assets).

Expenses are recognized as incurred and recorded in the financial statements in the period to which they relate on an accrual basis. Expenses include expenses necessary to generate income (expenses included in the cost), general and administrative expenses, selling expenses, remuneration expenses, and other expenses arising in the ordinary course of business of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is calculated using the liabilities method by determining the temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes as of the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where

- the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and, probably, the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that taxable profit will probably be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilised, except where

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised deferred tax assets are remeasured at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is also not recognised in profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Value-added tax (VAT)

VAT on sales is payable to tax authorities when goods are shipped or services are rendered. VAT on purchases is offset against VAT on sales upon receipt of a tax invoice from a supplier.

Revenues, expenses and assets are recognised net of VAT, except where VAT arising on purchases of assets or services is non-refundable by the tax authority, in which case VAT is recognised as part of the cost of the asset or part of the expense item, respectively.

The tax legislation permits the settlement of VAT to the budget on a net basis. Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the statement of financial position on a net basis.

Amounts receivable and payable are stated inclusive of VAT.

The net amount of VAT recoverable from or payable to the taxation authority is included in VAT recoverable and other taxes prepaid and other taxes payable in the statement of financial position.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

Following the legislation of the Republic of Kazakhstan, the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

At the time of distribution of non-cash assets, the difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of comprehensive income.

Information on dividends is disclosed in the statements if they were recommended before the reporting date, and also recommended or approved (declared) after the reporting date, but before the date of approval of the financial statements for the issue.

Related parties

Related parties include the Sole Shareholder of the Company, key management personnel, and organizations in which a significant portion of the voting shares are directly or indirectly owned by the Sole Shareholder or key management personnel of the Company and organizations controlled by the Government of the Republic of Kazakhstan *(Note 26)*.

For users of the financial statements to be able to form an opinion on the impact of the relationship between related parties on the Company, information is disclosed on the relationship between related parties in cases where there is control regardless of whether transactions between these related parties were carried out.

Events after the reporting period

Events occurring after the end of the reporting year that provide evidence of conditions that existed at the date of the financial statements (adjusting events) are recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Events that occurred after the end of the reporting year and which are not adjusting events disclosed in the notes to the financial statements, if they are material.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the financial statements. Data on such liabilities are disclosed in the notes to the financial statements unless the outflow of resources representing economic benefits is unlikely.

Contingent assets are not recognized in the financial statements. If there is a reasonable probability of obtaining economic benefits associated with such assets, data on these assets are disclosed in the notes.

4. CRITICAL ACCOUNTING ASSUMPTIONS AND ESTIMATES

The preparation of the Company's financial statements requires its management to make judgements, estimates and assumptions at the end of the reporting period that affects the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Assumptions and estimates of the Company are based on the inputs that it had at the time of preparation of the financial statements. However, current circumstances and assumptions regarding the future may change due to market changes or circumstances beyond the Company's control. Such changes are reported in the assumptions as they occur.

Recognition and impairment of financial assets

Calculating the allowance for impairment of financial assets, the company applies the expected credit loss model following the requirements of IFRS 9 Financial Instruments.

In respect of trade and other receivables, the Company has adopted the simplified approach provided by the standard and calculated the expected credit losses for the entire term. The Company used the provision matrix, based on its experience of credit losses, adjusted for forecast factors specific to borrowers and general economic conditions. As of December 31, 2021, the following provisions were recognized: for trade receivables for KZT 10,129 thousand (as of December 31, 2020: KZT 6,036 thousand) *(Note 7).* The small amount of the provision is explained by the fact that the main customers of the Company are government bodies of the Republic of Kazakhstan, financed from the government budget and, accordingly, have low credit risk.

Concerning the impairment of cash in current and deposit accounts with credit institutions, the Company has adopted a general approach, which involves the analysis of credit risks and the calculation of impairment losses, depending on the stages in which the financial assets are located. Following the Methodology for calculating provisions following IFRS 9 Financial Instruments and based on the calculations made, the Company recognized a provision for impairment of cash on current accounts with credit institutions on December 31, 2021, for KZT 15,428 thousand (2020: KZT 11,059 thousand) *(Note 5).*

In 2019, the Company's management revised its assessment in respect of recognition/non-recognition of impairment allowances concerning cash deposited with credit institutions.

4. CRITICAL ACCOUNTING ASSUMPTIONS AND ESTIMATES

As the Company immediately opens a new deposit for the next term after the closure of the deposit, the credit risk in respect of the cash held in deposit accounts with credit institutions persists. In the financial statements as of December 31, 2021, for these assets, a provision for impairment was recognized for KZT 3,240 thousand (2020: KZT 45,923 thousand) *(Note 5)*.

Current value of long-term financial assets (bonds)

In November 2017, the National Bank of the Republic of Kazakhstan, together with the Government of the Republic of Kazakhstan and Kazakhmys Corporation LLP being a third party, signed a framework agreement to improve the financial condition of RBK Bank JSC. Following the Government Decree of November 7, 2017, December 27, 2017, bank deposits in RBK Bank JSC with a carrying value of KZT 364,189 thousand were converted into 15-year coupon bonds of DSFK Special Financial Company LLP (DSFK) at a par value of KZT 1 with an interest rate of 0.01% per annum. Kazakhmys Corporation LLP (the 'Guarantor') issued a guarantee covering KZT 100,119 thousand in 5 years. Guarantee terms and conditions:

- The maximum liability of the Guarantor does not exceed KZT 100,119 thousand
- A claim under the Guarantee can be made only on the condition that after 5 years from the date of placement of the bonds, all bondholders will receive from the DSFK a total amount of at least KZT 122,000,000 thousand
- The size of the Guarantor's maximum liability is reduced (on a proportional basis) by the amount of the bond repurchase received by all bondholders more than the amount of the repurchase for KZT 72,000,000 thousand.

The guarantee can be claimed at the Company's request after five years from the date of issue of the bonds. Since the guarantee expires in December 2022 and the Company intends to exercise the right to claim it immediately, the carrying value of the investment in the bonds has been reclassified to current assets as of December 31, 2021.
For reference: the total amount of DSFK Special Financial Company LLP placed bonds is KZT 335,000,000 thousand.

As of the reporting date, the total amount of cash received from DSFK Specialised Financial Company LLP as a result of the repurchase of bonds amounted to KZT 13,236 thousand (2020: KZT 16,525 thousand) of the outstanding KZT 339,131 thousand. Provision for impairment for KZT 225,775 thousand was recognized in the financial statements as of the reporting date (2020: KZT 239,012 thousand).

In these financial statements, bonds are stated at the present value of expected cash flows using a discount rate of 11% per annum.

Any future changes regarding the terms and amounts of early redemption of bonds, credit rating or financial position of the issuer or the Guarantor, credit institutions in which the Company's cash and bank deposits are placed, may affect the assessment of the carrying amount of financial assets. Management periodically reviews available information regarding possible risks associated with the above financial assets.

Determining the lease term under contracts with an option to extend or an option to terminate the lease - the Company as a lessee
The Company defines the lease term as a non-premature termination period of the lease, together with the periods for which the option to extend the lease is provided if there is sufficient confidence that it will be exercised or the periods for which the option to terminate the lease is provided if there is sufficient confidence that it will not be executed.
The Company has had land leases for more than one year, and several equipment leases, which include an option to terminate the lease. The Company uses judgment to assess whether it has sufficient assurance that it will exercise the option to terminate the lease.

4. CRITICAL ACCOUNTING ASSUMPTIONS AND ESTIMATES (continued)

At the same time, it takes into account all relevant factors that lead to the emergence of an economic incentive to exercise any of the options. Upon lease commencement, the Company reassesses the lease term in the event of a significant event or change in circumstances that is controlled by the Company and affects its ability to exercise (or not exercise) the option to terminate the lease (for example, a significant improvement in the leased property or a significant adaptation of the leased asset to the needs of the Company).

Note 13 provides complete information about leases with option termination that were not considered in determining the lease term.

Lease - determining the rate of raising additional borrowed funds

A Company cannot easily determine the interest rate laid down in a lease. Therefore, it uses the rate of attracting additional borrowed funds - this is the rate at which the Company could attract for the same period and with the same security the borrowed funds necessary to obtain an asset with a cost similar to the cost of an asset in the form of a right of use in similar economic conditions. Thus, calculating the percentage requires estimates if observed rates are not available. The Company determines the rate of raising additional borrowed funds using the observable source data - according to the statistics of the National Bank of the Republic of Kazakhstan on the date the lease begins.

Fiduciary management agreement

Based on Agreement No. 2/38 of July 11, 2019, the Company was transferred to fiduciary management without redemption for five (5) years, the state information system ‘Unified electronic document management system of state bodies of the Republic of Kazakhstan’ of the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan. The property, which includes the ESEDO software product with a book value of KZT 105,254 thousand and licensed software with a book value of KZT 2,128 thousand was transferred to the Company on November 15, 2019. Within the framework of the concluded fiduciary management agreement, the Company undertakes to transfer government bodies to cloud workflow by changing the platform.
Based on the agreement No. 2/23/5953 dated 02.06.2021, information systems ‘e-Government Web Portal’, ‘e-Government Gateway’, ‘Mobile Government’, ‘e-Licensing State Database’, ‘e-Government Payment Gateway’ of the state bodies of the Republic of Kazakhstan under the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan were transferred into trust management without right of redemption for five (5) years.

Property with a carrying amount of KZT 3,006,526 thousand was transferred to the Company on June 4, 2021. Under the trust management agreement, the Company undertakes to provide the activities approved by the agreement to develop components of e-Government following Decree of the Government of the Republic of Kazakhstan No. 827 dated December 12, 2017. Since property rights do not transfer to the Company, Management decided to reflect the assets received under this agreement on off-balance accounts, without reflection in the financial statements.

Useful lives of property, plant, and equipment and intangible assets

The Company estimates the remaining useful lives of property plant and equipment, depreciable intangible assets at least at the end of each financial year and, if the expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates following IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These estimates can have a significant effect on the carrying amounts of property, plant, and equipment, intangible assets, and depreciation recognized in the statement of comprehensive income.

4. CRITICAL ACCOUNTING ASSUMPTIONS AND ESTIMATES (continued)

Development costs

Development costs are capitalized following the Company's Accounting Policies. The initial capitalization of costs is based on management's judgment that technological and economic feasibility is possible, as a rule, when the project reaches a certain stage following the established project implementation model. To determine the amounts that can be capitalized, management makes assumptions regarding the expected cash flows from the project, discount rates, and the expected period of receipt of benefits. As of December 31, 2021, the carrying amount of capitalized costs amounted to KZT 92,526 thousand (2020: KZT 41,603 thousand) *(Note 14)*. This amount includes significant investments in the development of Investment projects developed for the provision of public services and financed from the state budget of the Republic of Kazakhstan.

Impairment of property, plant, and equipment and intangible assets

At each reporting date, the Company determines whether there is an indication of a possible impairment of assets. If such an indication exists, the Company calculates the recoverable amount of the asset. The recoverable amount of an asset is the greater of the following: the fair value of the asset or cash-generating unit less costs to sell and value in use of the asset. The recoverable amount is determined for an individual asset unless the asset generates cash inflows that are largely independent of the inflows generated by other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and deducted from its recoverable amount. In assessing value in use, expected 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 assets.

As of December 31, 2021, and 2020, the Company determined that there was no indication of impairment of non-financial assets.

Taxation

The various Kazakh legislation and regulations are not always clearly written. There may be instances of divergence of opinion between local, regional and national tax authorities. However, when additional taxes are assessed by the tax authorities, the current rates of penalties and interest are significant; penalties are 50% of the additional tax assessed and interest is 1.25 of the refinancing rate of the National Bank of the Republic of Kazakhstan on the amount of unpaid tax. As a result, penalties and interest can significantly exceed the amount of additional tax assessed. Because of the uncertainties described above, the ultimate amount of taxes, penalties and interest, if any, that may be assessed may be significantly higher than the amounts currently expensed and accrued at the reporting date. Differences between the estimates and actual amounts paid, if any, could have a material impact on future operating results.

Based on the agreement on acting as a participant of Free Economic Zone (‘FEZ’) ‘Park of Innovative Technologies’ No.ОД-23/2021 dated December 10, 2021, between the Company and Technopark Alatau LLP, as well as a certificate certifying the registration of a person as a participant of FEZ, registration No.03-356 dated December 13, 2021, the Company is included into the unified register of FEZ participants since December 13, 2021.

In this connection, benefits will be applied to certain types of work which are on the list of priority activities related to FEZ, which will substantially reduce the tax burden concerning income and other taxes.

(KZT thousand)

4. CRITICAL ACCOUNTING ASSUMPTIONS AND ESTIMATES (continued)

Deferred tax

The Company follows the tax legislation of the Republic of Kazakhstan only after the reporting period determines the obligation to calculate and pay corporate income tax. Deferred tax is calculated using the balance sheet method by determining the temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets and liabilities are reviewed at each reporting date. Changes in the measurement of deferred tax assets and liabilities are recognized in the statement of comprehensive income.

Accrued liabilities

At each reporting date, the Company recognises in the financial statements estimated liabilities *(Note 17)* for which an expense is recognised at the end of each reporting period, but a tax invoice for VAT accrual purposes is issued in the month following the reporting period.

5. Cash and cash equivalents

	31.12.2021	**31.12.2020**
Bank deposits	13,200,000	14,800,000
Cash held with current accounts in Halyk Bank of Kazakhstan JSC, KZT	326,678	1,861,379
Purchase and reverse repurchase agreements (‘reverse repos’) with an initial term of less than three months - without a credit rating	16,758,990	6,000,000
Cash held with current accounts in Bank CenterCredit JSC, KZT	3	-
Impairment loss allowance	(18,668)	(56,982)
Total	**30,267,003**	**22,604,397**

The rating of these banks according to Standard & Poor's international rating agency is disclosed in Note 28. Deposits are denominated in KZT and are placed for varying periods of up to 3 months, depending on the cash requirements of the Company. Interest is accrued on such deposits at rates ranging from 7.50% to 10% per annum (2020: from 7.00% to 10.00% per annum). Financial income represents interest on bank deposits. The table below represents bank deposits as of December 31, 2021, and 2020.

	Placement terms	**Interest rate**	**31.12.2021**	**31.12.2020**
BankCenterCredit JSC	3 months	9%	-	3,400,000
BankCenterCredit JSC	1 months	9.5%	3,400,000	-
Jysan Bank JSC	Up to 1 month	8%	-	2,300,000
ForteBank JSC	Up to 1 month	8%	-	3,400,000
ForteBank JSC	Up to 12 month	8.50%	3,400,000	-
Halyk Bank of Kazakhstan JSC	Up to 1 month	7.50%	-	5,700,000
Halyk Bank of Kazakhstan JSC	Up to 1 month	8.00%	6,400,000	-
Total			**13,200,000**	**14,800,000**

(KZT thousand)

5. Cash and cash equivalents (continued)

Movements in impairment loss allowance as of 31 December were as follows:

Provision

	2021	**2020**
As of 1 January	56,982	131,411
Accrued	18,668	56,982
Reversed	(56,982)	(131,411)
31 December	**18,668**	**56,982**

6. Other current financial assets

Accrued and paid interest on deposits for 2021 and 2020 by bank and interest on bonds are as follows:

	As of 01 January 2020	**Accrued (Note 24)**	**Repaid**	**Bank fee**	**CIT withheld**	**As of 31 December 2020**
BankCenterCredit JSC	22,037	228,844	(211,290)	-	(37,286)	2,305
ATF Bank JSC	5,123	217,370	(189,888)	-	(32,605)	-
Halyk Bank of Kazakhstan JSC	-	225,571	(191,735)	-	(33,836)	-
ForteBank JSC	837	264,112	(219,295)	(31)	(38,706)	6,917
Eurasian Bank JSC	-	22,259	(18,920)	-	(3,339)	-
Repo securities	-	9,918	-	-	-	9,918
Jysan Bank JSC	-	511	-	-	-	511
DFSK Specialised Financial Company LLP	-	35	(30)	-	(5)	-
Total	**27,997**	**968,620**	**(831,158)**	**(31)**	**(145,777)**	**19,651**

(KZT thousand)

6. Other current financial assets (continued)

	As of 1 January 2021	Accrued (Note 24)	Repaid	Bank fee	CIT withheld	As of 31 December 2021
BankCenterCredit JSC	2,305	187,830	(142,058)	-	(25,069)	23,008
ATF Bank JSC	-	-	-	-	-	-
Halyk Bank of Kazakhstan JSC	-	188,739	(160,428)	-	(28,311)	-
ForteBank JSC	6,917	280,946	(223,811)	(9)	(43,179)	20,864
Eurasian Bank JSC	-	-	-	-	-	-
Repo securities	9,918	615,178	(596,056)	-	-	29,040
Jysan Bank JSC	511	28,156	(24,367)	-	(4,300)	-
DFSK Specialised Financial Company LLP		33	(28)	-	(5)	-
Total	**19,651**	**1,300,882**	**(1,146,748)**	**(9)**	**(100,864)**	**72,912**

7. Trade receivables

	31 December 2021	31 December 2020
Trade receivables	358,786	226,836
Impairment loss allowance	(10,129)	(6,036)
Total	**348,657**	**220,800**

Short-term trade and other receivables are presented in Kazakhstan tenge. The ageing analysis of unimpaired trade receivables is as follows:

	31 December 2021	31 December 2020
1 to 30 days	300,779	199,821
31 to 60 days	8,573	5,970
61 to 90 days	1,012	1,468
91 to 120 days	14,766	8,615
121-180 days	124	1,065
From 181 days	33,532	9,897
Total	**358,786**	**226,836**

The Company applies the expected credit loss approach prescribed in IFRS 9, which is based on an estimate of expected credit losses, whereby a provision is calculated based on expected lifetime credit losses for all trade receivables.

(KZT thousand)

7. Trade receivables (continued)

To estimate expected credit losses, trade receivables have been grouped based on overall credit risk characteristics and days overdue. Levels of expected credit losses are based on due dates through December 31, 2021, and 2020, respectively, and similar historical credit losses incurred during that period. Historical loss levels are not adjusted for current and projected macroeconomic information as there is no material effect. The estimated allowance for credit losses on trade receivables is determined following the reserve matrix as of December 31, 2021, and 2020 as follows:

	31 December 2021	31 December 2020
As of 1 January	6,036	3,422
Accrued (Note 23)	8,925	4,454
Written-off (Note 23)	(4,832)	(1,717)
Reversed	-	(123)
31 December	**10,129**	**6,036**

The analysis of trade receivables by the counterparty is as follows:

	31 December 2021	31 December 2020
NC JSC State Corporation ‘Government for Citizens’	130,387	124,531
NIH Zerde JSC	18,563	162
Banknote Factory of the National Bank of RK	8,271	6,864
Shygys Zhanar Mai LLP	5,764	2,178
Merkuriy Retail LLP	4,925	1,519
E-finance Center JSC	4,292	5,047
Standard Resources LLP	4,128	1,780
National Bank of the Republic of Kazakhstan RSE	2,900	3,734
Avtogaz Trade LLP	2,679	3,282
Atameken National Chamber of Entrepreneurs of the RK	2,393	1,574
Transtelecom JSC Branch in Nur-Sultan	1,650	1,683
Kazakhtelecom Directorate of Corporate Sales Branch JSC	1,361	2,316
NC KTZh JSC	521	3,192
KazMunaiGaz JSC	339	2,181
Other	170,613	66,793
Total	**358,786**	**226,836**

8. Financial assets measured at amortized cost

In December 2017, following the Decision of the Government of the Republic of Kazakhstan dated November 7, 2017, the Group acquired bonds of DSFK Special Financial Company LLP (‘DSFK bonds’) by paying for the acquisition with funds placed in RBK Bank JSC (‘RBK Bank’). The nominal amount of the bonds amounted to KZT 364,190 thousand for 364,190 thousand pieces of bonds. DSFK bonds have an interest rate of 0.01% per annum and a maturity of 15 years. The above bonds are secured by a financial guarantee of Kazakhmys Corporation LLP for KZT 100,119 thousand, which was discounted at 11%.

The guarantee can be claimed at the request of the Company after five years from the date of issue of the bonds.

(KZT thousand)

8. Financial assets measured at amortized cost (continued)

Because the guarantee expires in December 2022 and the Company intends to take immediate advantage of the right to claim it, the carrying value of the bond investment was reclassified to current assets as of 31 December 2021.

Thus, the carrying amount of investments in bonds as of 31 December 2021 equalled KZT 90,197 thousand (31 December 2020: KZT 81,260 thousand). In 2021 and 2020 the issuer repurchased 13,236 thousand and 16,524 thousand bonds for KZT 1 per bond, respectively.

Changes in the fair value of bonds are as follows:

	31 December 2021	**31 December 2020**
As of 1 January	81,260	73,206
Repurchase (repayment)	(13,236)	(16,524)
Reverse discount	8,937	8,054
Income from the reversal of impairment loss	13,236	16,524
Bonds receivable (discounted value) as of the year-end	**90,197**	**81,260**

	31 December 2021	**31 December 2020**
Bonds receivable	325,894	363,709
Less: impairment	(225,775)	(255,536)
Less: discount	(9,922)	(26,913)
Total	**90,197**	**81,260**
including:		
Current assets	90,197	-
Non-current assets	-	81,260
	90,197	**81,260**

9. Inventories

	31 December 2021	**31 December 2020**
Raw and materials	132,254	133,170
Spare parts	34,330	27,704
Fuel	3,827	9,468
Promotional materials	5,405	6,866
Other materials	48,108	53,311
Loss allowance from impairment of inventories	(18,390)	(19,895)
Total	**205,534**	**210,624**

(KZT thousand)

9. Inventories (continued)

The movement of allowance for impairment of inventories is as follows:

	31 December 2021	31 December 2020
As of 1 January	19,895	25,514
Accrued	-	6,305
Written off	(1,505)	(11,924)
31 December	**18,390**	**19,895**

10. VAT recoverable

	31 December 2021	31 December 2020
Value-added tax recoverable	-	1,322,052
VAT for a non-resident	-	2,834
Total	**-**	**1,324,886**

11. Other current assets

	31 December 2021	31 December 2020
Prepaid expenses	539,124	533,874
Claims expenses	14,979	23,556
Receivables from employees	5,096	3,256
Total	**559,199**	**560,686**

(KZT thousand)

12. Property, plant, and equipment

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other property, plant, and equipment	Construction in progress	Total
Cost							
As of 01 January 2020	**24,970**	**887,186**	**14,157,963**	**261,582**	**1,399,228**	**86,337**	**16,817,266**
Proceeds	-	-	2,250,400	-	626,671	624,814	2,250,400
Internal transfer	-	9,547	9,989	-	468,961	(488,497)	-
Disposal	-	-	(88,602)	(6,097)	(5,703)	(104,167)	(204,569)
As of 31 December 2020	**24,970**	**896,733**	**16,329,750**	**255,485**	**2,489,157**	**118,487**	**20,114,582**
Proceeds	-	-	279,354	-	3,849	2,677	285,880
Internal transfer	-	-	1,079	1,598	-	(2,677)	-
Disposal	-	-	(162,305)	-	(31)	-	(162,336)
As of 31 December 2021	**24,970**	**896,733**	**16,447,878**	**257,083**	**2,492,975**	**118,487**	**20,238,126**
Accumulated deprecation							
As of 01 January 2020	**-**	**(135,993)**	**(6,009,760)**	**(130,983)**	**(211,680)**	**-**	**(6,488,416)**
Accrued for the year	-	(24,567)	(1,492,708)	(37,059)	(160,948)	-	(1,715,282)
Disposal	-	-	80,441	4,438	3,155	-	88,034
As of 31 December 2020	**-**	**(160,560)**	**(7,422,027)**	**(163,604)**	**(369,473)**	**-**	**(8,115,664)**
Accrued for the year	-	(24,244)	(1,665,982)	(31,229)	(247,330)	-	(1,968,785)
Disposal	-	-	79,246	-	31	-	79,277
As of 31 December 2021	**-**	**(184,804)**	**(9,008,763)**	**(194,833)**	**(616,772)**	**-**	**(10,005,172)**
Net carrying value as of							
31 December 2020	**24,970**	**736,173**	**8,907,723**	**91,881**	**2,119,684**	**118,487**	**11,998,918**
31 December 2021	**24,970**	**711,929**	**7,439,115**	**62,250**	**1,876,203**	**118,487**	**10,232,954**

(KZT thousand)

12. Property, plant, and equipment (continued)

As of December 31, 2021, fully depreciated property, plant and equipment amounted to KZT 3,492,170 thousand (31 December 2020: KZT 1,424,948 thousand).

Depreciation expense is reported in the following items:

	31 December 2021	1 December 2020
Cost of services sold (Note 21)	1,935,856	1,690,415
Administrative expenses (Note 22)	32,929	24,867
Total	**1,968,785**	**1,715,282**

13. Right-of-use assets

The Company has leases of premises, land, and equipment used in operating activities. The leases of premises typically run for one year, the leases of land range from one to five years, and the leases of equipment run for up to four years. The Company's liabilities under lease agreements are secured by the lessor's title to the leased assets. Generally, the Company is not permitted to sublease or lease the leased assets, and equipment leases contain options to terminate the leases.

For leases of less than 12 months and leases of low-value land, the Company applies the recognition exemptions provided for short-term leases and low-value assets.

The carrying value of the right-of-use assets recognized and their changes during the period are as follows:

	Land	Equipment	Total right-of-use assets
Historical cost			
As of 01 January 2020	**433**	**3,384,516**	**3,384,949**
Proceeds	-	3,075,259	3,075,259
Disposal	(389)	-	(389)
As of 31 December 2020	**44**	**6,459,775**	**6,459,819**
Proceeds	-	3,012,252	3,012,252
Disposal	-	-	-
As of 31 December 2021	**44**	**9,472,027**	**9,472,071**
Accumulated deprecation			
As of 01 January 2020	**(208)**	**(199,089)**	**(199,297)**
Accrued for the year	(191)	(1,492,093)	(1,492,284)
Disposal	389	-	389
As of 31 December 2020	**(10)**	**(1,691,182)**	**(1,691,182)**
Accrued for the year	(5)	(2,173,151)	(2,173,156)
Disposal	-	-	-
As of 31 December 2021	**(15)**	**(3,864,333)**	**(3,864,348)**
Book value			
As of 31 December 2020	**34**	**4,768,593**	**4,768,627**
As of 31 December 2021	**29**	**5,607,694**	**5,607,723**

(KZT thousand)

13. Right-of-use assets (continued)

Lease liabilities

Below is the carrying value of lease liabilities and their changes during the reporting period:

	Land	Equipment	Total lease liabilities
As of 01 January 2020	**(251)**	**(3,223,161)**	**(3,223,412)**
Surplus	-	(3,075,259)	(3,075,259)
Interest incurred	(25)	(589,956)	(589,981)
Paid	233	1,847,254	1,847,487
As of 31 December 2020	**(43)**	**(5,041,122)**	**(5,041,165)**
including:			
Current liabilities	-	(1,537,563)	(1,537,563)
Non-current liabilities	(43)	(3,503,559)	(3,503,602)
	(43)	**(5,041,122)**	**(5,041,165)**
Surplus	-	(3,012,252)	(3,012,252)
Interest incurred	(6)	(768,288)	(768,294)
Paid	-	2,542,011	2,542,011
As of 31 December 2021	**(49)**	**(6,279,651)**	**(6,279,700)**
including:			
Current liabilities	(11)	(2,500,698)	(2,500,709)
Non-current liabilities	(38)	(3,778,953)	(3,778,991)
	(49)	**(6,279,651)**	**(6,279,700)**

Amounts recognised within profit or loss in 2021 and 2020 are presented below:

	31 December 2021	31 December 2020
Lease expenses relating to short-term leases are included in the Cost of services (Note 21)	773,987	944,527
Lease expenses relating to short-term leases included in Administrative expenses (Note 22)	89,216	103,802
Right-of-use assets amortisation expenses (Note 21)	2,173,156	1,492,284
Interest income from lease liabilities (Note 24)	768,294	589,981
Total	**3,804,653**	**3,130,594**

(KZT thousand)

14. Intangible assets

	Capitalised development	Software	Licenses	Total
Historical cost				
As of 01 January 2020	**16,103**	**2,722,304**	**1,164,666**	**3,903,073**
Proceeds	100,020	23,806	147,420	271,246
Transferred from construction in progress	(74,520)	74,520	-	-
Disposal	-	(253,837)	(114,201)	(368,038)
As of 31 December 2020	**41,603**	**2,566,793**	**1,197,885**	**3,806,281**
Proceeds	89,840	41,984	-	131,824
Transferred from construction in progress	(22,814)	22,814	-	-
Disposal	(16,103)	(8,050)	-	(24,153)
As of 31 December 2021	**92,526**	**2,623,541**	**1,197,885**	**3,913,952**
Accumulated deprecation				
As of 01 January 2020	**-**	**(869,508)**	**(292,865)**	**(1,162,373)**
Accrued for the year	-	(420,748)	(166,825)	(587,573)
Disposal	-	253,837	114,201	368,038
As of 31 December 2020	**-**	**(1,036,419)**	**(345,489)**	**(1,381,908)**
Accrued for the year	-	(363,161)	(171,002)	(534,163)
Disposal	-	8,050	-	8,050
As of 31 December 2021	**-**	**(1,391,530)**	**(516,491)**	**(1,908,021)**
Net carrying value				
As of 31 December 2020	**41,603**	**1,530,374**	**852,396**	**2,424,373**
As of 31 December 2021	**92,526**	**1,232,011**	**681,394**	**2,005,931**

(KZT thousand)

14. Intangible assets (continued)

Amortisation expenses are included in the following costs:

	31 December 2021	31 December 2020
Cost of goods sold (Note 21)	531,964	585,579
Administrative expenses (Note 21)	2,199	1,994
Total	**534,163**	**587,573**

15. Trade payables

	31 December 2021	31 December 2020
Trade payables to the third parties	10,207,712	11,216,017
Payables to related parties	34,749	1,893
Total	**10,242,461**	**11,217,910**

Analysis of trade payables by ageing is as follows:

	31 December 2021	31 December 2020
Less than 30 days	3,564,348	4,523,665
31 to 180 days	6,545,504	6,623,934
181-360 days	132,609	70,311
Total	**10,242,461**	**11,217,910**

As of December 31, 2021, and 2020, accounts payable are non-interest bearing and repayable within 30 to 360 days. Related party transactions are disclosed in Note 26.

A description of the processes used by the Company to manage liquidity risks is disclosed in Note 28.

Payables to suppliers for goods and services by currency:

	31 December 2021	31 December 2020
KZT	10,242,461	11,215,646
RUB	-	2,264
Total	**10,242,461**	**11,217,910**

15. Trade payables (continued)

The analysis of trade payables by the counterparty is as follows:

(KZT thousand)

	31 December 2021	**31 December 2020**
Kazakhtelecom JSC Corporate Business Division Branch (Corporate Sales Division Branch of Kazakhtelecom JSC)	4,647,077	5,028,822
ASTEL JSC	2,393,188	1,403,714
BIZONE KAZAKHSTAN LTD Private Company	424,558	-
Branch of Transtelecom in Nur-Sulan JSC	389,997	130,021
AG TECH LLP	241,920	247,296
K-Cell JSC	241,886	308,462
Kar-Tel LLP	232,804	193,275
NEWTECH DISTRIBUTION LLP	227,346	-
KazTransCom JSC	166,454	154,939
Arttelecom LLP	132,030	135,540
AZIMUT LABS LLP	129,400	-
BUSINESS TECHNOLOGICAL COMPANY TOO (Saiga Company LLP)	93,486	-
Art-IT LLP	36,970	675,163
Other	885,345	2,940,678
Total	**10,242,461**	**11,217,910**

16. Employee benefits

	31 December 2021	**31 December 2020**
Salaries paid	35,907	16,024
Provision for unused vacations, bonuses and related taxes	816,769	788,798
Total	**852,676**	**804,822**

Employee benefits include short-term employee benefits such as salaries, paid annual leave and leave benefits, paid sick leave, compensation, and guarantees stipulated by the labour legislation of the Republic of Kazakhstan bonuses, provisions, and other payments provided for by internal regulations.

Movements in provisions for unused vacations, bonuses, and related taxes are presented as follows:

	31 December 2021	**31 December 2020**
As of 1 January	788,798	740,472
Accrued	705,508	350,970
Used	(677,537)	(302,644)
31 December	**816,769**	**788,798**

17. Accrued liabilities

	31 December 2021	31 December 2020
Liabilities on payments to suppliers	2,105,745	5,051
Legal claims liabilities	7,976	26,702
Total	**2,113,721**	**31,753**

Movement in accrued liabilities is as follows:

	31 December 2021	31 December 2020
As of 1 January	31,753	150,129
Accrued	2,114,026	31,754
Paid	(22,211)	(91,353)
Reversal of loss (Note 23)	(5,151)	-
Reclassified to payables	(4,696)	(11,709)
Reversal of provision for CIT penalty for the past periods	-	(47,068)
31 December	**2,113,721**	**31,753**

18. Other current liabilities

	31 December 2021	31 December 2020
VAT	271,850	-
Pension deductions	141,825	104,997
Individual income tax	123,079	93,935
Social insurance	45,851	37,935
Social tax	85,501	887
Total current liabilities	10,135	7,401
Total	**678,241**	**245,155**

19. Equity

Equity as of December 31, 2021, is represented by 10,006,294 outstanding ordinary shares (December 31, 2020: 9,998,294 pieces) and amounts to KZT 13,507,365 thousand.

	31 December 2021	31 December 2020
Equity at the beginning of the reporting year (KZT thousand)	13,497,723	13,497,723
Increase in charter capital	9,642	-
Equity as of the end of the reporting year (KZT thousand)	**13,507,365**	**13,497,723**

19. Equity (continued)

On April 28, 2021, the Board of National Infocommunication Holding Zerde JSC decided to increase the number of the Company's authorized shares (9,998,294 ordinary shares) by 8,000 ordinary shares.

Calculation of the book value per share is as follows:

	31 December 2021	31 December 2020
Assets	49,625,438	44,293,423
Liabilities	(20,691,730)	(17,691,536)
Intangible assets	(2,005,931)	(2,424,373)
Share capital (preference shares)	-	-
Total net assets for ordinary shares (KZT thousand)	26,927,777	24,177,514
Common outstanding shares (pieces)	10,006,294	9,998,294
Book value per ordinary share (KZT)	**2,691.084**	**2,418.164**

Basic earnings per share are calculated by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

	31 December 2021	31 December 2020
Profit after tax	7,463,994	7,345,451
Weighted average number of shares outstanding (pieces)	10,006,294	9,998,294
Basic earnings per share/KZT	**0.746**	**0.735**

There were no derivative financial instruments at the end of the reporting year that could require the Company to issue ordinary shares. There have been no other transactions involving ordinary shares between the reporting date and the date these financial statements were authorized for issue.

For the years ended December 31, retained earnings are as follows:

	31 December 2021	31 December 2020
As of 1 January	13,104,164	10,157,962
Profit or loss for the reporting period	7,463,994	7,345,451
Dividends payment	(5,141,815)	(4,399,249)
Balance as of 31 December	**15,426,343**	**13,104,164**

Dividends

In 2021, following the decisions of the Sole Shareholder, the Company declared for payment and fully paid dividends for 2021 in the total amount of KZT 5,141,815 thousand (2020: KZT 4,399,249 thousand).

(KZT thousand)

20. Sales revenue

Revenue is disclosed below:

	31 December 2021	31 December 2020
Maintenance, administration, system and technical servicing, hosting, communication services to the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan	35,718,954	32,397,669
Technical maintenance of hardware and IS	7,646,169	8,924,368
System and technical services provided to the Ministry of Finance of RK, Treasury Committee, National Bank of RK	1,155,763	873,921
Other	2,168,999	1,372,707
Total	**46,689,885**	**43,568,665**

Sales represent revenue from the provision of information services, system, and technical services, communication services, etc. Services are rendered in the territory of the Republic of Kazakhstan, and contracts with customers are concluded in Kazakhstan currency. Core customers are the state authorities of the Republic of Kazakhstan.

Revenue recognition terms

	31 December 2021	31 December 2020
Revenue is recognised over a period of time	46,689,885	43,568,665
Total revenue from contracts with customers	**46,689,885**	**43,568,665**

Contract balances

	31 December 2021	31 December 2020
Trade receivables	348,657	220,800
Contract liabilities	19,108	14,614
	367,765	**235,414**

As of December 31, 2021, a valuation allowance for expected credit losses on trade receivables was recognized for KZT 10,129 thousand (December 31, 2020, for KZT 6,036 thousand) (Note 7).

Contractual liabilities represent short-term liabilities under contracts where the Company fulfils its contractual obligations and transfers services to the customer after the reporting date.

(KZT thousand)

21. Cost of sales

	31 December 2021	31 December 2020
Communication services	16,476,494	17,244,288
Salary and related taxes	7,892,573	6,828,095
Depreciation and amortisation	2,467,820	2,275,994
Amortisation of the right for the asset use	2,173,156	1,492,284
Lease expenses	773,987	944,527
Unified Contact Center services	-	815,126
Lease of a licensed software	771,929	617,847
Provision for unused vacations, bonuses, and related taxes expenses	684,975	589,400
Maintenance services	424,823	370,413
Utilities	266,019	225,131
Travel expenses	192,849	146,807
Materials	103,560	116,800
Insurance costs	113,656	116,645
Staff training	35,678	94,563
Advisory and information services	9,000	10,490
Other expenses	3,616,315	1,672,472
Total	**36,002,834**	**33,560,882**

22. Administrative expenses

	31 December 2021	31 December 2020
Salary and related taxes	874,628	912,593
Lease expenses	89,216	103,802
Provision for unused vacations, bonuses, and related taxes expenses	26,311	115,257
Depreciation and amortisation	35,128	26,861
Transportation costs	25,760	30,238
Travel expenses	16,622	6,913
Staff training	15,100	5,878
Audit and advisory services	9,500	6,050
Materials	7,470	15,490
Membership fees	4,419	21,584
Social, cultural, and sports events costs	-	3,343
Sponsorship	-	2,000
Other expenses	65,424	46,835
Total	**1,169,578**	**1,296,844**

(KZT thousand)

23. Other income and expenses

	31 December 2021	31 December 2020
Reversal of cash and cash equivalents provision	56,982	131,412
Fines and penalties	78,946	104,892
Reversal of provision for CIT penalty for the past periods	-	47,068
Income from change in fair value of financial instruments	13,236	16,524
Incomes from the reversal of impairment loss	9,983	-
Income from assets disposal	-	7,922
Income from the reversal of impairment loss	-	6,317
Other income	11,007	10,271
Total	**170,154**	**324,406**
Expenses for provisions establishment	(6,335)	(26,702)
Expenses from impairment of financial instruments	(18,668)	(56,983)
Expenses from assets disposals	(83,032)	(12,633)
Expenses from impairment of non-financial instruments	-	(6,305)
Expenses from impairment of receivables	(8,925)	(4,454)
Other expenses	(81,527)	(6,238)
Total	**(198,487)**	**(113,315)**

24. Finance income/expenses

Finance income	**31 December 2021**	**31 December 2020**
Income on accrued rate of return on deposits	1,300,849	968,586
Accrued coupon return on bonds	33	34
Reverse discount on financial assets accounted for under depreciable assets	8,937	8,053
Total	**1,309,819**	**976,673**

Finance costs	**31 December 2021**	**31 December 2020**
Long-term lease fee (Note 13)	768,294	589,981
Total	**768,294**	**589,981**

(KZT thousand)

25. Income tax expenses

Deferred tax liabilities	**31 December 2021**	**31 December 2020**
Current income tax expenses	2,468,298	2,165,649
Adjustment of income tax of past periods	(228,818)	-
Income tax paid at source	100,864	145,777
Deferred income tax expenses/(recovery)	224,295	(362,191)
Total	**2,564,639**	**1,949,235**

Reconciliation of corporate income tax expense applicable to income before income tax is as follows:

	31 December 2021	**31 December 2020**
Profit before tax	**10,028,633**	**9,294,686**
Statuary tax rate, %	20%	20%
Income tax at the statuary rate	**2,005,727**	**1,858,937**
Other non-deductible expenses	783,207	(271,893)
Change in temporary differences estimates	(224,295)	362,191
Tax expenses for the year	**2,564,639**	**1,949,235**

Deferred income tax asset	**2021**	**Change**	**2020**	**Change**	**2019**
Employees-related provisions	163,354	5,594	157,760	9,666	148,094
Provision for impairment of receivables	2,026	819	1,207	522	685
Provision for impairment of inventories	3,678	(301)	3,979	(1,124)	5,103
Provision for estimated liabilities	1,595	(3,745)	5,340	2,998	2,342
Lease	142,937	52,351	90,586	83,034	7,552
Taxes and deductions	19,921	17,040	2,881	(1,289)	4,170
Total deferred income tax asset	**333,511**	**71,758**	**261,753**	**93,807**	**167,946**
Deferred tax liabilities					
Property, plant, and equipment	**(839,334)**	**(296,053)**	**(543,281)**	**268,384**	**(811,665)**
Total deferred tax liabilities	**(839,334)**	**(296,053)**	**(543,281)**	**268,384**	**(811,665)**
Net deferred tax liabilities	**(505,823)**	**(224,295)**	**(281,528)**	**362,191**	**(643,719)**

(KZT thousand)

25. Income tax expenses (continued)

Movement in deferred income tax is as follows:

	31 December 2021	31 December 2020
As of 1 January	281,528	643,719
Recognised in the statement of profit or loss	224,295	(362,191)
31 December	**505,823**	**281,528**

26. Related party transactions

For these financial statements, parties are considered to be related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties that are under common control with the Company are also considered to be related. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties include the Company's Sole Shareholder, key management personnel, and entities in which a substantial interest in the voting power is owned, directly or indirectly, by the Sole Shareholder or key management personnel of the Company and entities controlled by the Government of the Republic of Kazakhstan. Related party transactions represent transfers of resources, services, or commitments between related parties, regardless of the charges.

Related party transactions were made on terms agreed to between the parties that may not necessarily correspond to market rates, except for certain regulated services, which are provided based on tariffs offered to related and third parties.

Transactions with related parties of the Company as of December 31, 2020, were as follows:

	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
		2021		
Sole shareholder	70,926	-	18,563	-
Entities under common control of the Sole Shareholder:				
- National Innovation Development Agency 'QazInnovations'	-	-	-	-
Other entities and authorities controlled by the Government of the RK	2,454,267	377,362	499	34,749
Total	**2,525,193**	**377,362**	**19,062**	**34,749**

(KZT thousand)

26. Related party transactions (continued)

	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
			2020	
Sole shareholder	144	-	144	-
Entities under common control of the Sole Shareholder:				
- National Innovation Development Agency 'QazInnovations'	-	-	-	-
Other entities and authorities controlled by the Government of the RK	1,693,298	380,859	39,889	1,893
Total	**1,693,442**	**380,859**	**40,033**	**1,893**

The remuneration received by the key management personnel is included in administrative expenses and comprised the following:

	31 December 2021	31 December 2020
Salary	92,982	95,113
Bonuses	4,841	26,527
Social tax	2,253	9,994
Social deductions	163	666
Medical insurance	132	544

27. Commitments and contingencies

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Coronavirus pandemic and market conditions

The coronavirus pandemic left a significant negative impact in 2020 and continues to have an impact in 2021, requiring businesses to suspend operations and/or impose restrictions. On July 1, 2021, the Ministry of Health conducted PCR screening, which detected the Indian strain COVID-19 in Nur-Sultan, Almaty, Shymkent and the regions.

Thus, from July 1, 2021, the Chief State Sanitary Inspector of Kazakhstan imposed a new regulation, which requires Akims of Almaty, Nur-Sultan, Shymkent, regional Akimats, Atameken (as agreed), national companies, heads of organizations, individuals and legal entities, regardless of ownership, operating in Kazakhstan to organize preventive vaccination against COVID-19 by August 10, 2021, and the second component by September 1, 2021 (except for those with medical alerts and cured of COVID-19 within the last three months). Admission to permanent employment in these organisations for unvaccinated employees has been restricted

In November 2021, the World Health Organization (WHO) first reported the Omicron strain identified in South Africa.

Omicron multiplies about 70 times faster than previous strains but is less virulent.

Omicron was first identified in Kazakhstan at the beginning of

27. Commitments and contingencies (continued)

January 2022 causing average morbidity of up to 10 000 people. The government has imposed additional restrictions to stop the spread of the virus. Due to the stabilisation of the epidemiological situation, the Government has now relaxed previous quarantine measures within the country, such as the mandatory wearing of masks, restrictions on access to crowded areas, etc.

The measures taken to contain the virus have negatively affected operations and disrupted many businesses, resulting in a significant economic downturn in the markets.

As the virus infection continues to progress and evolve, it is extremely difficult to predict the full extent and duration of its impact on the Company's business.

Legal proceedings

In the ordinary course of business, the Company is subject to legal actions and complaints. The Company's management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material effect on these financial statements or the financial position of the Company and the results of its operations for the foreseeable future except for provision for legal claims for KZT 7,976 thousand (2020: KZT 26,702 thousand) (Note 17).

The Company assesses the probability of liabilities arising from legal proceedings and claims and makes provision in the financial statements only where it is probable that events giving rise to the liability will occur and the amount of the liability can be reasonably estimated.

The Company's management believes that possible future claims, both individually and in aggregate, will not have a material adverse effect on the Company's financial position or results of operations.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws is severe. Penalties are generally 80% of the additional taxes and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest may be a multiple of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and interest, if any, may be over the amount expensed to date and accrued as of December 31, 2021.

As of December 31, 2021, management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company's tax positions will be sustained, except as provided for in these financial statements or as otherwise disclosed in these financial statements.

Employee benefit obligations

The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan, which requires current withholdings by the employer calculated as a percentage of current gross salary payments. Such deductions are expensed in the period in which they are incurred.

Environmental issues

The Company is subject to various environmental laws and regulations of the Republic of Kazakhstan. Management believes that the Company complies with all such laws and regulations; however, the possibility of the existence of contingent liabilities cannot be ignored.

(KZT thousand)

28. Financial risks management

Risk management policy is an integral part of strategic business planning and is a set of measures implemented at all levels of management. The Company is mainly exposed to credit, liquidity, and currency risks arising from all financial instruments. The financial risks associated with the Company's operations are controlled and managed through the analysis of risk exposures by degree and magnitude of risks.

Credit risk

The Company's management believes that the total amount of credit risk is equal to the sum of current assets less provisions recognised at the reporting date.

The maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents and financial assets.

As of December 31, 2021, and 2020, the above-mentioned items are presented as follows:

	31 December 2021	**31 December 2020**
Cash and cash equivalents (Note 5)	30,267,003	22,604,397
Trade receivables (Note 7)	348,657	220,800
Financial assets measured at amortized cost (Note 8)	90,197	81,260
Other current financial assets (Note 6)	72,912	19,651
Total	**30,778,769**	**22,926,108**

Ratings of the second-tier banks in which the Company holds cash according to the international rating agency Standard & Poor's are as follows.

	ash balance on settlement accounts and deposits	**Rating agency S&P**	**Cash balance on settlement accounts and deposits**	**Rating agency S&P**
		2021		**2020**
Halyk Bank JSC	327,481	BB+ Stable	1,863,051	BBB-/ Stable
Halyk Bank JSC	6,400,000	BB+ Stable	5,700,000	BBB-/ Stable
BankCenterCredit JSC	3,400,000	B Stable	3,400,000	B2 / Stable
Forte Finance JSC	16,758,187	B+ Positive	5,998,328	B1/ Stable
Jysan Bank JSC	-		2,300,000	B1/Stable
ATF Bank JSC	-		-	B-/ Stable
Forte Bank JSC	3,400,000	B+ Positive	3,400,000	B1/ Stable
Total	**30,285,668**		**22,661,379**	

* Source: Official websites of the banks as of 31 December of the relevant year.

(KZT thousand)

28. Financial risks management (continued)

Market risk

Market risk is the risk that movements in market prices, such as foreign exchange rates, interest rates, and other market prices will affect the Company's income. Market risk is dependent on the general well-being of a country's financial system and government policy. The Company manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions. The Company does not have any derivative or other hedging instruments.

Liquidity risk

The Company's management oversees liquidity risk by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables

The following tables detail the Company's contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

2021	Application	Up to 1 year	1-5 years	Over 5 years	Total
Financial liabilities					
Trade payables	15	10,242,461	-	-	**10,242,461**
Lease liabilities	13	2,848,553	4,266,638	-	**7,115,191**
Total		**13,091,014**	**4,266,638**	**-**	**17,357,652**

2020	Note	Up to 1 year	1-5 years	Over 5 years	Total
Financial liabilities					
Trade payables	15	11,217,910	-	-	**11,217,910**
Lease liabilities	13	1,956,960	3,913,920	-	**5,870,880**
Total		**13,174,870**	**3,913,920**	-	**17,088,790**

The expected maturities of the Company's non-derivative financial assets are presented in the table below. The table has been drawn up based on the undiscounted contractual maturities of the financial assets to be received for these assets, except where the Company expects the cash flows to occur in a different period.

(KZT thousand)

28. Financial risks management (continued)

2021	Note	Up to 1 year	1-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5	30,267,003	-	-	**30,267,003**
Trade receivables	7	348,657	-	-	**348,657**
Financial assets measured at amortized cost	8	100,119	-		**100,119**
Other current financial assets	6	72,912	-	-	**72,912**
Total		**30,788,691**	**-**	**-**	**30,788,691**

2020	Note	Up to 1 year	1-5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5	22,604,397	-	-	**22,604,397**
Trade receivables	7	220,800	-	-	**220,800**
Financial assets measured at amortized cost	8	-	100,119	-	**100,119**
Other current financial assets	6	19,651	-	-	**19,651**
Total		**22,844,848**	**100,119**	**-**	**22,944,967**

	Up to 1 year	1-5 years	Over 5 years	Total
Net position for 2021	**17,697,677**	**(4,266,638)**	**-**	**13,431,039**
Net position for 2020	**9,669,978**	**(3,813,801)**	**-**	**5,856,177**

Currency risk

The Company is exposed to currency risk on sales, and purchases denominated in a currency other than the Company's functional currency. The Company does not use hedging instruments to minimise the impact on its financial results from fluctuations in foreign exchange rates.

(KZT thousand)

28. Financial risks management (continued)

31 December 2021	**Note**	**KZT**	**USD**	**RUB**	**Total**
Financial assets					
Cash and cash equivalents	5	30,267,003	-	-	**30,267,003**
Total		**30,267,003**	**-**	**-**	**30,267,003**
Financial liabilities					
Trade payables	15	(10,242,461)	-	-	**(10,242,461)**
Total		**(10,242,461)**	**-**	**-**	**(10,242,461)**
Net position		**20,024,542**	**-**	**-**	**20,024,542**

31 December 2020	**Note**	**KZT**	**USD**	**RUB**	**Total**
Financial assets					
Cash and cash equivalents	5	22,604,397	-	-	**22,604,397**
Total		**22,604,397**	**-**	**-**	**22,604,397**
Financial liabilities					
Trade payables	15	(11,215,646)	-	(2,264)	**(11,217,910)**
Total		**(11,215,646)**	**-**	**(2,264)**	**(11,217,910)**
Net position		**11,388,751**	**-**	**(2,264)**	**11,386,487**

Fair value of financial instruments

Financial assets and liabilities maturing in less than one year, which include trade receivables, cash, and cash equivalents and trade payables, are carried at the current carrying amount that management believes approximates the fair value of these instruments due to their short-term nature.

Financial assets carried at amortised cost (bonds) are recorded in the financial statements at fair value based on expected cash flows using a discount rate of 11% per annum:

	Nominal value	**Fair value**	**Quoted market price in an active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
As of 31 December 2021	325,894	90,197	-	-	90,197
As of 31 December 2020	363,709	81,260	-	-	81,260

(KZT thousand)

28. Financial risks management (continued)

Lease liabilities measured at amortised cost are recognised in the financial statements at fair value based on expected cash flows discounted at the commencement date of the lease (Note 20):

	Nominal value	Fair value	Quoted market price in an active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As of 31 December 2021	7,115,191	6,279,700	-	-	6,279,700
As of 31 December 2020	5,870,880	5,041,165	-	-	5,041,165

29. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the requirements of contractual terms. The capital structure is represented by retained earnings and shares capital. The Company complies with the minimum capital requirements set by the Law on Joint Stock Companies of the Republic of Kazakhstan.

The Company made no changes in its objectives, policies or processes for managing capital in 2021 and 2020.

As of December 31, 2021, and 2020, the Company had no significant amounts of indebtedness. In addition, the Company has significant cash balances over debt at the reporting date.

30. Events after the reporting period

Management has evaluated subsequent events occurring between December 31, 2021, and the financial statements issue date and concluded that no events have occurred after the reporting date that would require disclosure or indication in the financial statements, other than those discussed below.

There have been significant geopolitical events in Kazakhstan, Russia and Ukraine since the balance sheet date.

To date, these events have not had a material impact on the Company's operations. Management is unable to predict the effect of future events, if any, on the Company's financial position or results of operations. Management will continue to monitor the potential impact of the above-mentioned events and will take all necessary steps to prevent adverse effects on the business.

(a) January Events in Kazakhstan

On January 2, 2022, protests triggered by rising fuel prices started in the Mangistau region of Kazakhstan and further spread to other regions of Kazakhstan. The protesters put forward many social and economic demands. Although the Government responded to the demands, including a reduction in fuel prices, the protests subsequently escalated into riots in the city of Almaty and the southern regions of the country.

Consequently, on January 5, 2022, a state of emergency was imposed in the country until January 19, 2022, and restrictions were imposed on means of communication as well as on the movement of citizens and transport, including railway and air services.

30. Events after the reporting period (continued)

As of today, the situation has stabilised in all regions of the country and the state of emergency has been lifted. The functionality of communal facilities and life support systems has been restored and restrictions on means of communication and movement have been lifted.

b) Events in Ukraine

On February 24, the President of Russia announced the recognition of the independence of the Luhansk People's Republic and the Donetsk People's Republic and Russian troops were sent to the territory of Ukraine.

In response to Russia's actions, the US, the European Union and several other states imposed sanctions against Russia, including disconnecting all the Russian financial institutions from SWIFT.

Due to the sharp devaluation of the Russian rouble, the exchange rate of the tenge started to correct.

To date, the National Bank of the Republic of Kazakhstan has taken several measures to support the stability of the Kazakhstan financial system.

The financial position of the Company was not affected by the events in Ukraine.

National Information Technologies JSC

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

TABLE OF CONTENT

Statement of National Information Technologies JSC management responsibilities for the preparation and approval of the financial statements for the year ended 31 December 2021

The following statement which should be read together with the Auditor's Responsibilities section of the accompanying Independent Auditor's Report is made to distinguish the respective responsibilities of the Auditors and Company management concerning the financial statements of National Information Technologies JSC.

Management of the National Information Technologies JSC (the 'Company') is responsible for the preparation of the financial statements that present fairly in all material respects, the financial position of the Group as of 31 December 2021, its performance, cash flows, and changes in equity for the year then ended, under International Financial Reporting Standards ('IFRS').

In preparing the financial statements, management is responsible for:

- Selecting appropriate accounting principles and applying them consistently
- Applying reasonable judgments and estimates
- Compliance with the requirements of the IFRS or disclosure of all material deviations from the IFRS in the notes to the financial statements, and
- Preparation of the consolidated financial statements assuming that the Company will continue as a going concern, except where such an assumption is unlawful.

Management is also responsible for:

- Designing, implementing, and ensuring reliable internal control in the Company
- Record keeping that allows at any time to present the information on the Company's financial position with a sufficient degree of accuracy and ensuring that the financial statements comply with IFRS requirements
- Record keeping under the legislation of the Republic of Kazakhstan
- Taking all reasonable efforts falling within the management competence to ensure the safety of Company assets, and Mismanagement detection and prevention.
-

Financial statements for the year ended 31 December 2021 were approved for issue by National Information Technologies JSC management on 26 April 2022.

On behalf of Company management:

Konyashkin R.A.
Chairperson of the Board

Smagulova A.S.
Head of accounting department - Chief Accountant

Daulbayev A.S.
Chief Financial Officer

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Almaty, Kazakhstan
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INDEPENDENT AUDITOR'S REPORT

To the equity holders and management of National Information Technologies JSC

Audit conclusion

Opinion

We have audited the financial statements of National Information Technologies JSC (the 'Company') which comprise the statement of financial position as of 31 December 2021, and statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and ethical requirements that are relevant to our audit of the consolidated financial statements in 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 Statement

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 misstatements, whether due to fraud or error.

In preparing the separate financial statement management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 it does not 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statement, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of the internal control system that is relevant for 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 Group'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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

The manager responsible for conducting the audit on which basis this independent auditor's report is issued:

Auditor ______________________

Aslan Barkinkhoyev

Auditor Qualifying Certificate No. МФ-0001362
issued by the Qualification Commission for
Certification of Auditors of the
Republic of Kazakhstan on 29.01.2021

BDO Qazaqstan LLP

State license No. 21012748 dated 19 March 2021 for audit activities issued by the Committee on Financial Monitoring of the Ministry of Finance of the Republic of Kazakhstan

____

Ch.K. Sadykov
Director
BDO Qazaqstan LLP

6 Gabdullin Street, #2
Almaty, Kazakhstan

26 April 2022

National Information Technologies JSC

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2021
(KZT thousand)

	Notes	31 December 2021	31 December 2020 (restated)
ASSETS			
Current assets			
Cash and cash equivalents	5	30,267,003	22,604,397
Other current financial assets	6	72,912	19,651
Trade receivables	7	348,657	220,800
Financial assets measured at amortized cost	8	90,197	-
Inventories	9	205,534	210,624
Prepayments made		1,610	2,884
VAT recoverable	10	-	1,324,886
Other taxes prepaid		21,619	24,674
Income tax prepaid		212,099	1
Other current assets	11	559,199	560,686
Total current assets		**31,778,830**	**24,968,603**
Non-current assets			
Financial assets measured at amortized cost	8	-	81,260
Property, plant, and equipment	12	10,232,954	11,998,918
Right-of-use assets	13	5,607,723	4,768,627
Intangible assets	14	2,005,931	2,424,373
Other non-current assets		-	51,642
Total non-current assets		**17,846,608**	**19,324,820**
TOTAL ASSETS		**49,625,438**	**44,293,423**
LIABILITIES			
Current liabilities			
Trade payables	15	10,242,461	11,217,910
Employee benefits	16	852,676	804,822
Current lease liabilities	13	2,500,709	1,537,563
Contract liabilities		19,108	14,614
Accrued liabilities	17	2,113,721	31,753
Corporate income tax payable		-	54,589
Other current liabilities	18	678,241	245,155
Total current liabilities		**16,406,916**	**13,906,406**
Non-current liabilities			
Non-current lease liabilities	13	3,778,991	3,503,602
Deferred tax liabilities	25	505,823	281,528
Total non-current liabilities		**4,284,814**	**3,785,130**
EQUITY			
Issued capital	19	13,507,365	13,497,723
Retained earnings		15,426,343	13,104,164
Total equity		**28,933,708**	**26,601,887**
TOTAL EQUITY AND LIABILITIES		**49,625,438**	**44,293,423**

Konyashkin R.A.
Chairperson of the Board

Smagulova A.S.
Head of accounting department
Chief Accountant

Daulbayev A.S.
Chief Financial Officer

Notes on pages 11- 61 are an integral part of these financial statements.
Independent auditor's report is presented in pages 7 to 10.

National Information Technologies JSC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(KZT thousand)

	Notes	For the years ended 31.12.2021	31.12.2020 (restated)
Sales revenue	20	46,689,885	43,568,665
Cost of sales	21	(36,002,834)	(33,560,882)
Gross profit		**10,687,051**	**10,007,783**
Selling expenses		(1,433)	(19,885)
Administrative expenses	22	(1,169,578)	(1,296,844)
Other income	23	170,154	324,406
Other expenses	23	(198,487)	(113,315)
Operating profit		**9,487,707**	**8,902,145**
Foreign currency translation difference, net		(599)	5,849
Finance income	24	1,309,819	976,673
Finance costs	24	(768,294)	(589,981)
Profit before tax		**10,028,633**	**9,294,686**
Income tax expenses	25	(2,564,639)	(1,949,235)
PROFIT FOR THE YEAR		**7,463,994**	**7,345,451**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,463,994**	**7,345,451**

Konyashkin R.A.
Chairperson of the Board

Smagulova A.S.
Head of accounting department
Chief Accountant

Daulbayev A.S.
Chief Financial Officer

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(KZT thousand)

	Notes	Issued capital	Retained earnings	Total equity
Balance as of 01 January 2020		**13,497,723**	**10,157,962**	**23,655,685**
Profit for the year		-	7,345,451	7,345,451
Dividends distribution	19	-	(4,399,249)	(4,399,249)
Balance as of 31 December 2020		**13,497,723**	**13,104,164**	**26,601,887**
Transactions with equity holder	19	9,642	-	9,642
Profit for the year		-	7,463,994	7,463,994
Dividends distribution	19	-	(5,141,815)	(5,141,815)
Balance as of 31 December 2021		**13,507,365**	**15,426,343**	**28,933,708**

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National Information Technologies JSC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(KZT thousand)

	Notes	2021	2020 (restated)
Operating activities			
Sales of goods and services		52,157,413	48,760,570
Interest received		1,146,748	831,159
Other receipts		9,053	3,819
Payments to suppliers for goods and services		(23,951,676)	(26,438,708)
Payroll		(7,043,089)	(6,298,743)
Income tax paid		(2,506,262)	(2,299,493)
Settlements with the budget		(3,798,167)	(5,063,757)
Other payments		(369,986)	(208,915)
Net cash flows from/(used in) operating activities		**15,644,034**	**9,285,932**
Investing activities			
Proceeds from repurchase of bonds		13,236	16,524
Purchase of property, plant, and equipment		(315,334)	(3,376,010)
Purchase of intangible assets		(32,341)	(171,225)
Net cash from investing activities		**(334,439)**	**(3,530,711)**
Financing activities			
Dividends paid	20	(5,141,815)	(4,399,249)
Right-of-use assets liabilities payment	13	(2,542,011)	((1,847,487)
Net cash used in financing activities		**(7,683,826)**	**(6,246,736)**
Effect of changes in foreign exchange rates on cash and cash equivalents		(1,478)	5,386
Change in allowance for expected credit losses		38,315	74,429
Net change in cash and cash equivalents		7,662,606	(411,700)
Cash and cash equivalents at the beginning of the year	5	22,604,397	23,016,097
Cash and cash equivalents at the end of the year	5	**30,267,003**	**22,604,397**

Коняшкин

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